

Cross-border Payments Regulation: the European Commission reminds payment service providers of the forthcoming application date for currency conversion transparency requirements and invite National Competent Authorities to enforce rules in a proportionate manner given the current circumstances linked to the COVID19 crisis.

The revised Cross-border Payments Regulation¹ makes currency conversion charges fully transparent, setting standardised transparency requirements for card-based transactions and credit transfers and allowing users to compare the costs of different conversion options and make a fair choice. Currency conversion transparency requirements for both card-based transactions and credit transfers will apply as of 19 April 2020.

Payment service providers and parties providing currency conversion at point of sale or ATMs have had sufficient time to adjust their IT infrastructures and customer-facing interfaces to comply with the requirements set out in the Cross-border Payments Regulation. The Commission therefore expects that payment service providers in the EU comply with the above requirements as from 19 April 2020.

The Commission services appreciate that applying these requirements in the current context may pose some challenges, given the extraordinary circumstances linked to the COVID19 crisis. The Commission services could therefore understand that, without prejudice to the payers' rights, the National Competent Authorities may consider the necessity to enforce the new rules in a flexible manner, taking a reasonable approach towards PSP's ability to implement the new rules while at the same time preserving the stability and continuity of online banking interfaces under the present circumstances.

Background

Regulation (EU) 2019/518 amending Regulation (EC) No 924/2009 as regards certain charges on cross-border payments in the Union and currency conversion charges sets out requirements for the disclosure of currency conversion charges linked to card-based transaction and credit transfers.

Under this 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 user

¹ Regulation (EU) 2019/518 (EU) 2019/518 amending Regulation (EC) No 924/2009 as regards certain charges on cross-border payments in the Union and currency conversion charges

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 user 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).

Furthermore, when users 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 user'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 user decides to send money in his own currency, in which case the user's bank will not perform a currency conversion.

These requirements will apply as from 19 April 2020, with the exception of the requirement to inform the user through an electronic message, which shall apply as of 19 April 2021.