

# Frequently asked questions: Intra-EU cross-border payments

EU cross-border payments in euro are very cheap or even free in euro area Member States (priced as domestic payments) but still expensive in non-euro area Member States.

The two amendments proposed by the Commission in March 2018 to the [Regulation on cross-border payments](#) will reduce the cost of intra-EU payments within the entire EU and unify the single retail payments market.

This will benefit in particular citizens and businesses from the non-euro area Member States by letting them have access to cheaper intra-EU euro payments. Transactions made in EU currencies other than the euro are not impacted by the revised Regulation; however, Member States are free to extend the rules to other currencies.

The revised Regulation also makes currency conversion charges fully transparent, setting standardised transparency requirements for card-based transactions and credit transfers and allowing consumers to compare the costs of different conversion options and make a fair choice.

## **What is the situation under the current rules and how will it change as of 15 December 2019?**

Today, a transaction in euro across the euro area, i.e. from France to Portugal, costs exactly the same as an equivalent transaction within one Member State. Depending on the bank, it may be free of charge or cost only a few cents. This allows customers in the euro area to make transactions across borders at the same cost as within the same country.

In contrast, for example, a transaction in euro from a non-euro area Member State (e.g. Bulgaria) to a euro-area Member State (e.g. Finland) is currently priced between €15 and €24, even if the amount transferred from Bulgaria is only €10. This means that consumers and businesses in non-euro area Member States face higher fees for euro payments as soon as they operate across borders. This is a major barrier to intra-EU exchanges and is detrimental to the Single Market. Furthermore, this raises issues of equal treatment and the level-playing field for businesses across the EU. Non-euro area consumers and businesses should not have to pay more than their counterparts in euro area Member States when engaging in similar types of cross-border exchanges within the Single Market.

With the new Cross-border Payments Regulation, as of 15 December 2019, the price of an intra-EU transaction in euro from Bulgaria to Finland is expected to decrease, from between €15 and €24 to about €1.

## **What is dynamic currency conversion and what has been done to protect consumers from opaque currency conversion offers?**

When consumers make card payments while travelling abroad or when paying online, they can often choose whether to pay in local currency or their home currency. When choosing the local currency, their bank will convert the amount of the transaction and consumers only know a few days later, when looking at their bank statement, how much the transaction really cost.

If consumers decide to pay in their home currency, a payment service provider converts the amount of the transaction on the spot in exchange for a fee. This process is called dynamic currency conversion (DCC). While DCC allows consumers to know immediately how much they have to pay, the use of this service is often more expensive than their bank's.

At present, consumers are not able to compare fees they will be charged for using either the local currency or their home currency. The revised Regulation will bring more transparency on currency conversion charges levied on card-based payments and credit transfers, so that consumers can make informed choices for instance when they are confronted with alternative currency conversion options either in shops or at ATMs.

### **The Regulation ensures currency conversion charges for card-based payments are comparable. How?**

Under the new Cross-border Payments Regulation, whenever Dynamic Currency Conversion is offered at either a shop, in an online marketplace or when withdrawing cash at an ATM, the applicable currency conversion charges will have to be disclosed to the consumer before the transaction takes place. These charges shall be expressed in a harmonised way.

All payment service providers offering either debit or credit cards will have to disclose the cost of their currency conversion service in the very same way. This information will have to be provided in the Terms & Conditions of a card, as well as channelled to the consumer through an electronic message (e.g. SMS, email, bank app notification) immediately after a bank received a payment order denominated in another EU currency. This electronic message should be sent once a month (in case of recurrent payments in said other EU currency).

### **What type of information will consumer see when sending money abroad through their bank?**

Under the new Cross-border Payments Regulation, when consumers initiate credit transfers involving a currency conversion, payment service providers will have to disclose an estimate of the applicable currency conversion charges, as well the estimated total amount of the credit transfer in the currency of the consumer's account, including any transaction fee and any currency conversion charges. Payment service providers will finally disclose the estimated amount to be transferred in the payee's national currency unless the consumer decides to send money in his own currency, in which case the consumer's bank will not perform a currency conversion.

### **Will the transparency provisions included in the Regulation apply also to payments involving non-EU currencies?**

No, the provisions on transparency of currency conversion charges only apply to cross-border payments involving a currency conversion between two EU currencies.

### **More information**

[Factsheet](#)

[Agreement on the cross-border payments regulation](#)