

Procedure file

Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Directive	1994/0242(COD) Procedure completed
Cross-border bank transfers	
Repealed by 2005/0245(COD)	
Subject	
2.50.04.02 Electronic money and payments, cross-border credit transfers	

Key players			
European Parliament	Former committee responsible		
	ECON Economic and Monetary Affairs, Industrial Policy		30/11/1994
		PPE PEIJS Karla M.H.	
	ECON Economic and Monetary Affairs, Industrial Policy		30/11/1994
		PPE PEIJS Karla M.H.	
Council of the European Union	Former committee for opinion		
	JURI Legal Affairs, Citizens' Rights		02/02/1995
		PSE GEBHARDT Evelyne	
	ENVI Environment, Public Health and Consumer Protection		20/12/1994
		PSE KUHN Annemarie	
Council of the European Union	Council configuration	Meeting	Date
	Fisheries	1983	20/12/1996
	General Affairs	1922	13/05/1996
	General Affairs	1891	04/12/1995
	Economic and Financial Affairs ECOFIN	1867	18/09/1995
	Economic and Financial Affairs ECOFIN	1863	10/07/1995
	Consumers	1838	30/03/1995

Key events			
30/09/1994	Additional information		Summary
17/11/1994	Legislative proposal published	COM(1994)0436	Summary
12/12/1994	Committee referral announced in Parliament, 1st reading		
30/03/1995	Debate in Council	1838	
20/04/1995	Vote in committee, 1st reading		Summary
19/04/1995	Committee report tabled for plenary, 1st reading	A4-0089/1995	
16/05/1995	Debate in Parliament		Summary
19/05/1995	Decision by Parliament, 1st reading	T4-0262/1995	Summary

05/06/1995	Modified legislative proposal published	COM(1995)0264	Summary
10/07/1995	Debate in Council	1863	Summary
03/12/1995	Council position published	11262/1/1995	Summary
14/12/1995	Committee referral announced in Parliament, 2nd reading		
12/02/1996	Vote in committee, 2nd reading		Summary
11/02/1996	Committee recommendation tabled for plenary, 2nd reading	A4-0033/1996	
12/03/1996	Debate in Parliament		Summary
13/03/1996	Decision by Parliament, 2nd reading	T4-0117/1996	Summary
13/05/1996	Parliament's amendments rejected by Council		Summary
10/10/1996	Formal meeting of Conciliation Committee		Summary
06/11/1996	Final decision by Conciliation Committee		
21/11/1996	Joint text approved by Conciliation Committee co-chairs	3632/1996	
18/12/1996	Report tabled for plenary, 3rd reading	A4-0004/1997	
20/12/1996	Decision by Council, 3rd reading		
15/01/1997	Debate in Parliament		Summary
16/01/1997	Decision by Parliament, 3rd reading	T4-0010/1997	Summary
27/01/1997	Final act signed		
27/01/1997	End of procedure in Parliament		
14/02/1997	Final act published in Official Journal		

Technical information

Procedure reference	1994/0242(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Directive
	Repealed by 2005/0245(COD)
Legal basis	EC before Amsterdam E 100A
Stage reached in procedure	Procedure completed
Committee dossier	CODE/4/07872

Documentation gateway

Legislative proposal		COM(1994)0436 OJ C 360 17.12.1994, p. 0013	18/11/1994	EC	Summary
Committee draft report		PE211.598	16/03/1995	EP	

Committee opinion	JURI	PE211.733/DEF	21/03/1995	EP	
Committee opinion	ENVI	PE210.963/DEF	11/04/1995	EP	
Committee report tabled for plenary, 1st reading/single reading		A4-0089/1995 OJ C 151 19.06.1995, p. 0002	20/04/1995	EP	
Text adopted by Parliament, 1st reading/single reading		T4-0262/1995 OJ C 151 19.06.1995, p. 0358-0370	19/05/1995	EP	Summary
Economic and Social Committee: opinion, report		CES0573/1995 OJ C 236 11.09.1995, p. 0001	31/05/1995	ESC	Summary
Modified legislative proposal		COM(1995)0264 OJ C 199 03.08.1995, p. 0016	06/06/1995	EC	Summary
Economic and Social Committee: opinion, report		CES0962/1995 OJ C 301 13.11.1995, p. 0001	13/09/1995	ESC	Summary
Council position		11262/1/1995 OJ C 353 30.12.1995, p. 0052	04/12/1995	CSL	Summary
Commission communication on Council's position		SEC(1995)1976	11/12/1995	EC	Summary
Committee draft report		PE215.629/REV	21/01/1996	EP	
Committee draft report		PE215.629	26/01/1996	EP	
Committee recommendation tabled for plenary, 2nd reading		A4-0033/1996 OJ C 078 18.03.1996, p. 0003	12/02/1996	EP	
Text adopted by Parliament, 2nd reading		T4-0117/1996 OJ C 096 01.04.1996, p. 0012-0074	13/03/1996	EP	Summary
Commission opinion on Parliament's position at 2nd reading		COM(1996)0172	19/04/1996	EC	Summary
Joint text approved by Conciliation Committee co-chairs		3632/1996	22/11/1996	CSL/EP	
Report tabled for plenary by Parliament delegation to Conciliation Committee, 3rd reading		A4-0004/1997 OJ C 033 03.02.1997, p. 0023	19/12/1996	EP	
Text adopted by Parliament, 3rd reading		T4-0010/1997 OJ C 033 03.02.1997, p. 0058-0077	16/01/1997	EP	Summary
Follow-up document		COM(2002)0663	29/11/2002	EC	Summary

Additional information

European Commission

[EUR-Lex](#)

Final act

[Directive 1997/5](#)
[OJ L 043 14.02.1997, p. 0025](#) Summary

Cross-border bank transfers

relating to cross-border financial transactions (90/109/EEC). This Recommendation calls on institutions which undertake cross-border transfers to apply the following principles: (a) information for customers about the costs of cross-border financial transactions, (b) provision of a statement for the customer indicating the amount of fees and charges applicable to a financial transaction, and the exchange rate, (c) completion of transfer and payment orders within short time-limits, in order not to place cross-border transfers at a disadvantage, (d) prompt decisions on complaints concerning the execution of financial transactions or their related statements, (e) establishment of complaints agencies by the Member States. PREVIOUS POSITION OF EP: At its sitting of 12 February 1993 Parliament adopted a resolution on easier cross-border payments in the internal market which supports the proposals made by the Commission in its working document on cross-border payments and supported the introduction of a directive covering the following points: - a requirement for the bank to inform the user of the various means of effecting a cross-border payment, - the user's right to bear all charges, thereby excluding double charging, - a period of four working days for the settlement of a cross-border payment, - access to a redress procedure. SITUATION IN THE MEMBER STATES: The principles listed above are not applied in full in any country. DOCUMENTATION: Communication to the Commission from Mr Vanni d'Archirafi and Mrs Scrivener 'Transparency and performance of remote cross-border payments', 1993, with attached draft directive; press releases by Commissioner Vanni D'Archirafi on the transparency and performance of cross-border payments, 29.7.1993 and 14.12.1993; Commission Recommendation 90/109/EEC; Commission working document 'Easier cross-border payments: breaking down the barriers' (SEC(92)0621); Parliament resolution on easier cross-border payments in the internal market (A3-0028/93); report of the Committee on Legal Affairs and Citizens' Rights (A3-0029); report of the Committee on Economic and Monetary Affairs and Industrial Policy (A3-0029/93).

Cross-border bank transfers

The objective of the proposal for a directive is to improve cross-border credit transfer services and, therefore, to assist the EMI in carrying out its task of promoting the efficiency of cross-border payments with a view to the preparation of the third stage of Economic and Monetary Union. The proposal for a directive, which applies to all credit transfers, irrespective of amount, defines the general obligations of transparency which institutions offering cross-border credit transfers are required to comply with in order to ensure that customers receive an adequate level of information. Institutions must provide customers with accurate written information before and after a credit transfer is executed or received (indication of the time needed to clear the funds in the payee's account, basis for calculating commission and charges payable by the customer, reference to redress procedures, reference allowing the customer to identify the payment, value date etc). The proposal also sets out the minimum quality of execution requirements with which institutions offering cross-border credit transfer services must comply. Thus, these institutions have an obligation to: - execute the credit transfer within a reasonable period of time; - execute the credit transfer in accordance with the instructions on the payment order; - pay a refund if credit transfers are not completed, although Member States may be granted a derogation from this obligation for payments of sums in excess of ECU 10,000. Although detailed, these minimum obligations give institutions almost carte blanche in drafting the terms and conditions attached to their services.?

Cross-border bank transfers

The committee adopted the report by Mrs PEIJS on the directive concerning cross-border transfers. ?

Cross-border bank transfers

Commissioner MONTI outlined the Commission's position on Parliament's amendments: Amendments Nos 1, 2, 4, 6, 7, 9, 11, 12, 13, 15, 19, 20 and 22 were taken over in full; Amendments Nos 5, 10, 14, 16, 18 and 21 were taken over in part or in substance. Further details: Amendments Nos 5, 23 and 25 could not be taken over as they changed the scope of the Directive by concentrating solely on payments up to ECU 50 000; Amendment No 10, which introduced a standard format for information to customers, did not take account of the different advertising techniques; Amendment No 14, which limited compensation to cases in which the delay was attributable to the beneficiary's institution, neglected the responsibility of the agents; Amendments Nos 16 and 18, which deleted the phrase 'without prejudice to demands for compensation?', left a degree of uncertainty surrounding any specific reference to possible subsequent rights recognised by national law; finally, as regards the question of changing the monetary limits of the transfers covered by the Directive, Mr Monti preferred to deal with this matter elsewhere; Amendments Nos 3, 8 and 17 could not be taken over as they stood: Amendment No 3 because it limited the scope of the Directive by reducing the level of protection of consumers and small and medium-sized enterprises; Amendment No 8 because the term 'receipt' as introduced could lead to legal uncertainty; Amendment No 17 for the same reasons as Amendments Nos 16 and 18; Amendment No 27 was superfluous as its content was covered by Amendment No 20, which provided for a general derogation.

Cross-border bank transfers

Although it approved of the principle of a restrictive directive concerning cross-border transfers, the European Parliament amended the Commission proposal. The main amendment adopted by the EP aimed to clarify that the directive would apply to transfers in the currencies of the Member States and in ecus up to a value of ECU 50 000. The EP also proposed the following: - the institution should provide its customers with information, including by electronic means; - the information should be supplied to customers in standardised format in order to facilitate the comparison of costs; - where the originator's institution was not responsible for the delay, it could claim the costs incurred plus corresponding interest from the institution responsible; - an independent complaints and redress procedure should be established at Member State level, at minimum cost, to afford consumers better protection; - institutions were not bound by the provisions of the directive where they could invoke reasons of force majeure; - any institution involved in an EU payment should take a decision without delay on complaints by its customers. ?

Cross-border bank transfers

The proposal for a directive, which sought to regulate intra-Community (rather than cross-border) transfers, was linked to the problem of competition. The ESC appreciated the Commission's efforts to improve the transparency and quality of the implementation of these transfers, by providing a minimum frame of reference and general rules in accordance with the principles of the internal market. It noted, however, that in one respect the draft Directive differed significantly from the plans repeatedly expressed by the Commission: whereas it had been repeatedly stated that the rules were intended to assist consumers and SMEs to transfer funds easily in the internal market, the document under review aimed to improve cross-border transfer services for citizens and businesses, which implied that the directive should extend to all payments, and especially high-value and urgent transfers. The Opinion also highlighted an inconsistency between the declared aim of the proposal for a directive, which was to prepare the way for economic and monetary union, and its scope, which included credit transfers denominated in third-country currencies, which would not be absorbed by the single currency. The ESC thus called for the scope of the directive to be confined to the currencies of the EU countries, including the ecu, and to transfers sent from one EU country to another EU country. As regards the draft communication, the ESC noted that in various parts of the document terms and concepts were used which were too vague and likely to give rise to doubts, not certainty. It thus recommended reviewing the text to make it clearer and allow minimum scope for interpretation by the parties concerned. It also stressed that the provisions should cover not only banks but also any other institution offering payment services to the public.

Cross-border bank transfers

The amended proposal took over in full or in part most of the European Parliament's amendments (19 of 21). The main amendments related to the following points: - the term "cross-border transfer" was replaced by the term "EU credit transfer"; - the directive should apply to all credit transfers in the currencies of the Member States and in ecus (the proposal thus continued to apply to all transfers, irrespective of the amount involved); - the establishment of an independent complaints and redress procedure to afford the consumer better protection; such procedures should exist at Member State level with respect to EU credit transfers; - the introduction of a new definition of "interest", based on the rate which the institution would apply to its customer's account if the account was overdrawn; - clarification of the fact that an intermediary institution could only be an institution that participated in the execution of EU credit transfers; - more precise and transparent methods of presenting information to customers (electronic means, details of the costs involved, reference to the applicable exchange rate, information on redress procedures); - clarification with regard to the default arrangements to be implemented, that is, in the absence of an agreement between the institution and its customer; - establishment of a mechanism between institutions whereby an institution that had compensated its customer for late payment was authorised to claim the interest paid out from the institution that caused the delay; - clarification of the principle whereby the beneficiary was compensated by its institution by the payment of interest, where a delay in the availability of funds was attributable to that institution; - authorisation to make deductions when authorised by the originator; - the procedure for the repayment of unauthorised deductions was reversed; - a shorter time limit for payment: 15 days after the request was made by the originator; - in cases where an institution recovered the funds and refunded the originator, the institution was not obliged to refund the charges and interest accruing; - institutions were not bound by their obligations where they could invoke reasons of force majeure. The Commission did not take over the amendments concerning: - the limitation of the scope of the directive to transfers not exceeding ECU 50 000; - the definition of the "completion" of a transfer: this should mean the "acceptance" of the payment by the beneficiary's institution, rather than its "receipt", as proposed by the EP. ?

Cross-border bank transfers

The Council considered the main problem regarding this proposal for a directive on cross-border credit transfers, i.e. defining the scope of the directive. This proposal was presented by the Commission in November 1994 after it had become apparent that the banking sector's voluntary approach had failed to produce progress towards a rapid and efficient system of transfers and the elimination of abusive charges. It was in line with both the completion of the internal market and the implementation of EMU, and was part of a broader policy advocated by the Commission to put the system of cross-border payments within the EU on a par with the best national systems. The question regarding the scope is whether to limit it by setting a ceiling for all provisions of the directive. It proved impossible to find a solution on this basis in view of Member States' widely divergent positions. In these circumstances the Presidency proposed a dual-ceiling compromise - with a relatively modest amount for the guarantee required from banks for refunding customers in the event of non-execution of transfers, and - a substantially higher amount for the other obligations stemming from the directive. Some progress was made on this basis but no definitive outcome was reached. The Council concluded by instructing Coreper to continue work in order to submit a solution that might be adopted.

Cross-border bank transfers

On 31 May 1995 the Economic and Social Committee unanimously adopted an Opinion (ESC 573/95) on EU Funds Transfers: Transparency, Performance and Stability, which followed on from a Council consultation. On 6 June 1995 the Commission had presented an Amended proposal for a European Parliament and Council Directive on EU credit transfers, which, as the Commission itself stated, takes largely into account the proposals of the Committee. The ESC considered, however, that the directive could gain in precision and in balance if two amendments suggested in the earlier Opinion were adopted (the Commission did not adopt them in the amended proposal). This Opinion therefore sought to reiterate the ESC's proposals on the obligation to execute transfers in good time (Article 5) and the obligation of institutions to refund in cases of non-completed credit transfers (Article 7).

Cross-border bank transfers

The common position takes over a large number of the amendments (16) accepted by the Commission in its amended proposal. The Council text: - excludes credit transfers ordered by large professional financial establishments; - does not explicitly define the scope of the directive with reference to credit transfer within the European Union; - applies the directive to credit transfers of less than ECU 25 000 for a period of two years after the date of implementation and to transfers of less than ECU 30 000 after this period; - limits the scope to cross-border credit transfers in the currencies of the Member States and in ecus. - merges the definitions of the terms 'payment', 'crossborder payment' and 'credit

transfer' into the single term 'crossborder credit' transfer, which has implications for the entire directive; - amends the definition of the term 'reference interest rate' to cover a more flexible rate; - introduces a definition of the term 'financial institution'; - keeps the basic definition of the term 'intermediary institution'. - with regard to transparency, the common position maintains all the essential features of the amended Commission proposal, whilst indicating the obligations of the institutions in a more precise manner. The common position further stipulates that the information to be given subsequent to the credit transfer must include, in all cases, the original amount of the cross-border credit transfer and an indication of the exchange rate used, where any amount has been converted; - regarding the minimum obligations of institutions, the common position maintains the fundamental features of the Commission proposal, but treats separately the obligations of the originator, the intermediate institution and the beneficiary; - a new Article 5 obliges the institution to give an undertaking to the customer regarding the terms applicable to a specific cross-border credit transfer; - the beneficiary's institution must compensate the beneficiary if the funds have not been credited to his account within the time limit set out in the directive unless the delay is attributable to the beneficiary; - a ceiling of ECU 10 000 is fixed for reimbursement, dependent on a request by the originator. The deadline for reimbursement is fixed at fourteen banking days after the request is made. The refund is limited to the amount of the transfer in case of defective instructions given by the originator; - the common position also includes a separate article relating to 'force majeure' and the settlement of disputes; - the date of implementation of the directive by reference to the date of its entry into force (thirty months). The date of presentation of the Commission's report is brought forward by one year, to no later than two years after the date of implementation of the directive. ?

Cross-border bank transfers

The Commission felt that the common position did not change the essence of its initial proposal. As regards the scope of the directive, the Commission would have preferred the figure to be set at the highest level possible. It thus decided to include a unilateral declaration in the Council's minutes. This declaration stressed the need to ensure that the directive was as broad as possible. The Commission would reconsider the matter of the adequacy of the proposed threshold in order to assess the situation and put forward appropriate proposals in light of the report to be provided in accordance with Article 9. ?

Cross-border bank transfers

The Committee on Economic and Monetary Affairs unanimously adopted the report by Mrs Karla PEIJS. The rapporteur felt that it was important to reach a compromise which responded to consumers' demands yet enabled the Council to adopt the text as quickly as possible, thus benefiting the smooth operation of the internal market. The key amendments put forward by the committee to the Council's common position related to the following: Scope of the directive: the Council opted for transfers below ECU 25 000 (ECU 30 000 two years after the directive had entered into force) while Parliament preferred to include transfers up to ECU 50 000. Obligation to reimburse in cases of default: the Council opted for a sum of up to ECU 10 000; Parliament fixed the amount at ECU 20 000 (the Member States and/or the financial institutions could even decide to give a full refund). Conditions of reimbursement: for the EP, the obligation to reimburse applied whatever the reason for the default; redress and complaints procedures should be introduced; if a decision had not been taken on a complaint within four weeks, complainants could approach one of the complaints offices, whose details should be available at all institutions carrying out cross-border payments. Date of application: the Council allowed the Member States 30 months to comply with the directive; the EP allowed 18 months. ?

Cross-border bank transfers

The rapporteur, Mrs Peijs (EPP, NL), said that in preparing for monetary union the consumers and SMEs should be protected from the risk of excessive charging in the case of cross-border credit transfers. Commissioner Monti announced that the Commission could take over 11 of the 14 amendments: these were Amendments Nos 1 to 9, 11 and 14; it would also accept Nos 10 and 12 in part, but rejected, for technical reasons and for the purpose of legislative consistency, Amendment No 13 relating to the four-week harmonised period for following-up complaints and to the compulsory advertising of the list of those bodies that had been set up to provide help to consumers.

Cross-border bank transfers

In adopting the report by Mrs Karla PEIJS (EPP, NL), the European Parliament amended the common position of the Council as follows: - Enlargement of the scope of the directive: the EP believes that any transfer of no more than ECU 50 000 must be taken into account by the legislation, whilst the Council considered that only transfers of no more than ECU 25 000 (ECU 30 000 two years after the entry into force of the directive) should be covered by the directive; - obligation to refund in the case of a non-completed transfer: whereas the Council provided that the obligation to refund should be made up to ECU 10 000, the EP fixes the amount at ECU 20 000. It also provides for the possibility of Member States and/or institutions deciding on a total refund; - With regard to the conditions of refund, the EP believes that: .the obligation to refund should apply whatever the reason for the non-completed transfer; .redress and complaints procedures must be introduced; .if a decision has not been taken on a complaint within four weeks, complainants may approach one of the complaints offices, a list of addresses of which shall be available at all institutions carrying out cross-border payments. Finally, the report gives the Member States eighteen months (as opposed to thirty by the Council) to comply with the directive. ?

Cross-border bank transfers

The Commission accepted all of the EP's amendments to the Council's common position, with the exception of Amendment No 13, which had a two-fold objective: - ensuring that the redress and complaints procedures applied if the institution involved had not taken a decision on a complaint within four weeks; - stipulating that a list of addresses should be available in all the institutions carrying out cross-border payments. As regards the first point, the Commission felt that the introduction of a uniform maximum time period was not compatible with the need to deal

quickly with customers' complaints. As far as the second point was concerned, this requirement was already satisfied through a similar provision in the directive. ?

Cross-border bank transfers

Noting that it was not possible to take over the fourteen amendments to the common position as voted for by Parliament at second reading during its sitting of March 1996, the Council decided to convene the Conciliation Committee under the terms of Article 189b(3) of the Treaty.

Cross-border bank transfers

EP and Council delegations were ECU 2500 short of reaching a compromise on the difficult question of cross-border transfers. The two sides could not reach agreement on the amount of the refund in cases of default (where the amount transferred does not reach the addressee). The EP delegation had proposed a compromise whereby the amount would be raised to ECU 15 000 (at second reading the EP had approved a sum of ECU 20 000). However, the Council delegation was unable to go above ECU 12 500. This is not a minor point, as the rapporteur, Karla PEIJS pointed out, if an SME asks a bank to make a cross-border transfer, in cases of default the whole risk should not be borne by the customer. Two other points were crucially important for the EP: the scope of the Directive and its implementation by the Member States. As regards the scope of the Directive, the EP delegation managed to persuade Council of the virtues of an ECU 50,000 maximum as against the ECU 30,000 laid down in the Common position. However, the final agreement will depend on the decision on the amount of the refund guarantee. As for the date of implementation, Parliament's delegation accepted the Council's common position, i.e. 30 months after the Directive's entry into force (instead of the 18 months which Parliament wanted) in return for a Council declaration that the Member States would do everything possible to ensure that the Directive was implemented by 1 January 1999 at the latest. ?

Cross-border bank transfers

The rapporteur, Mrs Peijs (EPP, NL), welcomed the compromise reached with the Council and stated that the new directive should end the practice of banks applying double charges for the same cross-border transfers. In addition, if the transfer was not successfully completed, compensation of up to ECU 12 500 would be paid. The rapporteur then pointed out that some banks already provided euro transfer services (euro transfers). Finally, the Council had undertaken to set 1 January 1999 as the final deadline for the directive's entry into force in the Member States. Commissioner Marín purely underlined that the positive outcome of the conciliation procedure would not only lead to immediate benefits for financial operators but would also increase transparency in the sector with regard to the public and the requirements of the single market.

Cross-border bank transfers

Parliament adopted the report by Mrs Karla PEIJS (PPE, NL) on the joint text for a Directive on cross-border credit transfers. The compromise between Parliament and the Council within the Conciliation Committee fixes at ECU 12.500 the obligation to refund (amount refunded in the case of a non-completed transfer). In this way Parliament seeks to ensure optimum protection for consumers. The other subject of compromise concerns the scope of the Directive and its implementation by the Member States. The EP delegation succeeded in winning over the Council's members to a position close to its own. The Directive will apply to transfers up to ECU 50.000, whereas the common position of the Council provided for a procedure in two stages (ECU 26 000 during the first two years of application and ECU 30 000 thereafter). Regarding the date for implementation, the EP delegation accepted the common position of the Council. The period for implementation of the Directive will be thirty months after its entry into force (instead of the eighteen months called for by Parliament). In a statement, however, the Council undertook to ensure that the Member States did their utmost to have it implemented by not later than 1 January 1999. ?

Cross-border bank transfers

OBJECTIVE: to improve the cross-border credit transfer services and, therefore, to assist the European Monetary Institute (EMI) in its task of promoting the efficiency of cross-border payments with a view to the preparation of the third stage of monetary union. COMMUNITY MEASURE: Directive 97/5/EC of the European Parliament and of the Council on cross-border credit transfers. SUBSTANCE: the directive will apply to cross-border transfers in the currencies of the Member States and in ecus up to ECU 50 000. Its main provisions are: - prior information to customers on conditions for cross-border credit transfers and information subsequently on the execution and receipt of a transfer; - the time limits within which the originator's institution and the beneficiary's institution are required to complete the transfer (five and one banking business day respectively), subject to payment of compensation; - the obligation to execute the transfer in accordance with the instructions appearing on the order, in particular as regards the allocation of costs; - in the event of non-execution of a cross-border transfer the obligation to reimburse up to ECU 12 500 the total sum together with interest and the charges, in principle within 14 banking business days. The institutions participating in the execution of a cross-border credit transfer will be released from their obligations in the event of force majeure. Lastly, the Member States must ensure that there are adequate and effective complaints and redress procedures for the settlement of any disputes. Two years after its implementation the Commission shall submit to the Council a report on its application. ENTRY INTO FORCE: 14/02/1997 DEADLINE FOR TRANSPOSITION: 14/08/1999 ?

Cross-border bank transfers

The Commission has presented its report on the application of the on the application of Directive 97/5/EC on cross-border credit transfers. This

report describes the way in which the provisions of the Directive are implemented in the Member States: both, the legal transposition of the Directive into national legislation as well as the actual application of these provisions by the banking industry in the Member States are dealt with. The report states that in general, Directive 97/5/EC has been adequately transposed in all Member States. However, there are some specific cases of concern: e.g. certain Member States have not fully reflected the prior and subsequent information requirements of the Directive, some Member States have also failed to adequately transpose the provisions obliging them to ensure the existence of adequate and effective complaints and redress procedures. All in all, the legal transposition of the Directive into national legislation is, however, quite satisfactory. As regards the actual situation of cross-border credit transfers in each Member State, the situation is, however, far from satisfactory. Whereas execution times for the transfers are acceptable (this had been a particularly concern addressed in Article 12), the persistent practice of double charging, the lack of customer information and the unwillingness of some credit institutions to compensate for late payments or to refund for lost payments or unlawful deductions is alarming. In conclusion, the report proposes lines for possible action to be taken in order to further improve the performance of cross-border credit transfers. The principle of nondiscrimination between cross-border credit transfers and credit transfers at national level has already been achieved by the Regulation on cross-border payments in euro (2560/2001/EC). However, having in mind the overall objective of "Better Regulation", the report proposes to work towards a more coherent and comprehensive legislation for payments and to integrate the proposals for amending the Directive into a consolidated framework for payments in the Internal Market. Such an initiative would contain all legislative measures regarding retail payments in the Internal Market, thus abandoning the present piece-meal approach and aiming at establishing a single legal act in this field. The Commission intends to propose to shorten the default maximum execution time from presently 6 bank working days to a much shorter period. Furthermore, the Commission promised to raise the threshold of the "money-back guarantee" to EUR 50.000, in order to align it with the general scope of the Directive. The Commission's services, in the spirit of the Communication on Better Regulation, have already widely circulated in an informal discussion document in order to collect ideas and suggestions for such a possible framework. On the basis of those contributions the Commission will establish a Consultative Paper which will present its assessment on possible future provisions for a legislative proposal afterwards to the Council and Parliament in 2003.?