


# Procedure file

Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	2001/0174(COD) Procedure completed
Cross-border payments in euro: reducing bank charges Repealed by <a href="#">2008/0194(COD)</a>	
Subject 2.50.04.02 Electronic money and payments, cross-border credit transfers 5.20.02 Single currency, euro, euro area	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>ECON</b> Economic and Monetary Affairs	PPE-DE <a href="#">PEIJS Karla M.H.</a>	11/09/2001
	Former committee responsible	PPE-DE <a href="#">PEIJS Karla M.H.</a>	11/09/2001
	Former committee for opinion	PPE-DE <a href="#">WIELAND Rainer</a>	11/09/2001
	<b>ENVI</b> Environment, Public Health, Consumer Policy	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	<a href="#">Competitiveness (Internal Market, Industry, Research and Space)</a>	<a href="#">2389</a>	26/11/2001
	<a href="#">Competitiveness (Internal Market, Industry, Research and Space)</a>	<a href="#">2371</a>	27/09/2001
European Commission	Commission DG <a href="#">Financial Stability, Financial Services and Capital Markets Union</a>	Commissioner	

Key events			
25/07/2001	Legislative proposal published	COM(2001)0439	Summary
03/09/2001	Committee referral announced in Parliament, 1st reading		
27/09/2001	Debate in Council	<a href="#">2371</a>	

16/10/2001	Vote in committee, 1st reading		Summary
16/10/2001	Committee report tabled for plenary, 1st reading	<a href="#">A5-0357/2001</a>	
14/11/2001	Debate in Parliament		
15/11/2001	Decision by Parliament, 1st reading	<a href="#">T5-0604/2001</a>	Summary
07/12/2001	Council position published	<a href="#">14562/1/2001</a>	Summary
10/12/2001	Committee referral announced in Parliament, 2nd reading		
10/12/2001	Vote in committee, 2nd reading		
10/12/2001	Committee recommendation tabled for plenary, 2nd reading	<a href="#">A5-0453/2001</a>	
13/12/2001	Decision by Parliament, 2nd reading	<a href="#">T5-0692/2001</a>	Summary
19/12/2001	Final act signed		
19/12/2001	End of procedure in Parliament		
28/12/2001	Final act published in Official Journal		

#### Technical information

Procedure reference	2001/0174(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
	Repealed by <a href="#">2008/0194(COD)</a>
Legal basis	EC Treaty (after Amsterdam) EC 095-p1
Stage reached in procedure	Procedure completed
Committee dossier	ECON/5/15453

#### Documentation gateway

Legislative proposal	<a href="#">COM(2001)0439</a> <a href="#">OJ C 270 25.09.2001, p. 0270 E</a>	25/07/2001	EC	Summary
Committee report tabled for plenary, 1st reading/single reading	<a href="#">A5-0357/2001</a>	16/10/2001	EP	
Document attached to the procedure	<a href="#">BCE(2001)0034</a> <a href="#">OJ C 308 01.11.2001, p. 0017</a>	26/10/2001	ECB	Summary
Text adopted by Parliament, 1st reading/single reading	<a href="#">T5-0604/2001</a> <a href="#">OJ C 140 13.06.2002, p. 0380-0531 E</a>	15/11/2001	EP	Summary
Economic and Social Committee: opinion, report	<a href="#">CES1497/2001</a> <a href="#">OJ C 048 21.02.2002, p. 0141</a>	29/11/2001	ESC	
Council position	<a href="#">14562/1/2001</a> <a href="#">OJ C 363 19.12.2001, p. 0001-0006</a>	07/12/2001	CSL	Summary
Commission communication on Council's position	<a href="#">SEC(2001)1991</a>	10/12/2001	EC	Summary

Committee recommendation tabled for plenary, 2nd reading	<a href="#">A5-0453/2001</a>	10/12/2001	EP	
Text adopted by Parliament, 2nd reading	<a href="#">T5-0692/2001</a> <a href="#">OJ C 177 25.07.2002, p. 0210-0275 E</a>	13/12/2001	EP	Summary
Follow-up document	<a href="#">COM(2003)0718</a>	02/12/2003	EC	Summary
Follow-up document	<a href="#">SEC(2006)1783</a>	18/12/2006	EC	Summary
Follow-up document	<a href="#">COM(2008)0064</a>	11/02/2008	EC	Summary
Follow-up document	<a href="#">SEC(2008)0141</a>	11/02/2008	EC	Summary

#### Additional information

European Commission

[EUR-Lex](#)

#### Final act

[Regulation 2001/2560](#)

[OJ L 344 28.12.2001, p. 0013](#) Summary

## Cross-border payments in euro: reducing bank charges

**PURPOSE:** To reduce banking charges levied for cross-border payments in euro with a view to having them at the same level as charges practiced at national level. **CONTENT:** The fact that transborder payments in euro remain more costly than national payments is of particular concern. Each country has introduced its own wholesale payment system. These various national payment systems operate relatively well. On the other hand, once a low-value payment is made abroad, the costs for the customer become disproportionate. From several studies carried out in 2001, it would appear that the average price of a cross-border payment of 100 euros inside the Union was still more than 20 euros. Furthermore, the use of an automatic cash machine becomes very expensive once a border has been crossed. With a view to dealing with this situation, the regulation proposes that the price of a cross-border payment operation in euros within the European Union should be no different than that of national operations. The regulation will apply to cross-border payments on a maximum amount of 50 000 euros, but not beyond that. As a result, it will cover the majority of payments made by consumers and SMEs. The aim is to improve the operation of the internal market by encouraging technical operators on the market to introduce the infrastructures, set the standards and conclude the commercial agreements that are essential for the good operation of a single currency area. This alignment of the charge for cross-border payments with that for national payments should not result in an increase in the cost of the latter. The regulation contains a certain number of measures intended to facilitate these operations, such as the compulsory respect of certain standards or the prohibition of declaration obligations.?

## Cross-border payments in euro: reducing bank charges

The committee adopted the report by Karla PEIJS (EPP-ED, NL) approving the proposal under the codecision procedure (1st reading) with just a few amendments designed to clarify certain aspects of the text. The committee specified that Member States should be responsible for fixing penalties and also wanted the public to be informed as to which bodies they should apply to in cases of infringement of the regulation. Another amendment called for a review clause, whereby the Commission would report by 1 January 2004 on the implementation of the regulation and propose changes where appropriate. ?

## Cross-border payments in euro: reducing bank charges

The draft regulation is envisaged to apply from 01/01/02 to cross-border electronic payment transactions, that is, to card payments and cash withdrawals at cash dispensing machines. It will apply from 01/01/03 to cross-border credit transfers and cross-border cheques. The European Central Bank (ECB) remains committed to the ultimate purpose of a fully integrated single payment area for the euro. It would, however, favour allowing banks a longer, albeit definite time limit, to adjust their prices progressively in line with the progressive decrease of their cost base. The ECB expects that a substantial fee reduction for cross-border payments should already take place from 01/01/02. A fully integrated payment area should follow in a second step within a timeframe as short as realistically possible allowing for the necessary structural adjustments. For credit transfers, banks need additional time, for example until 2005, to put in place the infrastructure and logistics to allow for an economically viable equalisation of prices between domestic and cross-border transfers. It is not clear whether the proposal leaves any freedom to agree between sender and receiver on who bears the cost of the transfer. Cheques are included in the scope of the regulation. The ECB would discourage the cross-border and domestic use of cheques in favour of a more secure and efficient means of payment. Introducing cheques in the scope of the regulation would force banks to invest in infrastructure to handle cross-border cheques, while they must at the same time invest heavily in improving the processing of cross-border credit transfers. According to the proposal, national reporting obligations must be removed for cross-border payments upto EUR 12 500 for balance-of-payment statistics. The threshold will rise to EUR 50 000 from 01/01/04. For a variety of reasons, the ECB strongly recommends postponing the increase in the threshold to 2006.?

## Cross-border payments in euro: reducing bank charges

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The European Parliament approved with amendments the report by Mrs Karla M.H PEIJS (EPP-ED, NL) which is designed to oblige banks to charge the same for a cross-border transfer in euros as would apply to a domestic transfer. The amendments adopted by the Parliament, which were of a technical nature, call for a short delay in the application of the Regulation, in order to allow banks to concentrate on the introduction of the euro coins and notes. It therefore proposes the date of 1 March 2002 at the latest for electronic payments and 1 March 2003 for credit transfers. Member States should ensure that there are adequate and effective procedures for lodging complaints or appeals for settling disputes between the originator and his institution or between the beneficiary and his institution. Furthermore, it is stipulated that no later than 1 January 2004, the Commission shall examine and report to the European Parliament and the Council on the functioning of this Regulation, proposing any amendments if appropriate.?

## Cross-border payments in euro: reducing bank charges

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In general, the Council has followed most of the European Parliament's amendments, accepting them in whole or in substance. Like the European Parliament, the Council considered that the deadline of 1 January 2002 for electronic payment transactions should be put back to avoid possible interference with the introduction of euro notes and coins. In view of the adjustment periods and extra workload relating to the period during which two currencies are in circulation, the Council considered it appropriate to put the deadline back to 1 July 2002. The deadline for cross-border credit transfers was put back to 1 July 2003, in order to allow the implementation of the necessary infrastructure and conditions. The main innovations introduced by the Council are the following: - taking account of other currencies: in response to concerns of certain Member States, which were anxious to ensure the proper functioning of the internal market, provision was made for the Member States that so wished to extend the application of the Regulation to cross-border payments made in the currency of another Member State. - increased transparency: article 4 has been strengthened to ensure better information for consumers, particularly in relation to the cross-border use of checks. - amounts: in view of the fact that the great majority of cross-border payments of less than EUR 50 000 are also less than EUR 12 500, and that the latter also serves as a reference amount for the purposes of balance-of-payments statistics, the Council considered that only transactions of less than EUR 12 500 should be covered initially. Provision was made for raising the threshold to EUR 50 000 on 1 January 2006. - review clause: to respond to the concerns expressed by some Member States, the points to which the Commission will need to pay special attention in the report provided for in Article 8 have been stipulated. These points are changes in infrastructures for cross-border payment systems, the advisability of improving consumer services by strengthening the conditions of competition in the provision of cross-border payment services, and the advisability of removing the obligation for a national declaration for amounts up to EUR 50 000, taking the possible consequences for companies into account. Moreover, the essence of the idea underlying European Parliament amendment 4 was reflected in the indent on the impact of the application of the Regulation on charges levied for payments made within a Member State. Lastly, an in-depth study of these questions should enable the Commission to accompany the report, where appropriate, by proposals for amendments.?

## Cross-border payments in euro: reducing bank charges

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By and large, the common position incorporates the measures proposed by the Commission but defers the application by six months. The rules on transfers of over EUR 12 500 will not enter into force until 2006. Cheques are to be given special treatment. In addition, a provision has been added for transactions in the Union's other three currencies. At the Council meeting (internal market) held on 26 November, the Commission stated that it was willing to accept the proposed amendments and ultimately adopted the text by qualified majority. The Commission takes the view that it is essential for this Regulation to be adopted before 31 December 2001 since it is linked to the introduction of euro notes and coins.?

## Cross-border payments in euro: reducing bank charges

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The European Parliament adopted the resolution by Mrs Karla PEIJS (EPP-ED, NL). The legislation provides for banks to make the same charges for cross-border transfers as are made for domestic transfers in the eurozone as from 1 July 2003. The same principle will apply to withdrawals from cash machines as from 1 July 2002 and there are provisions for EU countries outside the eurozone i.e. Sweden, Denmark and the UK to opt into the legislation. This text broadly reflects the thrust of the amendments approved by the European Parliament at first reading. The legislation will apply to transfers up to EUR 12,500 with the threshold to be increased to EUR 50,000 in 2006.?

## Cross-border payments in euro: reducing bank charges

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**PURPOSE:** To establish common rules on cross-border transfers in euros. **COMMUNITY MEASURE:** Regulation 2560/2001/EC of the European Parliament and the Council on cross-border payments in euro. **CONTENT:** Responding to a number of reports highlighting the continuing high-costs of cross-border money transfers the Community has completed legislation obliging banks to charge the same costs for cross-border payments as they do for national transfers. Such measures are deemed necessary in order to boost consumer confidence and to realise the objective of a "domestic payment area". The Regulation lays down the ensuing provisions: - The following terms are defined: i) cross-border credit transfer, ii) cross-border electronic payment transactions, iii) cross-border cheques, iv) electronic payment instruments, v) electronic payment instrument, vi) remote access payment instrument, vii) electronic money instrument, viii) institution, ix) charges levied. - Charges for cross-border electronic payment transactions and credit transfers will be as follows: - From 1 July 2002 charges levied on cross-border electronic payments up to EUR 12 5000 will be the same as national transfer charges. - From 1 July 2003 at the latest, charges levied on cross-border transfers up to EUR 12 5000 will be the same as national transfer charges. - From 1 January 2006 the amount EUR 12 500 will be raised to EUR 50 000. - Banks and institutions will be obliged to publish their charges in a transparent manner, easily accessible to consumers. - Measures on the International Bank Account Number (IBAN) and the Bank Identifier Code (BIC) have been strengthened in

order to facilitate cross-border transfers. - Member States will be obliged to remove, from 1 July 2002 any national reporting obligations for cross-border payments up to EUR 125 000 for balance of payment statistics. - No later than 1 July 2004 the Commission will submit a report to the European Parliament and the Council on the application of this Regulation. - Other Member States not yet part of the euro, such as the United Kingdom, Sweden or Denmark, may opt to participate in the measures outlined in this Regulation. Prior to doing so they must notify the Commission. ENTRY INTO FORCE: 31/12/01.?

## Cross-border payments in euro: reducing bank charges

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The Commission has published a consultative document concerning a New Legal Framework for Payments in the Internal Market (Consultative Document). Regulation 2560/2001/EC on cross-border payments in euro has contributed to a considerable reduction in the price for cross-border payments in the Internal Market and has provided an incentive for the payment industry to modernise their EU-wide payment infrastructures. This has been an important step in the process of achieving a Single Payment Area for non-cash payments in the Internal Market, which does not exist despite of the introduction of the euro. However, further progress needs to be made, as technical and legal barriers still prevent EU citizens, companies and payment services providers from reaping the full benefits of a truly integrated area for non-cash payments. The Communication's aim is to consult all interested parties on the general objectives and principles that should govern the modernisation and simplification of the regulatory framework applying to retail payment services in the Internal Market. This consultation should lead to the Commission presenting appropriate proposals for a New Legal Framework for Payments. The Communication deals with a whole range of issues on which the Commission seeks views by 31 January 2004. The main issues discussed in the Communication can be summarised under the following general objectives:

- 1) Increasing efficiency and competition: The consultation paper sets out options for ensuring that payment providers licensed in one Member State can operate in the others. As a result of different national regulations, this is not currently always the case. Especially new emerging payment techniques (e.g. electronic payments and payments via mobile phones, known as e- and m- payments) are addressed. It also looks at ways of removing legal barriers to cross-border direct debits, which would allow people to pay for example utility bills or magazine subscriptions in one Member State through a direct debit set up via a bank in another.
- 2) Clarifying and improving rights for users of payment systems: the document identifies the areas below as possibly requiring further action at EU level, subject to further consultation:
  - defining the information that payment providers must make available to customers;
  - shortening the maximum execution time for payment orders from the current six days (under the Cross-Border Credit Transfers Directive) to three days;
  - regulating the use of "value dates", which by delaying the crediting of accounts can act as hidden charges;
  - establishing the liability of payment service providers towards merchants or their customers when transactions fail for technical reasons, are incorrectly executed or are unauthorised;
  - clarifying the conditions under which customers can revoke payment orders;
  - establishing adequate procedures for dispute resolution.The document assesses proposals for "portable" bank account numbers, so that customers could keep their account number if they changed banks, just as they can keep their mobile phone number if they change phone company. It concludes that this is unlikely to be practicable in the short term. It does, however, propose other measures to increase customer mobility, including ensuring that banks provide full information when a customer opens an account on any charges that will be applied if he or she closes it.
- 3) Improving payment security and protection against fraud: this document asks for comments on the feasibility of setting up a single phone number (3-digit) useable anywhere in the EU to block lost or stolen credit or payment cards "Card Stop Europe". It raises also some questions relating to the relationship between data protection and fraud prevention in the field of payments. It proposes setting out minimum safeguards that payment providers must put in place to combat fraud and hacking and asks for views on addressing possible breakdowns in payment networks. It calls for reflection on EU-wide rules on the validity and verification of digital signatures. It also points to the need for clear definition, applicable EU-wide, of the information that payment service providers must disclose to national authorities on the originators of transactions, in order to combat money laundering and terrorism. In some technical areas, such as evaluation of the security of payment instruments, the automatised and standardisation of procedures and the interoperability of infrastructure, the Commission urges the payment industry to make progress, without excluding the possibility of legislation in the longer term if that progress proves insufficient. As regards the nature of a future legal instrument, the EU legislator can adopt regulations and directives and the Commission can adopt recommendations. The Commission can also promote co-regulation and encourage self-regulation by market participants. The question of one or several legal instruments needs to be addressed (e.g. a regulation complemented by some nonbinding rules in the form of recommendations). EU legislation could, in addition, be adopted by the Council and European Parliament or by the European Central Bank within its Treaty powers.?

## Cross-border payments in euro: reducing bank charges

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To recall, the cross-border payment Regulation (No 2560/2001) gives EU consumers a guarantee that when they make a payment in euro to an account in another Member States, it will cost the same as it would to make a payment within their own Member State. The purpose of this report is to analyse and consider the impact of the Regulation on bank charges for national payments.

As a result, this evaluation report seeks to compare bank charges levied for national payments made in euro within a Member State after Regulation (EC) No 2560 came into force. In particular, it examines whether the obligation to charge the same fee for cross-border transactions as for domestic ones has increased domestic charges. The report also looks at the question of whether charges for cross-border payment transactions have become cheaper. The report covers credit transfers as well as ATM cash withdrawals via payment cards with a value up to ? 12 500.

Prior to the Regulation, charges for cross-border euro payments were often excessive, with a ? 100 transfer costing the consumer an average ? 24. This evaluation report shows that charges for cross-border euro payments have reduced significantly since the introduction of the Regulation. A ? 100 transfer now costs, on average, ? 2.50. The European banking industry's concern that the charges for ?national? payments within the Member States would have to rise in order to subsidise the higher cost of cross-border euro payments has proved to be unfounded. The Regulation has not, in general, led to any substantial increase in charges for national payments. In addition, the Regulation has provided banks with an incentive to develop and invests more in an EU-wide payments infrastructures, which the Commission concludes will help reduce costs for all consumers and all payments ? both domestic and cross-border.

In its findings, the Commission concludes that the cross-border payments Regulation has brought about a huge decrease of charges for cross-border payments in euro without provoking significant increases on charges for national payments. Moreover, it has provided an incentive for the payments industry to modernise its EU-wide payment infrastructure and as such represents an important step towards creating a Single Euro Payment Area (SEPA) for non-cash payments in the Internal Market.

The adoption and implementation of Regulation (EC) No 2560 has acted as a force for other measures including the proposed Payment Services Directive, the objective of which is to establish a harmonised set of rules for the provision of payment services across the EU. By mid-2007, the Commission intends to issue a full review and evaluation of the Regulation. Any follow-up for future modification will be determined by this review as well as the final text of the Payment Services Directive.

## Cross-border payments in euro: reducing bank charges

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The Commission presented a report on the application of Regulation (EC) No 2560/2001 on cross-border payments in euro. This final report examines the most important problems encountered in the application of Regulation 2560 in the Member States. It includes recommendations for amendments to the text of the Regulation, in order to address weaknesses identified during the review process, to better reflect market realities and to align its text with changes introduced by Directive 2007/64/EC - the Payment Services Directive (PSD).

The report concludes that Regulation 2560 has broadly achieved its two main objectives.

1. It brought the costs of cross-border electronic payment transactions in euro into line with the costs of domestic payments and triggered an important decrease of fees for cross-border payments, in particular for credit transfers.
2. It encouraged the financial services industry, in the absence of an efficient and integrated European payment services infrastructure, to undertake the necessary efforts to turn the concept of a 'domestic payment area' for non-cash euro payments into a reality.

In light of the conclusions presented in this report, the Commission intends to propose a number of amendments to that Regulation, in order to address weaknesses identified during the review process, to better reflect market developments and to align it with the changes introduced by the PSD. These include:

- Introduction of the 'SHARE' cost option as obligatory (charges are shared between the originator and the beneficiary) for all regulated transactions;
- Reference to the competent authorities and out-of-court redress schemes established for the purposes of PSD to deal with Regulation 2560 issues;
- Extension of the scope to cover direct debit transactions (with the PSD and the adoption of the SEPA direct debit scheme by the EPC, cross-border direct debits will become a reality from November 2009);
- Increase of the balance of payments reporting exemption threshold up to EUR 50 000, introduction of a deadline (for example 2011-2012) after which banks will be completely exempt from the balance of payments reporting obligations, together with a clarification of the scope of Article 6(1) concerning Member States' obligations, specifying that this provision refers to the collection of information from the institutions participating in payment systems and excludes enterprises.

In addition, some changes in Article 2 (definitions) and in Article 8 (review clause) appear necessary.

When formally tabling its proposal, the Commission will take into account progress in the ongoing development of SEPA (Single Euro Payments Area), and may propose some additional measures in order to accelerate and facilitate the achievement of the SEPA project. The Commission will continue to screen the situation in the market carefully. The possibility cannot be ruled out that, after careful analysis, antitrust enforcement might still be necessary. The European Commission will not hesitate to exercise its powers of enforcement under Articles 81, 82 and 86 of the EC Treaty, to ensure that the competition rules are respected in retail banking.

Any amendments to the Regulation will be proposed to the Council and the European Parliament once the appropriate impact assessments are finalised.

## Cross-border payments in euro: reducing bank charges

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This Commission staff working document concerns the application of Regulation on the application of Regulation (EC) No 2560/2001 on cross-border payments in euro. To recall, Article 8 (Review Clause) of Regulation (EC) No 2560/2001 states that the Commission shall submit to the European Parliament and to the Council a report on the application of this Regulation.

The report highlights the **difficulties encountered** in application of Regulation No 2560/2001. These can be summarised as follows:

- **Geographic scope of application:** there is no link between charges applied to euro payments and SEK payments; they can be subject to very different fees. It is the principle of non-discrimination between cross-border and domestic payments which is maintained;
- **Credit transfers:** these are by far the most disputed category of payments under Regulation 2560. There are also difficulties relating to the pricing and execution of transfers. It should be noted that the use of all three cost options ('OUR', 'BEN', 'SHARE') is covered by Regulation 2560. There is no rule in Community law giving preference to one over the other. However, the principle of equality of charges in Regulation 2560 states that charges at both ends of the credit transfer (i.e. for the originator and for the beneficiary) have to be the same as for corresponding national payments. Domestic (national) transfers in euro area countries are generally executed by default as SHARE, with no other cost options available. In most situations cross-border transfers within the euro area should be therefore also executed by default as SHARE (no other cost option should be proposed to customers). The situation is usually different in non-euro area countries, where OUR, SHARE and BEN cost options are frequently offered for domestic euro transfers. In this case charges for cross-border payments in euro should correspond to the prices for domestic transfers in euro, accordingly for each cost option.
- **Cash withdrawals in ATMs:** a problem of euro withdrawals in non-euro area countries appeared when one UK ATM operator started offering withdrawals of euro notes through cash machines in the UK. The question arose whether the new service offered by this ATM operator to UK cardholders with sterling accounts ? i.e. the possibility for these customers to withdraw euro notes from cash machines in the UK ? would be subject to the Regulation.
- **Card payments:** the principle of equality of charges introduced by the Regulation is also applicable to the Merchant Service Charges (MSC). MSC is a fee paid usually for each transaction by a merchant to an acquirer, who processes the merchant's transaction through the network and obtains the funds from the cardholder's bank. Though no difficulty was encountered when applying the Regulation to MSC, the structure of fees for card payments and characteristics of the supply side (merchant-acquirer relations) in some Member States raise concerns about the degree of competition in the provision of card payments.

The review process and received complaints revealed wide discrepancies as regards powers and practices of existing schemes, questioning in some cases

their ability to effectively solve Regulation-related cross-border disputes.

**Consumer awareness of Regulation (EC) No 2560/2001:** customers appear to receive the necessary information about any modification in the applicable charges. Nonetheless rules surrounding the date when any modification takes effect differ considerably between countries. In Italy and in Germany, for example, in some specific cases the information on modification of charges may be available only when the change has already taken effect. In Sweden customers should be informed about any modification of charges at least 14 days prior to the modification taking effect or 'in reasonable time' where cards and ATM charges are concerned. In contrast, in France the information should be communicated to the customer three months in advance of the scheduled date. Over 50% of those surveyed expressed their total ignorance as regards charges for cross-border payments. It seems that only those groups of consumers directly interested in cross-border payment services (e.g. people working or studying in other Member States) may have a better awareness of the Regulation.

This low level of consumer awareness has its reflection in the misunderstandings and confusion that occur, particularly when cross-border credit transfers are concerned.

Some typical issues may be identified:

- use of other cross-border payments instruments and payments in other EEA currencies. Some consumers are convinced that the provisions of Regulation 2560 cover all EEA currencies and apply to all cross-border payment instruments in use (e.g. cheques);
- free of charge cross-border credit transfer. In some Member States of the euro area sending a domestic credit transfer is free of charge (or, in fact, the cost is included in the account service fees paid monthly, quarterly or yearly). By analogy some consumers are expecting that the same situation takes place in every Member State and argue that their cross-border transfers executed in these countries should be free of charge, too;
- transfer from euro to non-euro Member States. In contrast to the euro area, where charges on incoming transfers are rare, incoming transfers in the non-euro area Member States are usually charged. The misunderstanding stems then from the false beneficiary interpretation of the 'full amount transferred' principle (understood as no charges should be applied even in the separate transaction) and from the payer belief, that the amount will be received free of charge. Currency conversion fees usually add to the confusion. Furthermore, in many cases consumers from non-euro countries compare the cost of cross-border euro transfers to the cost of domestic transfers in their national currency;
- one other source of confusion is related to the already discussed problem of a cost option (OUR, SHARE and BEN). It should be noted that, when different charging options are proposed to the consumer, lack of information on charges faced by the beneficiary when using SHARE cost option may be seen as an incentive to choose a more expensive OUR option.

The report also takes note of **changes in cross-border payment system infrastructures** (such as the Single Euro Payments Area (**SEPA**) and the Payment Services Directive (**PSD**)). It states that consumers should be able to benefit from increased simplicity and convenience of making payments (the effect of SEPA), as well as from price and information transparency (as a result of PSD).

Lastly, the report notes that payment systems in the EU are still in the phase of transition towards modern infrastructures and new SEPA rules and procedures. This means that banks and other institutions offering cross-border payment services in different Member States have to join various national systems, adapt to different standards and face different costs. In most EU Member States there is one national clearing infrastructure, which is operated either by the central bank or by a membership association controlled by the main banks in the country.