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Cross-border euro payments now significantly cheaper

EU rules on how banks should charge for cross-border euro payments have brought about significant savings for consumers, without leading to an increase in charges for domestic transfers, according to a European Commission report. A EUR 100 cross-border transfer, which would have cost on average EUR 24 before the rules were introduced, now costs on average EUR 2.50. The rules have also provided banks with an incentive to develop and invest more in an EU-wide payments infrastructure, which in the longer term should help to reduce costs for all consumers.

Internal Market and Services Commissioner Charlie McCreevy said: "*This EU action has brought real benefits to consumers. The price of cross-border payments has reduced dramatically in many countries, but - contrary to what had been feared - the price of domestic payments has not gone up. The banks' reaction has been very positive – they have set up an ambitious project to create a Single Euro Payments Area (SEPA) that will treat all euro payments as though they were domestic. By using fully automated payment systems that are of lower cost, this project has enormous potential to bring about huge savings and we fully support it.*"

About the Commission report

The report evaluates whether and how the EU Regulation on cross-border euro payments, adopted in 2001, has affected bank charges for national payments. The report shows firstly that charges for cross-border euro payments have reduced significantly since the introduction of the Regulation, and that this has not directly led to any substantial increase in charges for domestic payments, which had been a concern of the European banking industry.

The report is the first step towards an evaluation of the overall effectiveness of the Regulation. In line with the Commission's commitment to better regulation, any future modification of the Regulation would be determined by this full review, as well as by the Payment Services Directive (see [IP/05/1514](#)), currently before the Council and European Parliament for adoption, and industry-led initiatives to create SEPA.

About the Regulation on cross-border euro payments

Even after the full introduction of the euro, cross-border euro payments cost considerably more than an equivalent domestic payment. Payment systems were organised by banks nationally and the infrastructures for cross-border payments were inefficient and slow.

In order to improve this situation, the EU introduced rules (in the form of Regulation 2560/2001) giving consumers a guarantee that when they make a payment in euro to an account in another Member State, it will cost the same as it would to make a payment within their own Member State. Consumers need only provide the International Bank Account Number (IBAN) and Bank Identifier Code (BIC) of the person they are transferring the money to. As of 1 January 2006, the Regulation applies to payments of up to EUR 50 000.

The Regulation covers payment card transactions and withdrawals from cash machines since 1 July 2002 (see [IP/02/941](#)) and credit transfers since 1 July 2003 (see [IP/03/901](#)).

The report is available at:

http://ec.europa.eu/internal_market/payments/crossborder/index_en.htm