

**STUDY ON THE IMPACT OF DIRECTIVE 2007/64/EC
ON PAYMENT SERVICES IN THE INTERNAL MARKET
AND ON THE APPLICATION OF REGULATION (EC) NO
924/2009 ON CROSS-BORDER PAYMENTS IN THE
COMMUNITY**

Contract MARKT/2011/120/H3/ST/OP

Annexes to Final report

Prepared by London Economics and *iff* in association with PaySys



February 2013

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1 Annex Surveys Overview

This first Annex provides an overview of the research surveys undertaken to inform the findings detailed in the Main Report. These surveys included both written consultations and interviews with the various stakeholders of retail markets for payment services.

1.1 Consumer associations

The consumer survey was to be done via questionnaires to Consumer associations in the EU-27. Two questionnaires were used to canvas the views and experiences of consumer associations on the application of the PSD and of Regulation 924/2009 in their Member State:

- One long questionnaire that captured detailed data on all aspects of the PSD and Regulation 924/2009
- One short questionnaire that focussed on the broad lines of the legislation in both the PSD and Regulation 924/2009.

Data collection took place between mid-April and early July 2012. The long questionnaires were sent first. To avoid data shortages, short questionnaire was only sent to the consumer associations that had not answered our first and main questionnaire. We also sent these questionnaires to a number of ECC-Net Centres in MS where we faced difficulty collecting data.¹ This is because we wanted to acquire data from all MS on the main issues. Both questionnaires were designed to gather qualitative data from the consumer associations.

Overall, at least one response from a consumer association from each MS was received, or from an ECC-Net Centre when no answer from a consumer association was available for a MS.

A total of 34 questionnaires in 27 MS were collected. The raw data is based on 20 long questionnaires² spanning 18 MS and 14 short questionnaires³ spanning 13 Member States. There are therefore MS for which there is an overlap as we indeed have received multiple questionnaires, but the maximum number received for each MS is 2 questionnaires (see Annex 8 listing the Survey respondents).

The consumer associations who responded were all consumer associations either listed by the Commission's national reports on Consumer associations and network or had special expertise justifying that they would be most aware of difficulties faced by consumers in their MS.⁴

To assess the quality of the responses as well the knowledge and expertise of the consumer associations and ECC-Net Centres, respondents were asked to self-declare their expertise. In case

¹ The rationale behind asking local ECC-Net centres to comment was that they have good knowledge of the local situation and are able to give a view on their local situation albeit limited since their focus is on cross-border disputes. We received 4 answers from ECC-Net 3 of which are the only answer available for this MS (IE, LU and FI) and were thus included in our data. The fourth one from the ECC-Net Lithuania was excluded because it contained no data on the Directive (only on the Regulation – it is thus included in results for the Regulation only) and came from a country where we already had a questionnaire available to include in our results.

² Here after called CAQL (Consumer Association Questionnaire Long).

³ Here after called CAQS (Consumer Association Questionnaire Short).

⁴ http://ec.europa.eu/consumers/empowerment/cons_networks_en.htm, last consulted 25/07/2012.

no answer was given, the expertise was assessed by the quality of the response as well as the knowledge we had about the particular missions of the association.

Overall, our respondents averaged good knowledge of financial services, but their self-declaration raised two main observations. First, in comparison to other respondents, ECC-Net clearly dealt less with financial services and payment services than perhaps other issues explaining lower ratings. Next, respondents in some MS also had lower scores pointing towards a need for increased support to those consumer associations who may find that resources and access to the right expertise needs to be improved. In part, this lower expertise of some respondents explains a rather high 'no answer' or 'no opinion' rates on some places.

1.2 Business users

As part of the project 15 large retailers in European interfacing with consumers and 15 large non-retail businesses were interviewed to gain a business sector perspective on the benefits of the PSD for businesses and issues it raises for them.

The businesses which participated in the interviews were selected on the basis of prior contacts by London Economics and calls for volunteers issued by Eurocommerce and the European Retail Roundtable (ERRT), and the European Association of Corporate Treasurers.

In addition, Eurocommerce was also interviewed (in face-to-face setting) as part of business consultation exercise.

1.3 Providers

Three type of payment service providers were surveyed as part of the project, namely credit institutions, payment institutions and e-money institution. The primary approach was to use national associations to disseminate the survey questionnaires to an as large as possible target group. In each case, in order to stimulate participation in the survey, full confidentiality of the survey responses was guaranteed.

In all cases, the received questionnaires were checked for responses that diverged from the trend responses and follow ups were undertaken directly by LE with the survey respondent to ensure that the response was not erroneous and really reflected the opinion of the respondent.

1.3.1 Credit institutions

The survey questionnaire was sent to the following groups:

- Members of national associations that are members of the European Banking Federation;
- Members of national associations that are members of the European Association of Co-Operative Banks;
- Members of national associations that are members of the European Federation of Building Societies;
- Members of Finanzgruppe der Deutscher Sparkassen- und Giroverband;
- Members of Sparkasse Verband Österreich;
- Members of Confederacion Española de Cajas de Ahorros (CECA).

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National associations were asked once to remind their members to complete the questionnaire and 98 responses from individual credit institutions have been received as well as collective responses from the Confederation of Spanish Savings Banks (CECA), the French Banking Federation (representing 430 banks), the Sparkassen- und Giroverband Hessen-Thüringen representing 50 savings banks in Hessen and Thuringia and the National Association of German Cooperative Banks (representing 1,121 banks).

In addition, as it proved impossible to gather cost information through the written surveys, a number of bilateral exchanges (telephone, e-mail) with individual credit institutions were held to explore in greater detail the impact of the PSD on the production cost of payment services. Robust information, even of a qualitative nature, on this point nevertheless remained very scant.

1.3.2 Payment institutions

The survey questionnaires were sent out by trade associations and LE, and all were returned directly to LE. The survey questionnaires were sent to:

- Members of the European Payments Institution Federation (EPIF);
- Members of the UK Money Transmitter Association (UKMTA);
- 150 individual payment institutions for which e-mail addresses could be identified from their websites and who do not belong to either of the trade associations.

The two trade associations reminded their members several times to complete the questionnaire and LE sent out a reminder directly to the 150 payment institutions. In total 36 responses were received.

In addition, a number of payment institutions preferred to enter into a dialog rather than complete the questionnaire and we have held meetings or telephone interviews with 16 major payment institutions, ANAED the Spanish Association of Payment Institutions, the UKMTA and the International Association of Money Transfer Networks (IAMATN).

1.3.3 E-money institutions

The survey questionnaire was sent out by the Electronic Money Association to its members and 5 responses were received.

The trade association reminded its members once to submit their completed responses to LE.

1.4 Competent authorities

Competent authorities were surveyed to gather their views and perspectives on how the PSD is functioning and any issues they face in their role as regulator.

All competent authorities responded to the survey. The list of competent authorities is shown in Annex 8 listing the stakeholders.

1.5 Complaint bodies

All designated complaint boards for the purposes of the PSD were asked about their published reports and the outcome of the complaints they received in relation to different issues. In general, statistics about the outcome of the complaints were in general only documented by the complaint boards in relation to all financial services and not broken down in relation to payment services in detail.⁵

For the cases where the numbers of decisions and dispute settlements were published in the reports, the number of decisions in favour of the complainant and in favour of the provider was balanced.⁶ However, the percentage of decisions finding favour with consumer was in reality considerably lower than 50% because in more than half of the cases recorded, either the complaint board was not the authority in charge, the information was incomplete, or it was not possible for the complaint board to hear witness etc., resulting in the complaint being formally rejected or referred to another institution. Several MS complaint boards also reported that in many cases, rather than lodging a formal complaint, they were called to just explain the legal situation to users.

The appropriate organisations responsible for complaints with payment services were identified using the PSD complaints body listings provided by the European Commission.⁷ The most appropriate contact persons within these organisations were identified via a combination of phone calls and emails to these respective national bodies. The survey of complaint boards lasted from June to September 2012. Questionnaires were emailed to contacts in June 2012 and reminders emailed at regular intervals to those who did not respond. For those contacts who did not initially respond there have been between 1 to 3 additional reminders over that period, either by email or phone, depending on how quickly the contacts subsequently responded. To encourage responses, contacts were given the option of partially completing the questionnaire if they did not possess all the relevant information, or alternatively, the option of providing an alternative data source such as a link to the relevant Internet page.

Thirty four complaint boards covering 21 MS responded. Twenty four of them sent completed questionnaires providing details allowing analysis and comparison on the basis of the number and the nature of the respective relevant complaints they received in the last two years, including details provided on the outcomes of addressing the complaints, while the remaining complaint boards provided answers by e-mail or by phone.

In addition to answers received directly from these official competent complaint bodies, complementary data was collected from the published annual reports from complaint boards in 16 Member States (AT, BE, CZ, DE (2x), FR, EL, FI, FR, IE, IT, LV, MT, NL, PL, RO, UK).⁸ This additional

⁵ See (DE) Bundesverband der Deutschen Volksbanken und Raiffeisenbanken (2011) and (ES) Banco de España (2011).

⁶ See for example: (ES) Banco de España report (2011): pleading in favour of the complainant 18.2%; pleading in favour of the provider 18.2%; and 63.6% of cases representing other outcomes (incomplete documents, relegation etc.); (DE) Bundesverband deutscher Banken report (2011): 26% pleading in favour of the complainant; 16% pleading in favour of the provider; and 58% others (complaints out of the scope of the complaint board jurisdiction, complaints dropped or no longer pursued by the customer).

⁷ PSD, see: http://ec.europa.eu/internal_market/payments/framework/transposition_en.htm#links. For Regulation 924/2009, see: http://ec.europa.eu/internal_market/payments/crossborder/index_en.htm#problems.

⁸ Reports were analysed from Österreichische Finanzmarktaufsicht (AT), Service de médiation Banques - Crédit - Placements (BE), Bundesverband deutscher Banken (DE), Deutscher Sparkassen- und Giroverband (DE), Financial Services Ombudsman (IE), Banca d'Italia (IT), The Finnish Financial Ombudsman Bureau (FI), KiFiD (NL), National Authority of Consumer Protection (RO), Financial Ombudsman Service (UK); there was no detailed enough information about payment services in the reports from Banque de France

source was thus also used for the analysis of complaints and for reaching an understanding of the existing problems from the user's perspective. All EU-27 Member States were covered.

1.6 Other sources

In the course of the project, the following data sources were also used:

- The payments data from the ECB
- Information on fees and charges available on the websites of credit institutions
- Academic and quasi-academic literature on payments related issues of interest to the Study (see References listed at the end of the Main Report)
- Reports, studies and position papers from various public and private organisations on the subject

1.7 Quality assurance

While some general official data were available, the core of the information came through the information provided by knowledgeable stakeholders, including industry experts.

To assess the quality of this information the team could rely on the years of experience of professional consultancies in the area of payment services represented by PaySys and their European network. Information was checked by these partners with regard to their consistency and knowledge. In case there were doubts the information was verified with third sources.

Another element concerned the quantification of data that represented opinions. In this case it was important to identify how many respondents were of a similar opinion. Since the whole group of e.g. consumer organisations could be addressed, representativeness would not have hindered quantification. However, the problem lay with the size of the MS and the development of payment services in this area as well as with the possible experience of the respondents with phenomena concerning the PSD.

In the **consumer survey** it was decided to present one questionnaire response as one voice. This was not seen as problematic because we clearly identify the number of consumer associations (CA) answering and the number of Member States (MS) represented by the answers. Only for a few MS⁹ were responses received from more than one CA for a given country. Few consumer advocates and consumer representatives turned out to be actually sufficiently specialised in the field of payment services to be in a position to be both able and willing to provide specialised expertise to our research. We also decided not to weigh the answers received on the basis of size or importance of payment services when interpreting answers from the consumer perspective.¹⁰

(FR), Financial and Capital Market Commission (LV), Malta Financial Services Authority (MT), National Bank of Poland (PL) and the Czech National Bank (CZ).

⁹ Such as AT, BE, CY, CZ, LV, and NL.

¹⁰ Had we received a greater number of CA responses per MS as originally expected, we may have considered alternative methods of aggregating and analysing responses. For example, if large number of questionnaire answers had been received from a small MS, this would have biased the international picture. Likewise, we have not taken into account that e.g. vzbv in Germany represents 81.8 millions of consumers and over 30 consumer associations in Germany while Latvia only 2.2 million consumers. Neither have

In addition, we have refrained from presenting the results in percentage terms because of the low sample size on many occasions. As opposed to how findings were presented at the interim stage, the final report does not show graphs with share of MS responses but instead contains textual description of the number of CA and MS that have reported a certain answer.

Additional contributions and desk research have come at times, to inform our understanding. With regard to facts it can be assumed that each response can be treated as a strong assumption for the existence of the reported facts. Since we indicated the full reference of the source in footnotes each information unit provided can be traced back to its survey respondent as the source.

Data and value attributed to it in ordinal scales were always counterchecked by a second researcher. The answer from each respondent of the CA questionnaire and the way it was interpreted by the research team can be assessed in detail in the country report section of the Annex containing results from the consumer association survey.¹¹ Each respondent was identifiable by a personalised code throughout the survey. (See Annex 8 for the list of respondents).

In order to estimate the potential reliability of the information coming from consumer organisations, we tried to assess the experience and expertise of the respondents based largely on their own self-declared level of competence on the subject matter. On a scale from 1 to 5 we got an average score of 3.81 for overall respondent experience with financial services, 3.28 for expertise in payment services and a self-estimation of own knowledge which reached a similar score of 3.3. It is interesting to note that a significant number of respondents graded the importance of financial services very highly.

In the case of **payment service providers**, we considered the responses from individual PSPs separately from the responses provided by their associations.

we weighted responses on the basis of views of consumer associations where payment services are well developed and where their answers are probably more informed than those where the market is only starting to gain momentum.

¹¹ The country reports can be found in Annex 2.12.

2 Annex Survey of Consumer Associations

This Annex was prepared by Christine Riefa, Helena Klinger and Achim Tiffe.

2.1 Introduction

Annex 2 sets out the results of surveys conducted with consumer associations concerning the impact of Directive 2007/64/EC on payment services in the internal market and on the application of Regulation (EC) no 924/2009 on cross-border payments in the community.

The terms of reference of Project MARKT/2011/120/H stated that the objectives of the study were to “conduct a study on the impact of the Directive on payment services (PSD) and on the application of the Regulation on cross-border payments” and that “the study should:

- gather legal and economic evidence about the impact of the PSD on the internal market and any problems which may have arisen, and
- gather legal and economic information on the application of the Regulation on cross-border payments and provide detailed economic analysis on its provisions, and
- Identify where amendments might be considered appropriate, regarding a possible revision of the PSD and/or of the Regulation on cross-border payments.”

This report focusses specifically on the problems faced by consumers in the wake of the PSD and the Regulation. It uses as a starting point the responses received to consumer associations’ questionnaires. It is a practical assessment of the issues faced by a specific group of payment services users: the consumers. It details the responses received to our questionnaires by representative groups, namely consumer associations. It does not take into account economic data or other specialist data uncovered by the study. This Annex forms part of the main study conducted by London Economics. This Annex was compiled for ease of reference to the readers who have a more specific interest about consumers and their views of the impact of the PSD. It cannot alone give a full picture.

This Annex about the results from the consumer associations is set out in 4 main parts:

- 1) Assessment of the impact of the PSD (para 2.2. to 2.10),
- 2) Assessment of the impact of the Regulation (para 2.11),
- 3) Country reports for the EU-27 Member States highlighting responses to the questionnaires in some key areas (para 2.12), and
- 4) Summary and conclusions (para 2.13).

2.2 Impact of the PSD: Main benefits

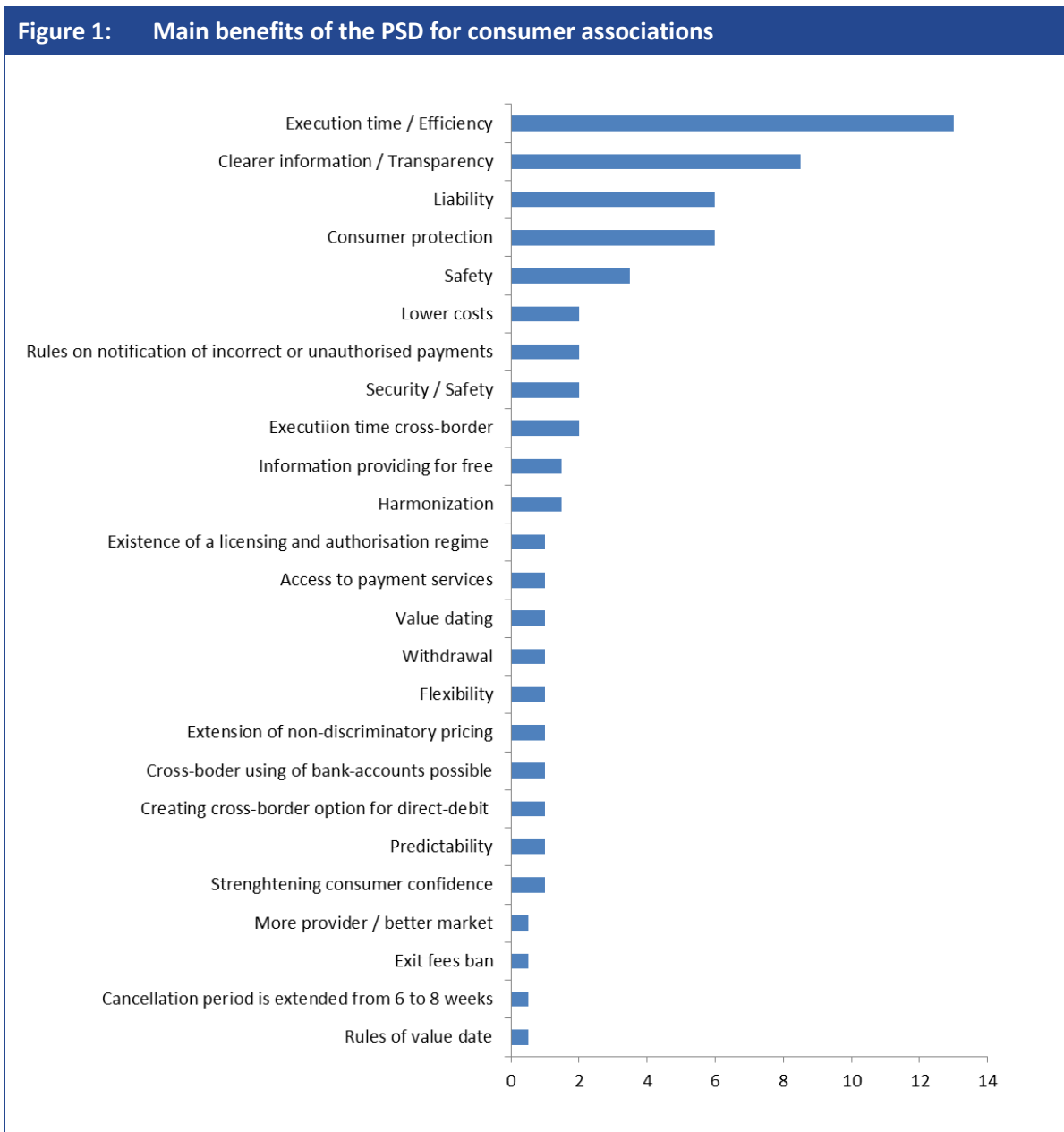
33 Consumer associations’ questionnaires from 27 MS were reviewed. It transpires that the main benefits of the PSD for consumer associations were shorter execution time and better

iff, London Economics and PaySys



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transparency through information. Only 3 consumer associations did not answer the question. Consumer associations on the whole welcomed a large number of aspects in the PSD.



Source: iff consumer survey

However, despite many benefits being identified not all consumer associations reported seeing those benefits all work in practice. Indeed, consumer associations also mentioned **negative aspects** and disappointments with the PSD.

The Danish Consumer Council noted for example, that the PSD had no effect on cost level. The same evaluation came from the Dutch *Consumentenbond* in relation to cross-border prices. The Bulgarian Financial Forum reported increasing costs and long execution times: “for instance a transaction from London to Sofia still takes four working days”. Furthermore, safety aspects were

mentioned by the Bulgarian Financial Forum: “There are several dramatic cases about safety issues. A bank “lost” about EUR 20 million through fake payment services.”

Similarly, the two Belgian consumer associations saw no real positive impact and the consumer associations from Germany and Slovenia had more concerns about the new regulation than positive impacts to report:

Box 1: Concerns about the impact of the PSD in Slovenia and Germany

“In general, Slovenia had very effective payment systems before this directive, so that no imminent benefits stem from the PSD... besides the fact that it stayed well below the expectations on quality and effectiveness... Time will show what effect this will have on the effectiveness/safety/quality of payments systems driven by profit-oriented entities. At the same time, the problems of consumers that have existed before the PSD also haven’t been resolved or [made milder] through the implementation of the PSD into Slovene legislation.” Slovene Consumers Association ZPS, SI

“There are some [benefits] but we need to see further NEGATIVE effects to a very well-functioning German payment and if we compare our statements with those of the past we see a lot of issues not working... Critical benefits”: right to refund direct debits is more than weak and even [subject to restriction] compared to the always absolute and unconditional right of refund ensured by the once legal concept implied in ‘Einzugsermächtigung’. Strictly NEGATIVE Implications to German consumers: 1) Shortening of period to correct unauthorised or even fraudulent transactions on a payment account; 2) Loss of option to recall a payment order before its execution; 3) Loss of control of recipients name further to the account credentials upon German’s BGH finding that account numbers are not appropriate to exclude errors and misinterpretation to serve as the only data to direct a payment; 4) Installing a strict liability of up to EUR 150 (verschuldensunabhängig) with lost authentication instruments; 5) No effective blocking of serial application of prima facie of gross negligence with lost and abused payment instruments (This includes the – to our estimation faulty implication of the law in German law due to wrong comments by the Federal government, which devalued the complicated wording in German court practices.); 6) No necessary protections with fees and other aspects on non-euro payments; 7) Introducing fees to re-gather wrongly directed payments; 8) Setting dangerous options of credit outside credit laws by allowing cards to be repaid only once a year to still qualify as payment service – it should not allow for more than three months at most.” vzbv, DE

Conclusion: It is clear that consumer associations see a lot of positive impacts of the PSD for their national markets and also for cross-border payments. The highlights are execution times and transparency which shows that the PSD has achieved some of its major goals. However, less compliance with the goals of the Directive exists for consumer associations in relation to liability in case of loss, fraud and safety.

2.3 One-leg transactions

The PSD only applies to ‘two-leg’ transactions, where both the payer’s payment service provider and the payee’s payment service provider are located in the Community. With the exception of

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STUDY ON THE IMPACT OF DIRECTIVE 2007/64/EC ON PAYMENT SERVICES IN THE INTERNAL MARKET AND ON THE APPLICATION OF REGULATION (EC) NO 924/2009 ON CROSS-BORDER PAYMENTS IN THE COMMUNITY

protection concerning value date and availability of funds,¹² this leaves consumers in the EU without protection under Title III and IV of the Directive for transactions where only one-leg is located in the Community.

Yet, consumer associations reported that many consumers in the EU were making use of one-leg payment transactions in particular via the use of remittance services¹³ demonstrating that such exclusion from the scope of the Directive could have a real impact on the protection of EU consumers. Indeed, concerning remittances alone, an EC study from 2007 showed remittance flows on the increase due to the evolution of foreign population in the host countries and accounted for a volume of remittances of 18.7 billion of euros to countries outside EU-27. This on its own accounted for more than 80 per cent of total remittances from EU-27.¹⁴

Some Member States, in their national implementation, adopted derogations to this limitation in scope enabling consumers to benefit from enhanced protection.

Table 1: Variation on the implementation of Article 2 – territorial scope and currency		
Member State	Recorded PSD variation	Details of variation (if known)
AT	✓	Unauthorised transactions and information requirements
BE	✓	Responsibility in the event of non-authorised transactions
BG	✓	Titles III and IV of the PSD have been extended to other currencies (not just those of EU/EEA MS)
CY	✓	All applies except Art 43
CZ	✓	Responsibility in the event of non-authorised transactions + other rights from Title III & IV applicable in principle (but with a possibility for the parties to opt out of their application)
DE	✓	PSD 54 to 61, 64 to 66 and Art 74 to 78 applicable in principle (but with a possibility for the parties to opt out of their application)
DK	✓	Some variations and limited articles applying to one-leg transactions
EE	✓	Some specific provisions have not been extended to one-leg transactions
EL	X	
ES	✓	The law has generally applied the PSD's Title III and IV provisions to one-leg transactions, with the exception of provisions relating to charging options and amounts transferred
FI	✓	All PSD articles have been applied to one-leg transactions
FR	✓	Some provisions in Titles III and IV of the PSD have been extended to one-leg transactions

¹² Under Article 73 of the PSD.

¹³ In particular see CAQL18 ADICAE (SP), CAQS13 Which? (UK), CAQL12 Arbeitk (AT) and CAQS2 VKI (AT), CAQL13 UGANDI (EE), CAQL14 OFE (HU), CAQL22 Conso (RO), CAQL23 EKPIZO (EL), CAQS 9 SOS (CZ).

¹⁴ Jiménez-Martín S., Jorgense N., María Labeaga J., The volume and geography of remittances from the EU, EC commissioned report September 2007, http://ec.europa.eu/economy_finance/publications/publication10089_en.pdf, last consulted 19.07.2012. In this study, 'the main results suggest that total remittance flows have been continuously increasing during the last five years. The evolution of the foreign population in the host countries is the most important determinant of remittances. In our most realistic scenario immigrants remit 18.7 billion of euros to countries outside EU-27 that accounts for more than 80 per cent of total remittances from EU-27' (executive summary, p. 4).

HU	✓	Limited to the territory of the recipients of the PSD as such and refer to the EEA or their MS; but also mixed approach
IE	X	
IT	✓	The whole of Title III and IV of the PSD has been applied to one-leg transactions
LT	✓	The application of Titles III and IV of the PSD has been extended to payments made to or from non-EU/EEA countries denominated in Member State
LV	X	
LU	✓	Limited to the territory of the recipients of the PSD as such and refer to the EEA or their MS
MT	✓	All PSD provisions have been applied to one-leg transactions
NL	✓	Limited to the territory of the recipients of the PSD as such and refer to the EEA or their MS
PL	X	
PT	X	
RO	X	
SI	X	
SK	✓	Some provisions have been extended so as to fully apply to one-leg transaction
SE	✓	Limited to the territory of the recipients of the PSD as such and refer to the EEA or their MS
UK	✓	Limited to the territory of the recipients of the PSD as such and refer to the EEA or their MS

x = PSD variation not recorded

Source: TIPIK study version 2.0, August 2011 and Wandhöfer, R., EU payments integration, the tale of SEPA, PSD and other milestones along the road, Palgrave Macmillan 2010, Appendix II, Table A2.1, p. 276.

Keeping in mind the possible differences that may be felt by consumers in countries where the national implementation has already been more generous and those where it has not, the questionnaires required respondents to comment on whether the Directive's scope ought to be extended to include 'one-leg' transactions.¹⁵

We analysed data from 33 questionnaires representing the view of Consumer Associations (CA) in 27 MS. We were not able to record an answer from a quarter of our sample meaning that a total of 8 consumer associations from a total of 7 MS are left unrepresented in our assessment of this issue¹⁶ and another 5 CA from 5 other MS preferred not to express an opinion¹⁷ on the issue. However, where consumer associations expressed an opinion, 15 CA in 13 different MS showed

¹⁵ Question 4 CAQL and Question 3 CAQS. Further questions were also added asking in particular to respondents of the long questionnaires, which part of the Directive should apply to one-leg transactions and if they had any experience of the inclusion of one-leg transactions in their national framework.

¹⁶ This can be explained in our view, at least in part, because a number of 'no answers' comes from MS where the national implementation already provides some enhanced protection. Respondents may have failed to see the necessity to truly comment in support of an extension of scope of the Directive, if their country already granted such protection. See for example the absence of response from CAQS11 CCU (CY) and CAQS14 CCA (CY), CAQS10 zss (SK), CAQL1 TAENK (DK), CAQL5 ECC Fin (FI) who have all implemented some form of variations on the PSD. The non-respondents (in addition to those already mentioned) were: CAQS3 ECC Lux (LU), CAQL15 Deco (PT), and CAQL9 ZPS (SI).

¹⁷ Those respondents have either explained that they did not have enough data to answer this question (CAQL10 Ibka (LT), CAQS1 Pater (LV)), or simply stated if their Member States had extended the scope of national legislation to one-leg transactions or not, but did not take position as to a need to extend the scope of the PSD (CAQS 7 UFC (FR), CAQL2 Altro (IT), CAQL8 Nibud (NL)). In this case, those answers were counted as 'no opinion'.

strong support for the inclusion of one-leg transactions within the scope of the PSD. By contrast, only two CA in 2 different MS opposed the inclusion of one-leg transactions.¹⁸ Three CA in 3 MS were uncertain about such inclusion.¹⁹

The rationale for this support towards the inclusion of one-leg transactions seems very much anchored in a desire to offer or strengthen protection for those consumers who have a need to transact outside of the borders of the EU.

For many it made little sense to offer two regimes of protections for consumers. As the UK respondent puts it: *“There is no reason why EU consumers sending remittances outside of the EU should enjoy less protection than those sending remittances within the EU. Consumers using remittances are often vulnerable (e.g. immigrants sending money to support families at home) and should be protected”*.²⁰ This is a point of view also expressed by EKPIZO (EL)²¹ who noted in particular the same need for information for consumers entering into cross-border transactions beyond the confine of the EU and for consumers who deal within the EU. For The Polish Consumer federation the current state of play was an *“unjustified limitation of consumer protection”*.²² Even in countries where the national legislation had already extended the scope to include one-leg transactions, consumer associations supported an extension of the scope of the PSD to benefit all consumers. This was for example the case of Germany,²³ where vzbv explained: *“if someone is doing business with consumers in the EU, they should be made to keep EU standards”*.²⁴

Generally, the support for the inclusion of one-leg transactions within the scope of the Directive revolved around concerns for the protection of consumers using remittance services, but a number of general benefits applicable to all covered payment types were identified by respondents:

- On information and transparency:
 - Protection against inadequate information or wrong information being provided to consumers;²⁵
 - Providing fee transparency;²⁶
 - Providing consumers with a ability to make comparisons between services through increased information;²⁷
- On Fees and charges:
 - Avoiding problems with fees and in particular high charges;²⁸

¹⁸ The association SOS in the Czech Republic explained that the scope should not be extended despite the possible difficulties for consumers (CAQS9). The second negative answer is counted as a ‘no’ but was in fact not as strong an opposition as the answer from CZ. Indeed, Consumentenbond from the Netherlands (CAQL16) answered no but their answer was motivated by the fact that no problems have emerged to date rather than an opposition in principle to extending the scope of the Directive on this aspect. The respondent commented that they ‘did not see the need to include one-leg transaction at this moment’.

¹⁹ CAQL24 PTAC (LV) and CAQL17 Poradna (CZ), CAQS15 ECC Irl (IE).

²⁰ CAQS13 Which? (UK).

²¹ CAQL23 EKPIZO (EL).

²² CAQS12 FK (PL).

²³ In Germany, ‘the provisions relating to the PSD, Articles 54 to 61, Articles 64 to 66 and Articles 74 to 78 have been made in principle applicable also for one-leg transactions, but the with the possibility for a PSP to vary this by contractual agreement with its PSU’ (Payment service user) according to Wandhöfer, R., EU payments integration, The tale of SEPA, PSD and other milestones along the road, Palgrave Macmillan 2010, Appendix II, Table A2.1, p. 276.

²⁴ CAQL11 vzbv (DE).

²⁵ CAQS13 Which? (UK).

²⁶ This was a benefit cited by: CAQL11, vzbv (DE), CAQL17 Poradna (CZ).

²⁷ This benefit was cited by: CAQL19 Test-Achats (BE), CAQL18 ADICAE (ES).

²⁸ This benefit was cited by: CAQL11 vzbv (DE), CAQS2 VKI (AT), CAQL12 Arbeiterk (AT), CAQL9 ZPS (SI).

- On execution:
 - Protection against wrongful release of payments to third parties²⁹ or against lost payments/remittances;³⁰
 - Protecting against inadequate execution;³¹
 - Imposing some liability on providers;³²
 - Better safety through the inclusion of a right to refund;³³
- Fraud prevention and detection;³⁴
- Enabling consumers to gain access to complaint bodies under the scope of the PSD;³⁵

Overall, it seemed clear from the responses favouring an extension of the scope to one-leg transactions that respondents would welcome the application of both Title III and Title IV of the PSD to one-leg transactions and that such extension would need to cover all provisions including those on execution times.

Indeed, this was a point stressed by a number of respondents. In Germany, for example *“the provisions relating to the PSD, Articles 54 to 61, Articles 64 to 66 and Articles 74 to 78 have already been made applicable (in principle) to one-leg transactions, but the with the possibility for a PSP to vary this by contractual agreement with its payment service user (PSU)”*.³⁶ However, the consumer association (vzbv) showed support for an extension of this coverage to one-leg transactions in areas where protection is not yet offered. Indeed, the respondent mentioned execution times (covered by Articles 68 to 73 of the PSD) that are currently not applying to one-leg transactions and expressed the wish to see execution times rules also apply to one-leg transactions.³⁷ Similarly, while in Spain *“the law has generally applied the PSD’s title III and IV provisions to one-leg transactions”*³⁸ (with some exceptions concerning execution times and value date), the respondent expressed strong support for coverage of one-leg transactions in order to avoid non-payments and delays in paying suppliers.

Conclusion: There is support from consumer associations to extend the scope of the PSD to one-leg transactions. This support is present whether the consumer association is located in a MS where some provisions already exist to bring one-leg transactions within the scope of the national implementation or not. In those MS where the implementation already includes some aspect of protection for one-leg transactions, consumer associations tend to call for an extension of the protection already offered.

²⁹ CAQS13 Which? (UK).

³⁰ This was a benefit cited by: CAQS2 VKI (AT) and CAQL12 Arbeiterk (AT).

³¹ This was a benefit cited by: CAQL18 ADICAE (ES), CAQL11 vzbv (DE).

³² This was a benefit cited by: CAQL11 vzbv (DE), CAQL17 Poradna (CZ).

³³ CAQL19 Test-Achats (BE).

³⁴ This benefit was cited by: CAQL18 ADICAE (ES), CAQL21 CRIOC (BE).

³⁵ CAQL12 Arbeiterk (AT). In Austria, where ‘provisions related to unauthorised transactions and information requirements have been made applicable to all transactions’ (according to Wandhöfer, R., EU payments integration, The tale of SEPA, PSD and other milestones along the road, Palgrave Macmillan 2010, Appendix II, Table A2.1, p. 275) there was also support for an extension of the scope of this coverage to the complaint and arbitration process.

³⁶ Wandhöfer, R., EU payments integration, The tale of SEPA, PSD and other milestones along the road, Palgrave Macmillan 2010, Appendix II, Table A2.1, p. 276.

³⁷ CAQL11 vzbv (DE).

³⁸ Wandhöfer, R., EU payments integration, The tale of SEPA, PSD and other milestones along the road, Palgrave Macmillan 2010, Appendix II, Table A2.1, p. 276.

2.4 Currencies other than the euro or the currency of a MS

The protection consumers receive by virtue of the application of Title III and IV of the PSD does not apply for transactions made in a currency other than the Euro or the currency of a Member State outside the euro area (Article 2.2 of the PSD). As a result, European consumers who use other currencies for payment transactions remain unprotected.

Respondents were asked if the scope of the Directive should be extended to other currencies.³⁹ We analysed data from 33 questionnaires representing 27 MS. Almost a quarter of consumer association respondents (7 respondents) abstained to give an answer on this question⁴⁰ and a total of 5 respondents expressed no opinion.⁴¹ Out of the consumer associations answering this question (representing a total of 21 consumer associations from 19 MS), 2 respondents from different MS were uncertain,⁴² three respondents representing 3 MS⁴³ did not see a need to extend protection at this stage while the vast majority (16 CA representing 14 MS) supported the inclusion of all currencies within the scope of the Directive.⁴⁴

The opponents to an extension in scope seemed mostly motivated by "actual need" rather than opposing the extension of scope on grounds of principle. Indeed, the association of Slovak Consumers for example, explained that most transactions are performed in euros and that the use of other currencies was "*not a big deal*",⁴⁵ implying that the status quo was sufficient for Slovak consumers. Similarly in Luxembourg it seems very few consumers encountered cross-border problems concerning payments in currencies other than the Euro.⁴⁶ Finally, the response from Ugandi opposed the extension on the grounds that the respondent did not see advantages in extending the scope to using local currencies.⁴⁷

Conversely, with the proponents of an extension in scope their support was primarily anchored in a need for consistency and stronger protection for consumers.

A number of respondents did indeed show support for the extension as it currently makes little sense for them for some consumers to be protected, under the current regime, when others are not, simply based on what currency they execute their transactions in. "*From the point of view of the consumer it should not change anything and consumers ought to enjoy the same level of protection whether they make payments in euros, CZK or a foreign currency*" according to SOS (CZ).⁴⁸ This is a position that was echoed by a number of other respondents.⁴⁹

³⁹ Question 5 in CAQL and question 4 in CAQS.

⁴⁰ This is, as with one-leg transactions, partly due in our view, to the fact that some MS are already extending the scope of national legislation to transactions in all currency, lessening the potential impact felt by consumers and thus being reported to consumer associations. The following 7 respondents gave no answers: CAQL17 Poradna (CZ), CAQL1 TAENK (DK), CAQL18 ADICAE (ES), CAQL5 ECC Fin (FI), CAQL2 Altro (IT), CAQL15 Deco (PT), CAQL25 Kv (SE).

⁴¹ This includes answers that were purely descriptive about the local situation without explaining the position of the respondent with regards to the PSD (CAQL4 abv (BG), or answers where the respondent told us directly it did not know or lacked information and/or knowledge to answer (CAQL23 EKPIZO (EL), CAQS7 UFC (FR), CAQL8 Nibud (NL), CAQL24 PTAC (LV)).

⁴² CAQS15 ECC Irl (IE). The answer from CAQS11 CCU (CY) was not very clear but a support for a probable extension of scope could be inferred, although we included this response as 'uncertain'. For more on this answer, see this country report in Annex 2.12.

⁴³ CAQL13 UGANDI (EE), CAQS3 ECC Lux (LU), CAQS10 zss (SK).

⁴⁴ The supporters of this inclusion included: CAQL12 Arbeiterk (AT), CAQS2 VKI (AT), CAQL21 CRIIOC (BE), CAQL19 Test-Achats (BE), CAQS14 CCA (CY), CAQS9 SOS (CZ), CAQL11 vzbv (DE), CAQL14 OFE (HU), CAQL10 Ikba (LT), CAQS1 Pater (LV), CAQS6 IGtk (MT), CAQL16 Consument (NL), CAQS12 FK (PL), CAQL22 Conso (RO), CAQL9 ZPS (SI), CAQS13 Which? (UK).

⁴⁵ CAQS10 zss (SK).

⁴⁶ CAQS3 ECC Lux (LU).

⁴⁷ CAQL13 UGANDI (EE).

⁴⁸ CAQS9 SOS (CZ).

Part of the support may be explained by the fact that this is an area where consumer associations report being aware of problems in particular concerning international transfers⁵⁰ as well as charges concerning foreign exchange transactions.⁵¹ It is thus an area where problems are apparent and need to find adequate solutions.

The consumer associations surveyed identified a number of benefits⁵² allied to the inclusion of other currencies within the scope of the Directive:

- Consistency and coherence in the legal regime applicable to consumers⁵³
- Enable consumers to benefit from the protection offered by Titles III and Title IV of the Directive⁵⁴ and in particular:
 - Enable consumers to benefit from rules on transparency⁵⁵
 - and benefit from refund rights⁵⁶
- Encourage competition⁵⁷ by:
 - Driving a reduction of costs of transactions⁵⁸
 - Enabling better comparison of services⁵⁹ and
 - Giving consumers more confidence to explore the market⁶⁰ and encourage cross-border transactions.⁶¹

Conclusion: There is support from consumer associations to extend the scope of the PSD to all currencies, although it is slightly lower than it was for one-leg transactions. As both issues are linked it is apparent that consumer associations overall are concerned by protecting consumer without discriminations based on currencies or origin and/or destination of payment transactions.

2.5 Scope of the PSD

Defining the scope of the PSD is a complex exercise. On the one hand, Article 4 of the PSD defines key terms and, by making a reference to the Annex of the PSD (PSD-Annex), also includes the definition of those payment services that fall within the remit of the PSD (the positive scope).⁶² On the other hand, some activities linked to payment transactions are excluded from the scope of the PSD altogether, by application of Article 3 of the PSD (the negative scope). As a result, even if

⁴⁹ CAQS6 IGtk (MT), answer to Q4, explains: 'there may be scope to extend to other currencies as this would provide protection to consumers dealing in such other currencies and lead to consistency in protecting consumer rights in this regard'.

⁵⁰ CAQS2 VKI (AT).

⁵¹ CAQL12 Arbeiterk (AT).

⁵² This can be contrasted with the one answer (CAQL13 UGANDI (EE)) that opposed the extension of the scope on this point on the grounds that the respondent did not see advantages in extending the scope to using local currencies.

⁵³ CAQS6 IGtk (MT), CAQS12 FK (PL), CAQS13 Which? (UK).

⁵⁴ CAQL22 Conso(RO).

⁵⁵ CAQL12 Arbeiterk AT).

⁵⁶ CAQL19 Test-Achats (BE).

⁵⁷ CAQL10 lbka (LT).

⁵⁸ CAQL10 lbka (LT), CAQL12 Arbeiterk (AT).

⁵⁹ CAQL19 Test-Achats (BE).

⁶⁰ CAQL21 CRIOC (BE).

⁶¹ CAQS12 FK (PL).

⁶² Providing that they are used in two-leg transactions and using the euro or the currency of a MS outside of the euro area. The PSD-Annex includes 7 different types of payment services.

transactions had ‘two-leg’ in the EU and were in the appropriate currency, consumers would not benefit from the protection of the PSD for those specific transactions.⁶³

Such complexity means that it can be difficult for consumers to know if their payment transaction falls within the scope of the PSD or not and, as a result, if they benefit from protection.⁶⁴ Indeed, out of the responses there were question marks over:

- A number of payment services, indicating that the scope (Articles 3 & 4 of the PSD) would benefit from being clarified in places.
- The interaction of the PSD with other Directives such as the credit directive and the e-money directive.⁶⁵

Respondents were asked if the negative scope should be amended and if so, what activities listed in Article 3 (negative scope) should be covered by the PSD to enhance the protection of consumers.⁶⁶ Further, the questionnaire asked if the consumer associations encountered any problems with the definitions contained in Article 4 and the PSD-Annex and if they had any suggestions for amendment of the positive scope.⁶⁷

2.5.1 Negative scope

Results were analysed first to uncover if there was support for the amendment of the negative scope.⁶⁸

5 consumer associations we surveyed did not answer this question (leaving 5 MS completely unrepresented)⁶⁹ and 4 CA had no opinion (leaving a further 2 MS completely unrepresented).⁷⁰ Out of the remaining respondents who did answer the question (24 CA representing 20 MS), 17 CA clearly supported the amendment of the negative scope⁷¹ while 4 CA respondents did not feel that there was a need to amend the scope and were broadly satisfied with its content.⁷² The opponents⁷³ to a change in the negative scope seem to ground their position in a variety of justifications:

⁶³ Article 3 of the PSD lists a series of 15 payment services excluded from the scope of the Directive.

⁶⁴ A number of consumer associations made the point that the complexity would require that more educational programmes be organised for consumers to help them understand their rights (CAQS4 abv (BG), CAQS13 UGANDI (EE)).

⁶⁵ CAQL17 Poradna (CZ) with e-money directive. In addition, in the long questionnaires, Q10 concerned the current interaction with a number of Directives under Article 31 of the PSD. Respondents did not only comment on the interaction with those Directives but also spontaneously added potential issues concerning the interaction of the PSD with the Credit Directive (CAQL12 Arbeiterk (AT), CAQL2 Altro (IT), the Consumer rights Directive (CAQL18 ADICAE (ES), and the e-money Directive and the Capital requirement Directive (CAQL17 Poradna (CZ)).

⁶⁶ Question 6 CAQL and Question 5 CAQS.

⁶⁷ Question 7 CAQL and Question 6 CAQS.

⁶⁸ Question 6 CAQL and Question 5 CAQS.

⁶⁹ This included: CAQL25 Kv (SE), CAQL9 ZPS (SI) CAQS3 ECC Lux (LU), CAQS5 ECC Fin (FI), CAQS11 CCU (CY). The abstentions are understandable because ECC Net centres may not have the ability to take position on this issue.

⁷⁰ Those respondents have either explained that they did not know (CAQL8 Nibud (NL)), or simply stated if their Member States had amended the scope of national legislation on the negative scope, but did not take position (CAQL16 Consument (NL), CAQL12 Arbeiterk (AT) and CAQS2 VKI (AT)). In this case, those answers were counted as ‘no opinion’.

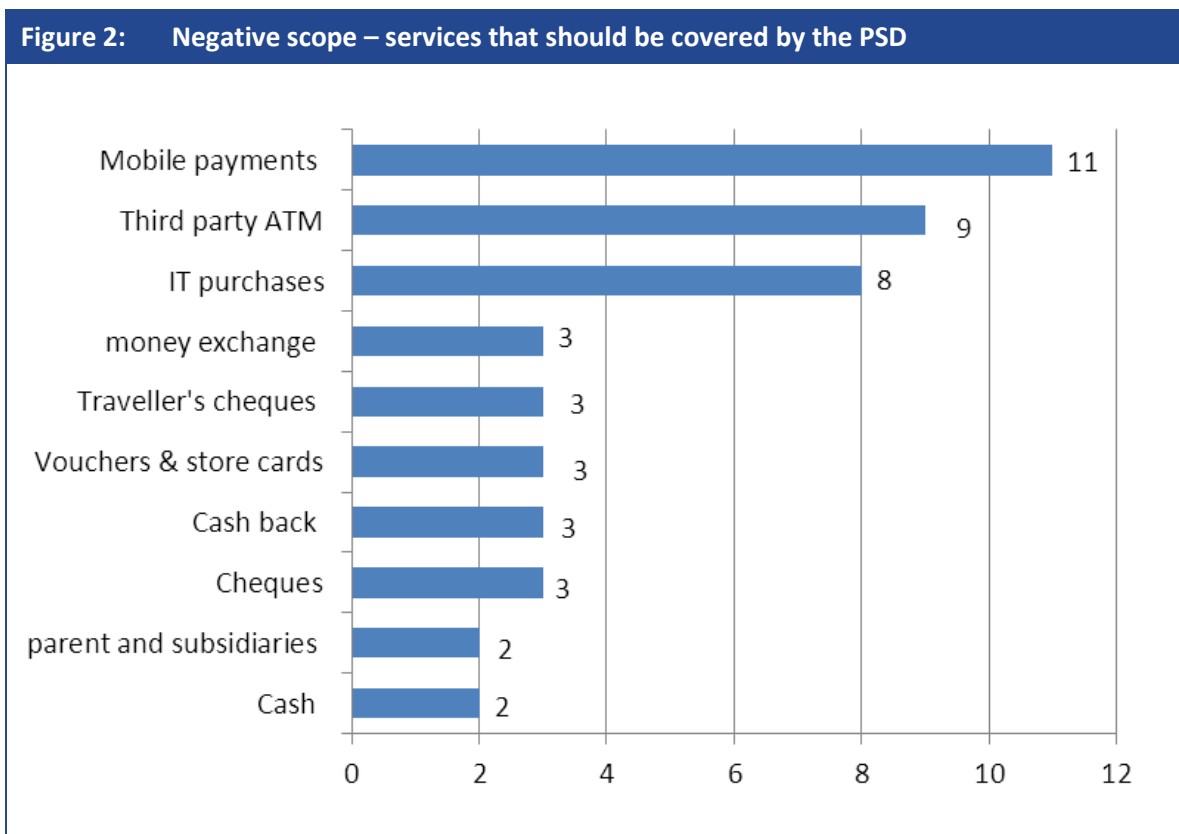
⁷¹ CAQL21 CRIOC (BE), CAQL19 Test-Achats (BE), CAQL4 abv (BG), CAQS14 CCA (CY), CAQL17 Porodna (CY), CAQL11 vzbv, CAQL1 TAENK (DK), CAQL22 EKPIZO (EL), CAQL18, ADICAE (ES), CAQS7 UFC (FR), CAQL14 OFE (HU), CAQS15 ECC Irl (IE), CAQL2 Altro (IT), CAQL24 PTAC (LV), CAQS1 Pater (LV), CAQS6 IGtk(MT), CAQS12 FK (PL); CAQL15 Deco (PT), CAQL22 Conso (RO); CAQS13 Which? (UK).

⁷² CAQS9 SOS (CZ), CAQL13 UGANDI (EE), CAQL10 Ibka (LT), CAQS10 zss (SK).

⁷³ On closer inspection it seems that the group of consumer associations most satisfied with the status quo and that do not feel amendments are necessary are consumer associations based in the Eastern European block (CZ, EE, LT and SK). However, other consumer associations from this region did support an amendment to the scope so no general trend can be inferred.

- The consumer associations reported no complaints or consumer problems about those services⁷⁴ or thought priorities were elsewhere.⁷⁵
- The consumer association did not think that the inclusion of such activities would improve the protection of consumers.⁷⁶

The positive responses (20 CA from 17 MS) were further analysed to uncover what specific services in the negative scope were finding support for their inclusion in the PSD. Out of the responses analysed 1 respondent⁷⁷ did not identify specific services but the other responses identified 10 categories where amendments may be necessary (see below). The most two popular answers concerned: mobile payments and third party ATMs services.



Note: Most cited out of 19 CA respondents from 16 MS.

Source: iff consumer survey

2.5.1.1 Mobile payment services

The Green Paper, towards an integrated European market for cards, internet and mobile payments⁷⁸ takes an in-depth look into the integration of payment services and this may have an influence on the way a potential revision of the PSD is shaped.⁷⁹

⁷⁴ CAQS9 SOS (CZ).

⁷⁵ CAQS10 zss (SK). Indeed, this respondent explained: 'We do not see a real problem in that, the real consumer problems with payment systems are quite different – high fees'.

⁷⁶ CAQL13 UGANDI (EE).

⁷⁷ CAQL1 TAENK (DK).

⁷⁸ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0941:FIN:EN:PDF>, last consulted 20.07.2012. Consultations on this Green Paper were held in January-April 2012.

However, for the purpose of this study, we still focussed on mobile payments because, as Which? (UK) explained: *'it is not clear under which circumstances mobile payments are covered under the PSD and it is unlikely that consumers will know the difference'*.⁸⁰ Indeed, Mobile payments feature both in the negative scope and in the PSD-Annex of Article 4 (positive scope). Arguably, they both cover different types of mobile payment services, but the actual scope is not completely apparent. Yet, as mobile payments increase rapidly,⁸¹ there seemed to be a need to carefully consider their full inclusion in the scope of the PSD. We are not sure that all consumer associations responding to the questionnaire were able to make the clear difference between the mobile transactions excluded from the scope (for example to pay for ring tones downloaded to the mobile) and those that are included in the PSD-Annex (such as Ping it, a Barclays bank service).

In any event, the confusion in itself is a good indication that the scope could benefit from being clarified. Some respondents even suggested not only that mobile payments be removed from the list of the negative scope but also that they all be included in the PSD-Annex (positive scope).⁸² Further, according to Which?, *'the exemption for telecommunication, digital and IT purchases is confusing and unfounded. Consumers should enjoy the same protection regardless of what they decide to purchase'*.⁸³

Part of the rationale to include mobile payments in the scope of the Directive was to provide:

- Protection against fraud⁸⁴
- A right to refund⁸⁵
- Deposit protection for funds that are held in virtual accounts.⁸⁶
- Access to payment services for un-banked consumers.⁸⁷

2.5.1.2 ATM third party services

Currently, third-party ATMs⁸⁸ come within the negative scope and are therefore not subject to consumer protection provisions under the PSD. Yet, it is with the use of those ATMs that many problems, in particular concerning high fees, have been reported by consumer associations.⁸⁹ It is

⁷⁹ Postscript: The feedback statement on European Commission Green Paper 'Towards an integrated European market for card, internet and mobile payments' is now available (http://ec.europa.eu/internal_market/payments/cim/index_en.htm) but was not taken into account in our analysis of the consumer associations' questionnaires. The main report does however consider some of the views expressed in this document.

⁸⁰ CAQS13 Which? (UK). This was a view shared by the Finnish Consumer Agency in their contribution to the Green paper. The Finnish Consumer Agency indeed noted that 'the definitions in the payment services directive 2007/64/EC leave some ambiguity concerning mobile payments in particular'. Kuluttaja, Contribution of the Finnish Consumer Agency, Consultation on Green Paper, towards an integrated European market for cards, internet and mobile payments (KUV/888/09/2012, 14.04.2012). Note that the Finnish Consumer Agency is not included in our results as they did not fill in a questionnaire. They nevertheless communicated their response to the Green paper to our study.

⁸¹ CAQS14 CCU (CY).

⁸² Answer to Question 6 CAQS, CAQS13 Which? (UK) and answer to Question 7 CAQL, CAQL2 Altro (IT), CAQL19 Test-Achats (BE).

⁸³ CAQS13 Which? (UK).

⁸⁴ CAQS7 UFC (FR).

⁸⁵ CAQS7 UFC (FR).

⁸⁶ CAQS13 Which? (UK). The consumer association cited for example 'Pingit', a Barclays bank service. Barclays Bank offers mobile phone users (iPhone, Android, Blackberry) the ability, through its 'Pingit' application to send and receive mobile payments. For more details, see <http://www.barclays.co.uk/Mobile/BarclaysPingit/P1242603570446>, last consulted 20.07.2012.

⁸⁷ CAQL18 ADICAE (ES).

⁸⁸ This includes independent ATM 'deployers' offering cash dispensing facilities to users are not subject to the PSD. See FSA Guidance on the scope of the Payment Services regulations 2009, Section 15:5: Negative scope/exclusions, Release 127, July 2012, p. 15, <http://media.fsahandbook.info/pdf/PERG/15/5.pdf>, last consulted 20.07.2012.

⁸⁹ See for example, Which?: <http://www.which.co.uk/news/2012/02/overseas-card-fees-too-high-and-too-complicated-279633>, last consulted 22/07/2012.

a problem that prompted 9 CA from 9 MS⁹⁰ to support the removal of third parties ATMs from the list of the negative scope.

2.5.2 Positive scope

Consumer associations were asked to explain if they had encountered problems with the definitions contained in Article 4 and the PSD-Annex and if they had any suggestions for amendment.⁹¹ Overall, it seems that consumer associations were quite satisfied with the content of the definitions⁹² which may explain why only a small number of respondents (8 in total)⁹³ and mostly from larger MS (France, UK, Germany) listed issues.⁹⁴ In particular pre-paid cards and overlay services were most cited.

⁹⁰ CAQL4 abv (BG), CAQL11 vzbv (DE), CAQL18 ADICAE (ES), CAQS15 ECC Irl (IE), CAQL24 PTAC (LV), CAQL16 Consument (NL), CAQS12 FK (PL), CAQL22 Conso (RO), CAQS13 Which? (UK).

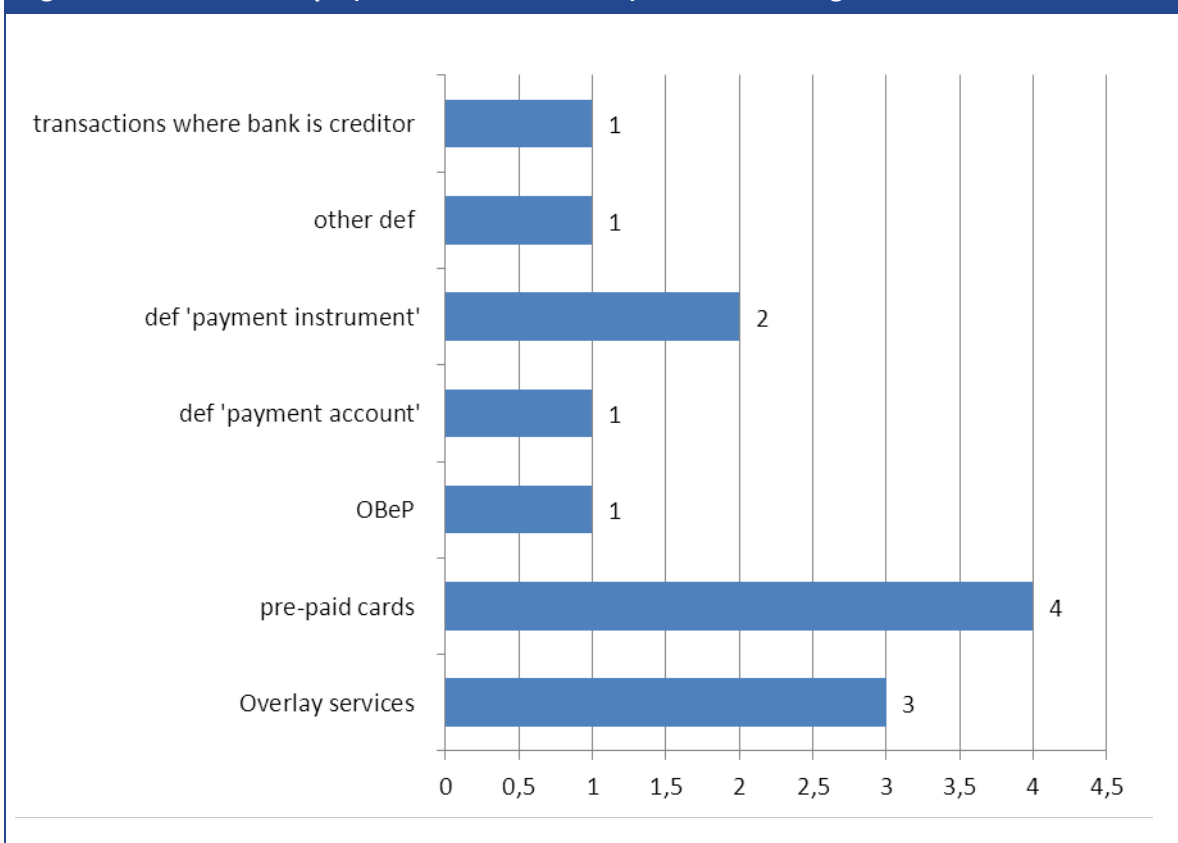
⁹¹ Question 7 CAQL and Question 6 CAQS.

⁹² See for example ECC-Net Ireland (CAQS15) which states: 'the definitions are sufficiently clear, yet greater harmonisation in relation to pre-paid cards is to be welcomed'.

⁹³ CAQS9 SOS (CZ), CAQL11 vzbv (DE), CAQL1 TAENK (DK), CAQS15 ECC Irl (IR), CAQS7 UFC (FR), CAQS6 IGtk (MT), CAQS13 Which? (UK). Also see CAQL12 Arbeiterk (AT) mentioned short loans of up to a period of 12 months and found the local payment service act was unclear on those (not included in results).

⁹⁴ Which? raised the issue of payments via online banking (OBEP) and explained that they should be subject to proper regulation and supervision and as such included in the PSD CAQS13 Which? (UK). CAQS6 IGtk (MT) cited the definition of 'payment instrument' and 'payment account'. CAQS2 VKI (AT) also raised the point that the definition of 'payment instrument' was problematic in their national law. CAQS1 Pater (LV) made suggestions to amend the definitions of 'payer' and 'reference interest rate'. Another issue concerns transactions where the bank is the creditor: The Danish Consumer Council (CAQL1 TAENK (DK) in answer to Q6 on the negative scope) gave the specific example of a consumer having a current account and loan with a bank. In cases where the consumer runs into difficulty and is unable to even pay for his bills, is it possible for the bank to quickly deduct what they are owed on the loan as soon as the consumer receives his salary, without the consent of the consumer. Or would this practice fall within the scope of the Directive and be considered an unauthorised transaction?

Figure 3: Positive scope (Article 4 & PSD-Annex) – issues needing attention



Note: Most cited out of 8 CA respondents in 8 different MS.

Source: iff consumer survey

2.5.2.1 Pre-paid cards

The use of pre-paid cards appears to be developing according to the consumer associations who mentioned this issue.⁹⁵ Indeed, according to a report from pse Consulting from 2008, the prepaid card market was set to represent EUR 132 billion in Europe by 2015.⁹⁶ However, it seemed unclear to consumer associations if pre-paid cards can be considered as ‘payment services’⁹⁷ and thus if consumers can benefit from the protection of the PSD. Arguably pre-paid cards are within scope and even may be caught by the EMD II for issuing and redemption and the PSD for transaction. It may be this overlap that is in fact most confusing to consumer associations and could benefit from clarification. Further a clearer definition of what a ‘limited network’ is may prove beneficial.

UFC-Que Choisir for example explained: ‘Pre-paid cards are often used by French consumers. The PSD could be improved on this topic’⁹⁸ and UK Which? goes further: ‘We believe that pre-paid cards should be included in the list of payment services’.⁹⁹

⁹⁵ See for example, CAQS7 UFC (FR), CAQS9 SOS (CZ), CAQS13 Which? (UK).

⁹⁶ Pse Consulting, European prepaid market 2008, report commissioned by MasterCard worldwide, October 2008, edited V1, p. 11.

⁹⁷ CAQS13 Which? (UK), answer to Question 6 CAQS. The respondent explained that this is because pre-paid cards fall outside the scope of the UK Financial Services Compensation Scheme (FSCS).

⁹⁸ CAQS7 UFC (FR).

⁹⁹ CAQS13 Which? (UK)

The main issues raised by consumer associations concerning pre-paid cards were:

- The lack of clarity as to how pre-paid cards are regulated (between PSD and e-Money)
- The fact that consumers are often unable to tell the difference between credit, debit or pre-paid cards¹⁰⁰
- The high fees applied to those cards¹⁰¹
- The absence of obligation, at present, to give money back to consumer who stops using the card.¹⁰²

In addition, Which? (UK) also mentioned the potential those pre-paid cards represent for un-banked consumers.¹⁰³ Indeed, the respondent explained that it *'is often easier for consumers on low income to get prepaid card than to open a bank account'*. Therefore, like with mobile payments, bringing such payment instruments within the scope of the Directive would enable low-income consumers to gain access to payment services and benefit from the protection offered by the PSD.

2.5.2.2 Overlay services

The German consumer association vzbv was of the opinion that overlay services ought to be caught within the scope of the PSD because it was important not to allow circumventions and to enable the rules of the PSD to apply whenever consumers pay non-cash.¹⁰⁴ For the UFC-Que Choisir, despite overlays not being yet widely used by French consumers, there is a need for more precisions on this topic, for example on banking secrecy or security.¹⁰⁵

Conclusion: There is support to amend the negative scope and to either clarify certain definitions and/or add payment services within the scope of the PSD. The rationale for such support is to ensure the best protection for consumers and avoid payment services providers circumventing the protective legal regime in place. The two key payment services where consumer associations felt revisions were needed included mobile payments and use of third party ATMs. For the future, new services such as pre-paid cards and overlay services were also mentioned by consumer associations as needing attention in the MS where innovation was perhaps most advanced.

2.6 New payment service providers

To promote market competition, the PSD introduced a new category of payment services providers (PSPs) which is not allowed to take deposits or issue electronic money, called 'payment institutions' (PI).¹⁰⁶ The long questionnaires collected data from consumer associations to assess if the creation of such new PSPs had an impact on the market place.

¹⁰⁰ CAQS9 SOS (CZ).

¹⁰¹ CAQS13 Which? (UK). The respondent added that because of the high loading fees applied to those cards and in particular the fact that low-income consumers were forced to use them (because of the difficulties in opening a bank account), the protections offered under the PSD should apply equally to pre-paid cards.

¹⁰² CAQS7 UFC (FR).

¹⁰³ CAQS13 Which? (UK).

¹⁰⁴ CAQL11 vzbv (DE).

¹⁰⁵ CAQS7 UFC (FR).

¹⁰⁶ See Article 1.d and Article 4 of the PSD.

20 consumer associations from 18 Member states were surveyed. 3 did not answer¹⁰⁷ and a further 2 gave no opinion.¹⁰⁸ Out of the consumer associations that answered the question (a total of 14 CA from 14 MS), a small majority of 7 CA felt that the introduction of new PSPs had a positive impact.¹⁰⁹ 2 CA reported seeing only some small effects,¹¹⁰ but 4 CA thought there was no perceived effect of those new PSPs on the market.¹¹¹ No respondents, however, thought the impact had been negative, with only 1 CA reporting they could foresee potential negative effects.¹¹²

The consumer associations overall reported that the amount of creation of new institution was rather limited¹¹³ and when such creations have occurred, the popularity of those institutions remains limited. Indeed, The Bulgarian Financial Forum for example, commented: *'We are aware of new payment institutions being created since 2010 but unfortunately the popularity of these institutions is not high'*.¹¹⁴ A similar story is recorded in the Netherlands where Nibud reported that there are *'institutions registered but they seem to operate on a low scale and mostly in the field of cash transfers'*.¹¹⁵ In Denmark, the consumer association reported that no new PSP was established since the PSD.¹¹⁶

It may be too early still to review the impact of the PSD on the creation of new PIs. However, such low impact in some MS may also be explained by the fact that new PSP do not need to register in all MS but can obtain authorisation in one MS to then passport into another. It may also be due to the fact that consumer associations may be unfamiliar with this type of data (normally the parlance of regulators) although the respondents seemed to be well informed.

Conclusion: Consumer associations did not report any problems with the creation of new PSPs. They however reported that the number of new institution is not very high and that in any event, those new institutions were not much used by consumers, suggesting that the impact on competition in the wake of the PSD is limited.

2.7 Access to payment services

Authorisation and passporting are two issues over which consumer associations have returned little data in comparison with the way they may have populated other areas of the questionnaires. This is easily explained by the fact that those issues, unless there had been large cases where the

¹⁰⁷ CAQL19 Test-Achats & CAQL21 CRIOC (BE), CAQL15 Deco (PT), CAQL25 Kv (SE). Note however that concerning Belgium, the *Observatoire du Credit et de l'endettement ASBL*, explained that 9 institutions were registered in Belgium and that as a result, this small number of new institution meant that the impact of this new type of provider on the market seemed insignificant (Answer to LEQL1 ABSL (BE), Q3).

¹⁰⁸ CAQL13 Ugandi (EE), CAQL16 Consument (NL).

¹⁰⁹ CAQL4 abv (BG), CAQL17 Poradna (CZ), CAQL23 EKPIZO (EL), CAQL14 OFE (HU), CAQL2 Altro (IT), CAQL 10 Ibka (LT), CAQL24 PTAC (LV).

¹¹⁰ CAQL11 vzbv (DE), CAQL8 Nibud (NL).

¹¹¹ CAQL12 Arbeiterk (AT), CAQL1 TAENK (DK), CAQL28 Conso (RO): this respondent explained that the creation of those PSPs had a neutral impact because only 7 were created. In fact those were old incumbent who had now registered as payment institutions, CAQL9 ZPS (SI). Also see LEQL1 ABSL (BE) for Belgium cited above that confirms insignificant effects on the Belgian market.

¹¹² CAQL18 ADICAE (ES) reported that in Spain 41 new companies had been established (mainly remittances). While the respondent said it was not opposed to new developments it warned of potential risks for consumers.

¹¹³ Although note that by contrast, in some MS the rule seemed to have better effects. See for example, in the UK, McDonnell, Bell, Butler, De Marco, Heaton, Purewal, Annual Review 2010" 2010/11, *Compliance Officer Bulletin* that reports that "following the implementation of the Payment Services Directive (PSD) in November 2009, there are now in the United Kingdom approximately 60 new payment institutions (and hundreds of small payment institutions)" (at s. 23.1).

¹¹⁴ CAQL4 abv (BG).

¹¹⁵ CAQL8 Nibud (NL).

¹¹⁶ CAQL1 TAENK (DK).

system failed, would not normally be known by consumer associations. Those are issues normally handled by regulators. Therefore it was not surprising to see low response rates (due to no answer or to the consumer association self-declaring that it lacked knowledge or expertise in these areas). Nevertheless, the answers did uncover some interesting results in particular concerning the current system of authorisation and the worries voiced over the passporting regime.

2.7.1 Authorisation

The PSD requires that payment institutions hold initial capital that varies according to the risk allied with the provision of the service and that the payment institution's own fund should remain above a certain threshold. The questionnaire enquired about this system of authorisation and asked consumer associations (CA) to comment on the robustness of the overall system and the requirements for initial capital and own funds.¹¹⁷

Broadly speaking, consumer associations were satisfied with the system of authorisation and did not report any real problems with the way this system operates.¹¹⁸ It was for a small number of them a good way to bring safety to consumers, and to give peace of mind to consumers by ensuring their funds are safe.¹¹⁹ When consumer associations were critical of the current authorisation regime they identified concerns regarding:

- E-money and virtual accounts. Vzbv commented that the definition of e-money is wide and that as a result, consumers may be surprised to learn that Paypal, for example, does not run a real account but e-money. The main issue is of course the fact that e-money is not protected in the same way.¹²⁰
- Overlay services. They currently do not need authorisation and yet, should criminal providers get to market, it could be easy for them to abuse such schemes.¹²¹
- Need to review prudential requirements as market develops. It was clear for the respondents that while the prudential requirements were deemed mostly adequate today (since the market place is mostly populated by payment institutions that are small in size) it may require amendments in future to match the growing size of market players.¹²²

Consumer associations only made general comments concerning potential changes. For example, some welcomed raising thresholds for initial capital requirement and own fund.¹²³ For Altroconsumo in Italy, for example, the minimum capital requirement of just EUR 20,000 is insufficient and the thresholds should be raised.¹²⁴ Similarly, the methods for calculating own fund ought to be clarified in order to provide more certainty for consumers.¹²⁵

¹¹⁷ CAQL Q8 and CAQS Q7.

¹¹⁸ The questionnaire specifically asked about any 'rogue traders' who may have slipped the 'authorisation net'. Very few consumer associations reported any problems and when they did, it did not appear to be on a large scale. For example, The Lithuanian Bank Client association reported not having any direct experience of unreliable authorisation but had knowledge from the press of some rare cases of illegality (CAQL10 lbka (LT)), The Arbeiterk (CAQL12) in Austria and VKI (CAQS2) only reported occasional complaints concerning fraud for money transfer services, CAQL14 OFE (HU) only report one case of fraud dating back 2 years and that is now resolved.

¹¹⁹ CAQS9 SOS (CZ), CAQS12 FK (PL), CAQL16 Consum (NL).

¹²⁰ CAQL11 vzbv (DE).

¹²¹ CAQL11 vzbv (DE).

¹²² CAQS7 UFC (FR). Although CAQL13 UGANDI (EE) explained that raising the thresholds for initial capital will not protect consumers better in their view.

¹²³ CAQL22 Conso (RO).

¹²⁴ CAQL2 Altro (IT).

¹²⁵ CAQS6 IGtk(MT).

2.7.2 Passporting

Under the PSD, a payment institution authorised in one Member State can offer its services in the whole Community, after having informed the competent authorities in his home MS which then cooperates with those in the host MS concerned. The payment institution does not need to go through another authorisation process. This is called ‘passporting’. Passporting was established with a view to increase competition and enable providers, following authorisation in one MS, to provide services in other MS.

2.7.2.1 Low awareness of ‘passporting’ amongst consumers

In order to assess the impact of this practice on consumers we asked respondents to comment on the level of awareness consumers have about their providers’ authorisation regime (i.e. local provider or operating under a passport).¹²⁶

13 CA from 12 MS did not answer this question.¹²⁷ Not a single respondent indicated affirmatively that consumers were aware of the legal regime under which the provider was interacting with them. In addition to those who did not answer, 9 CA from 9 MS also fall out of representation in the results, because they responded that they had no opinion on this issue¹²⁸, mostly due to a lack of information on this topic in the respective consumer association. Out of those answering who felt qualified to do so (a total of 10 CA representing 10 MS), they overwhelmingly answered that consumers were not aware of the legal regime under which providers were operating (8 CA)¹²⁹ whereas 2 CA indicated that some consumers may be aware of the legal regime under which the provider was operating.¹³⁰

These results are easily explained in our view by the fact that passporting is not something that consumers will be aware of as they enter into a relationship with a provider. Indeed, passporting is something that happens before the provision of services can take place in a MS and it seems reasonable to then infer that the legal regime a provider is operating under will have little effects on consumers and their decision to transact with a given payment service provider.

In any event, according to Which? in the UK, *‘we do not generally believe that consumers are aware of the difference and we also do not think that it should be necessary for consumers to know where the registered office of the payment service provider is located. Consumers should be able to expect the same level of protection from native payment service providers than from those who passport their services into the UK’*.¹³¹

2.7.2.2 Concerns over passporting

However, this lack of ‘consumer awareness’ does not mean that consumers associations themselves are not aware of ‘passporting’ and the issues that are attached to it. In fact, we asked

¹²⁶ CAQL Q9 & CAQS Q8.

¹²⁷ CAQL12 Arbeiterk (AT), CAQL21 CRIOC (BE); CAQS11 CCU (CY), CQAS14 CCA (CY), CQAL17 Poradna (CZ), CAQL1 TAENK (DK), CAQL18 ADICAE (ES), CAQL ECC Fin (FI), CAQS3 ECC Lux (LU), CAQL16 Consum (NL), CAQL15 Deco (PT), CAQL25 Kv (SE), CAQL9 ZPS (SI).

¹²⁸ CAQS2 VKI (AT), CAQL19 Test-Achats (BE), CAQL4 abv (BG), CAQL23 EKPIZO (EL), CAQL2 Altro (IT), CAQL10 Ibka (LT), CAQL24 PTAC (LV), CAQS12 FK (PL) CAQS10 zss (SK).

¹²⁹ CAQL17 Poradna (CZ), CAQL11 vzbv (DE), CAQS15 ECC Irl (IE), CAQS7 UFC (FR) explained: *‘Consumers totally ignore the existence of passporting and the difference between nationally authorised payment institutions and those that benefit from a foreign authorisation’*; CAQS1 Pater (LV), CAQS6 IGtk (MT), CAQL22 Conso (RO), CAQS13 Which? (UK).

¹³⁰ CAQL14 OFE (HU), CAQL8 Nibud (NL): *‘Some providers advertise their ‘foreignness’ (e.g. Deutsche Bank), while others do not and only show it in the contract (e.g. Paypal)’*.

¹³¹ CAQS13 Which? (UK).

further questions and in particular we asked consumer associations to comment on the impact of passporting (positive or negative).¹³²

An important number of consumer associations did not answer this question (13 CA totalling excluding 12 MS from our data in the process).¹³³ A further 6 CA explained that they lacked information to answer this question excluding a further 5 MS from our results.¹³⁴ Another 6 CA (excluding another 3 MS)¹³⁵ expressed no opinion.

Out of the only 8 CA representing 8 MS,¹³⁶ who felt equipped to reply, a small number saw this system as a way to increase competition and thus consumer choice.¹³⁷ However, most consumer associations who provided answers did raise the following concerns over passporting:

- Forum shopping, meaning that providers may eventually seek authorisation only in those MS that have the most liberal authorisation regime,¹³⁸
- Difficulties for national regulators to stop a payment institution that is not delivering good service to consumers authorised in another MS,¹³⁹
- Difficulties for consumers to complain about institutions operating under a passport.¹⁴⁰

Which? and vzbv went further and did suggest a change in the regulatory regime, to replace the current ‘passporting’ regime with a “European driving licence” concept in order to enable consumers to be more efficiently protected at national level.¹⁴¹ One of the reasons underpinning this concept is best expressed by vzbv: *‘the internal market is not a place to fail up to 27 times before getting stopped’*.¹⁴² It is a concept also supported by BEUC.¹⁴³ The main characteristics of the suggested scheme include a “driving licence” valid in EU-27 and regulatory authorities in Member States where the activity is exercised having day-to-day supervisory powers and enabled to take all necessary measures in case of breaches of law.¹⁴⁴

Conclusion: The consumer associations were broadly satisfied with the current system of authorisation although they warned of a few risks concerning e-money and overlay services. They also welcomed a review of “initial capital” and “own fund” requirements as the market develops. On passporting, the consumer association confirmed that consumers had little to no awareness of the regime under which services are provided. This is however only rhetorical since consumers ought to be protected in the same way regardless of the regime applied to their

¹³² CAQL Q9 & CAQS Q8.

¹³³ CAQL12 Arbeiterk (AT), CAQL21 CRIOC (BE), CAQS11 & CAQS14 (CY), CAQL17 Poradna (CZ), CAQL1 TAENK (DK), CAQL18 ADICAE (ES), CAQL5 ECC Fin (FI), CAQS3 ECC Lux (LU); CAQS1 Pater (LV), CAQL15 Deco (PT), CAQL25 Kv (SE), CAQL9 ZPS (SI).

¹³⁴ The following declared lacking information to be able to answer: CAQS9 SOS (CZ), CAQL23 EKPIZO (EL), CAQL10 Ikba (LT), CAQS6 IGtk (MT), CAQS12 FK (PL), CAQS10 zss (SK).

¹³⁵ CAQS2 VKI (AT), CAQL19 Test-Achats (BE), CAQL13 UGANDI (EE), CAQL24 PTAC (LV), CAQL16 & CAQL8 (NL).

¹³⁶ CAQL4 abv (BG), CAQL11 vzbv (DE), CAQS7 UFC (FR), CAQL2 Altro (IT), CAQL22 Conso (RO), CAQS13 Which? (UK); CAQL14 OFE (HU).

¹³⁷ CAQL4 abv (BG), CAQL15 ECC Irl (IE), CAQL14 OFE (HU).

¹³⁸ CAQS7 UFC-Que Choisir (FR), CAQS13 Which? (UK).

¹³⁹ CAQS7 UFC-Que Choisir (FR).

¹⁴⁰ CAQS7 UFC-Que Choisir (FR), CAQS15 Irl (IE) explained that aware of instances where in the event of a dispute, consumers were referred to the ombudsman of the country where the authorisation is obtained. The respondent felt this was wrong and consumers should be referred to the relevant ombudsman in the country where the product is marketed, typically the consumer’s residence.

¹⁴¹ CAQL11 vzbv (DE), CAQS13 Which? (UK).

¹⁴² CAQL11 vzbv (DE). This was also the view of BEUC in credit agreements relating to residential property (proposal for a Directive), BEUC Position, Ref: X/2011/055 – 14/09/11, p. 4.

¹⁴³ BEUC, PSMEG Consultation, Review of the Payment Services Directive and review of the Regulation no. 924/2009 on cross-border payments, BEUC Position 27 April 2012, p. 5.

¹⁴⁴ BEUC, PSMEG Consultation, Review of the Payment Services Directive and review of the Regulation no. 924/2009 on cross-border payments, BEUC Position 27 April 2012, p. 5.

providers. Consumer associations perceived some dangers in the current passporting regime in particular concerning the difficulties national regulators face to stop providers on a passport that does not play by the rules in their MS. A potential solution suggested to alleviate those risks is the concept of a “driving licence” to replace the passporting system.

2.8 Consumer information: Impact of PSD rules

The principles underlying the provision of information in the Directive includes the provision of high level of clear information about payment services in the order for consumers to make well-informed choices and be able to shop around within the EU.¹⁴⁵ It is a method of consumer protection now very much anchored in European policy.¹⁴⁶

The transparency and information requirements set out in the Directive concern a wide number of areas, from the free provision of basic information to information concerning surcharges or reductions offered for the use of specific payment methods.¹⁴⁷ Those information requirements make a distinction between the types of transactions (single transactions or part of a framework contract) imposing graduated transparency obligations on providers that are proportionate to the need of users.¹⁴⁸

In this part, we will focus on general information primarily concerning single transactions and framework contract. However, as a preliminary it is important to discuss a set of general and recurrent problems concerning information.

2.8.1 General problems

One recurrent trend concerning information seems to be that consumers do not always obtain the required information and when they do, they cannot easily make sense of it. We will see how lack of information impacts consumer more specifically as we proceed with framework contracts and single transactions (further below). However, it is important to note as a preliminary that one important trend that emerged from our research is that consumers continue to struggle to either obtain information or even when this information is available, make sense of it all. Further, they often still get charged sometimes excessively for information they ought to have access to.

¹⁴⁵ Recital 21 of the PSD. It does so requiring member states to only adopt those information provisions laid out in the Directive.

¹⁴⁶ Back in 1990 the case of *GB-INNO-BM v Confédération du commerce Luxembourgeois* (Case C-362/88, 07.03.1990) confirmed consumer information as one of the principal requirement of consumer protection, a position which it continues to occupy today. Building on the close link that the Council and the Court of Justice of the European Union itself had made between protecting the consumer and providing the consumer with information, the Court concluded that a law which restricted the provision of information to consumer in advertising leaflets could not possibly be justified on grounds of consumer protection and thus barred a Member State to derogate to free movement of good principles. The Decision cites for example, the preliminary programme adopted by the Council in 1975 as well as subsequent programmes thorough the 1980's which made a direct link between protection and information for consumers. The court also referred to previous case law where appropriate labelling of products was seen as sufficient to provide consumers with information and enable them to make informed choices (see Case C-362/88, p. I-687 and I-688). The information paradigm which has guided European consumer policy making since the outset, underlines transparency as a main method of consumer protection (Geraint Howells and Thomas Wilhelmsson, *EC Consumer Law: Has it Come of Age?*, *European Law Review* 2003, 28(3), 370-388, p. 380). It is based on the idea that armed with information, consumers will be able to reach informed choices and make adequate comparisons between products. Information was elevated from a 'method' to a 'right' in the Treaty of Amsterdam in 1997(Article 153) that is seen as 'undoubtedly the most fundamental specific consumer right' (Jules Stuyck, *European consumer law after the Treaty of Amsterdam: consumer policy in or beyond the internal market*, (2000) 37 *C.M.L.Rev.* 367 at p. 384).

¹⁴⁷ Title III, Articles 30 to 50 of the PSD.

¹⁴⁸ Recital 23 of the PSD.

2.8.1.1 Receiving adequate information under the PSD remains a challenge for consumers

Through information requirements, the PSD tries to ensure that consumers are able to make well-informed choices and are able to shop around within the EU. The survey, in the short questionnaires, did ask consumer associations if the information received by consumers was both adequate and enabling them to make informed choices. It highlighted potential problems in this area.¹⁴⁹

The main results, although taken here from a reduced sample are in our view representative of the situation in the European Union¹⁵⁰ because they were confirmed by answers on more discreet elements of information we received in the long questionnaires (and that are detailed further below).¹⁵¹ In our sample of 13 CA from 12 MS, only one respondent abstained¹⁵² and 2 had no opinion.¹⁵³ However, out of the consumer associations that answered the question, no respondent agreed that consumer received adequate information.¹⁵⁴

All respondents explained that they did not feel consumers were receiving adequate information. The answers showed that the lack of 'adequate information' takes two main forms: the information is absent or difficult to locate; the information received by consumers is not well understood.

- Absence of information or information difficult to locate. Consumers are still, despite the rules established in the Directive, not having access to key information.
- Information delivered but not well understood by the consumers receiving it. This is because of a range of factors:
 - The information is delivered at a point in time where it is not meaningful, thus meaning that the information provision is not adequate to enable consumers to make informed choices and shop around.
 - The information is delivered in a format that does not enable easy comparisons.¹⁵⁵

¹⁴⁹ CAQS Question 9.

¹⁵⁰ The short questionnaire was filled in by 13 CA in 12 MS. However, this question had a low rate of no answer (2 CA) and of respondents having no opinion (2 CA) making the result reliable in our view if they were to be extended to represent the views of all consumer associations in the EU.

¹⁵¹ Indeed, in our long questionnaires we asked consumer associations to comment in more details about the different aspects of information and transparency requirements making a distinction between payment transactions covered by a framework contract and those that are not (such as single payment transactions). In many instances their answers pointed towards the fact that the information received lacked adequacy also and that this was a factor preventing consumers from shopping around. Thus, the results of the analysis from the short questionnaires strike us as being representative of the answers that have also been given in the long ones. This analysis shows how difficult it remains for consumers to receive adequate information and make sense of it all in order to make sound transactional decisions.

¹⁵² CAQS5 ECC Fin (FI).

¹⁵³ CAQS2 VKI (AT) and CAQS10 zss (SK).

¹⁵⁴ CAQS15 ECC Irl (IR) did mention that it felt the information given in general was satisfactory but immediately qualifies this by noting instances where consumers are not adequately informed.

¹⁵⁵ CAQS15 ECC Irl (IE) for example suggests that in order to improve information quality and accessibility to facilitate comparison and consumers shopping around, the relevant information on fees should be and charges should be readily available at one point of single contact.

Box 2: Case Study – Access to information in Germany¹⁵⁶

vzbv reported that it was confronted with an issue of access to this information and pointed us towards a document publically available on its website concerning a full survey conducted by one of its branches in the Hessian Region in Germany.

The results of this survey conducted in March 2012 showed worrying levels of lack of compliance with regards to access to consumer information concerning the practice of savings banks, credit unions.¹⁵⁷ The research showed that the existence of only two different price lists (Preis-Leistungsverzeichnis [PLV] and Preisaushang [PA]) leads to confusion for consumers. The survey found that the list of prices and services Preis-Leistungsverzeichnis (PLV) was not published in 59 per cent and the price display Preisaushang was not available in 52 per cent of the examined websites. In those cases the websites often advised of the possibility to review the list of prices in the branch, which is not useful for users of online banking. In those cases where the price lists are published on the websites, the consumer can find them mostly only in a hidden place.

Further, consumer associations felt that the information provided was not enabling consumers to shop around, a natural consequence to information that is not received or not easily digestible. If consumers are unable to understand the information they receive, they will not be able to effectively differentiate providers and shop around for a better deal in a meaningful way. Yet, as Which? indicated for example, *'consumers do not receive adequate information about the cost of payment services as the information provided is in most cases impossible to compare'*.¹⁵⁸

Box 3: Case study – How clear is the information received by consumers in the UK?

Which?, the UK consumer association conducted a survey of consumers asking 12 Which? members to calculate the cost of their unauthorised overdraft in 8 different banks.¹⁵⁹ Out of the 48 calculations that needed to be made, the consumers only got seven correct between them. This example highlights how difficult financial information still is for consumers to manipulate and understand in spite of the rules laid down by the PSD. If the 12 consumers in this sample could not find out the right cost applied to them, they clearly would have been unable to compare services and thus shop around for a better deal.

2.8.1.2 Persistence of excessive charges for information

One of the main features of the PSD includes the free information principle, under which payment service providers cannot charge for the provision of basic information (as defined by the Directive).

¹⁵⁶ Note that DE did not respond to the short questionnaires, but the long questionnaire. However, the results of their survey seem to encompass issues raised by respondents to the short questionnaires and seemed important to include here. Consumer information is indeed an issue for consumers in all MS and this evidence reinforces the view point we have that the data extracted from the short questionnaires is representative of the situation in the EU-27.

¹⁵⁷ See <http://www.verbraucher.de/UNIQ134063320310606/link1042271A.html>, accessed 25 June 2012.

¹⁵⁸ But shopping around is not prevented by lack of information alone. Availability of true alternative is also a factor to consider as UFC-Que Choisir pointed out: *'shopping around is nearly impossible for consumers because other payment services are only accepted by a very limited merchants' network'* It follows that working towards better access to payment services and meaningful competition amongst operators (also through adequate information being given to consumers to make a choice) are factors that ought to have positive impacts on consumers, See CAQS7 UFC (FR).

¹⁵⁹ CAQS13 Which? (UK). For further details, see Which?, *Bank charges: how clear are they?*, Which? Magazine, February 2012, p. 15-16.

According to the Spanish respondent, *'free information is not an additional or optional feature of a product but a necessary pre-requisite intrinsic to the conclusion of a contract'*.¹⁶⁰ Yet, our research indicates that there may be hidden problems regarding the charges consumers pay to obtain information, in particular concerning framework contracts.

On the surface, consumer associations seemed content that the free information principle was respected. Out of the 20 CA¹⁶¹ we asked about this issue, 5 did not answer¹⁶² and a further 8 expressed no opinion. Out of this group, some explained that they were not able to do so as they did not yet have meaningful data on this point.¹⁶³ Out of those who responded (7 CA from 7 MS), the vast majority agreed that the free information principle was respected,¹⁶⁴ with in fact only one respondent strongly opposing this statement and stating that in their MS, not only the condition is not respected but also consumers are required to pay a so called *'information tax'* by some institutions.¹⁶⁵

However, consumer associations were less certain that the same could be said of charges that can be applied for additional, more frequent information or for using a means of communication other than that specified under the framework contract. Indeed, under the PSD, additional charges can be charged by the payment service provider in cases where the information goes beyond the basic information required under the free information principle. When it is the case, the PSD requires that the charge be appropriate and in line with actual cost. The 20 consumer associations representing 18 MS were asked to share their experiences on this point. 4 CA did not answer,¹⁶⁶ and 7 CA had no opinion.¹⁶⁷ In addition, 3 CA deviated in their answers and commented on costs for transactions rather than costs for information and their answers had thus to be excluded.¹⁶⁸ Out of the small number of consumer associations that gave us information on this point, it seems that charges were seen as being in line with costs only in 2 MS,¹⁶⁹ with another 2 MS stating that they were not always in line.¹⁷⁰ The German CA strongly responded that charges were not appropriate and in line with actual costs.¹⁷¹

A potential for lack of compliance with this rule is also confirmed by entities such as the Central Bank of Ireland although those sources do not feature in our results.¹⁷²

¹⁶⁰ CAQL18 ADICAE (ES).

¹⁶¹ The total sample of CA surveyed on these issues is smaller than the total sample of CA surveyed in general. This is because the short questionnaire, was not able to contain questions on the subject to the same extent as the long questionnaire, answers to which have been used for informing this section.

¹⁶² CAQL12 Arbeitk (AT), CAQL19 Test-Achats (BE), CAQL17 Poradna (CZ), CAQL13 Ugandi (EE), CAQL9 ZPS (SI).

¹⁶³ CAQL11 vzbv (DE), CAQL1 TAENK (DK), CAQL23 EKPIZO (EL), CAQL18 ADICAE (ES), CAQL24 PTAC (LV), CAQL8 Nibud & CAQL16 Consum, CAQL15 Deco (PT).

¹⁶⁴ CAQL21 CRIOC (BE), CAQL14 OFE (HU), CAQL2 Altro (IT), CAQL10 Ibka (LT), CAQL22 Conso (RO), CAQL25 Kv (SE).

¹⁶⁵ CAQL4 abv (BG).

¹⁶⁶ CAQL12 Arbeiterk (AT), CAQL1 TAENK (DK), CAQL15 Deco (PT), CAQL25 Vk (SE).

¹⁶⁷ CAQL17 Poradna (CZ), CAQL13 Ugandi (EE), CAQL23 EKPIZO (EL), CAQL14 OFE (HU), CAQL2 Altro (IT), CAQL24 PTAC (LV), CAQL8 Nibud (NL).

¹⁶⁸ CAQL19 Test-Achats & CAQL21 CRIOC (BE), CAQL18 ADICAE (ES), CAQL9 ZPS (SI).

¹⁶⁹ CAQL10 Ibka (LT), CAQL16 Consum (NL).

¹⁷⁰ CAQL4 abv (BG), CAQL22 Conso (RO).

¹⁷¹ CAQL11 vzbv (DE).

¹⁷² Although Ireland is not included in our results, we received information from our legal expert. The Central Bank of Ireland conducted a review of 8 retail banks and expressed doubts as to compliance with Regulation 45: *'We consider that all payment service providers should have a process in place to ensure compliance with Regulation 45. Existing charges as well as those proposed to be imposed in accordance with Regulation 45 should be reviewed to ensure that they are 'appropriate and in line with the payment service provider's actual costs'*. See Central Bank of Ireland, Re: European Communities (Payment Services) Regulations 2009 (S.I. no. 383 of 2009), letter dated 28 March 2012.

Our survey also highlighted a number of instances where ‘excessive’ charges were applied. For example, the Bulgarian respondent reported that *‘there are samples of extremely high taxes for information that do not correspond with actual cost’* and singled out POST BANK that charges BGN 500 (EUR 250) for information concerning the debit and payment account of the consumer. The consumer association hastened to point out that this was not an isolated example.¹⁷³

More compelling evidence of problems in this area emanate from Germany. vzbv indicated in its response that it had located examples of charges for extra information that looked worthy of legal challenge and had done so in front of the Frankfurt courts. This includes a case against Deutsche Bank¹⁷⁴ for charges to consumers for mailing statements of accounts when consumers had not collected them within 30 days of the statements being issued and an on-going case against CommerzBank (see Box below, reproduced as an extract from the Box 18 in the Germany country report section 2.12).

Box 4: Case Study – Commerzbank’s reprint of consumer statements (Germany)

Commerzbank charges EUR 15 for each reprint of a bank account statement. The vzbv comments that as a result, a reprint of a year’s worth of statement for taxation purposes could prove rather costly for consumers. The respondent noted that other market players made statements available free of charge statements to be downloaded by consumers for a decent period of time after their issue. With this in mind, the charges applied by Commerzbank seemed boldly exaggerated, especially since the charge applies to reprints without making a difference between those statements that the bank can easily access and those that require access to archived documents. The VZBV sued Commerzbank on this issue and lost in their first instance case in April 2012 (LG Frankfurt a.M. 2-19 O 409/11) because it was the opinion of the court that banks need not reflect accurately the actual costs and a lump sum was adequate.¹⁷⁵ An appeal is under consideration.¹⁷⁶

Part of the underlying issue with charges for additional information resides in the nature of the framework contract. Indeed, framework contract with consumers are adhesion contracts and while a framework contract may well contain the relevant information, consumers are not always clear that charges for additional information may apply.¹⁷⁷

This is of course an issue because, through information requirements, the PSD tries to ensure that consumers are able to make well-informed choices and are able to shop around within the EU, an issue we have already highlighted above. If consumers are unable to understand what charges will apply to specific requests they may have for information, they will not be able to effectively differentiate providers and shop around for a better deal in a meaningful way.

¹⁷³ CAQL4 abv (BG).

¹⁷⁴ CAQL11 vzbv (DE).

¹⁷⁵ This point of view contradicts other German court decisions concerning the refund of bank expenses and services, which are all based on the criterion of actual costs - like demanded of the PSD (e.g. BGH XI ZR 244/90 and OLG Köln 13 U 95/00 [costs for the deletion of a mortgage], BGH XI ZR 61/11 [costs for distance calls, postage, notary fees], LG Frankfurt 2/10 O 192/11, 2-10 O 192/11 [costs for statement of account], OLG Bamberg 3 U 53/11 [costs for the information of the consumer about a legitimate rejection of a remittance]).

¹⁷⁶ Note that in Ireland (although excluded from our results), the same issue was looked at by the Central Bank and that it concluded that all payment service providers had to review all relevant charges for duplicated statements to ensure that each charge was in line with actual costs. See Central Bank of Ireland, Re: European Communities (Payment Services) Regulations 2009 (S.I. no. 383 of 2009), letter dated 28 March 2012.

¹⁷⁷ This is an issue raised by CAQL4 abv (BG), CAQL15 Deco (PT), CAQL18 ADICAE (ES), CAQL14 OFE (HU).

The problems for consumers in this area are well illustrated by the Spanish respondent. The practice with many PSPs in Spain is to use adhesion contracts under which consumers cannot negotiate terms and end up bound by clauses that indicate that ‘any additional or more frequent information will generate an expense that is settled at the rates published by the bank’.¹⁷⁸ This is a main problem because the contracts also often refer to prices found in the brochures, but with no further details. This is particularly difficult as the bank reserves the right to charge but does not clearly disclose the charges that may apply to consumers. The issue is compounded by the fact that when additional charges are applied, they ‘*always come as a surprise to consumers. They are never directly agreed beforehand with the consumer. They usually are vague and part of an adhesion contract. In Spain charges can be negotiated after the bank has taken the fee, not before (...)*’.¹⁷⁹ This view is supported by further anecdotal evidence coming from Bulgarian respondent for example stated: ‘*where charges for additional information are due, they have never been agreed beforehand. Often they come as a surprise to consumers in Bulgaria (...)*’.¹⁸⁰ The German respondent also confirmed that even when information is available, consumers are not always aware that it exists.¹⁸¹ Even if they do know, ‘*price lists are lengthy and technical*’ and vary from provider to provider. This means that consumers are often left confused by the information they have received and out of pocket.¹⁸²

Conclusion: The views of consumer associations illustrate that the PSD has had an impact on the way consumers are informed, but it seems this impact does not yet go far enough. Indeed, consumers are not always receiving the information they should and, when they do, often struggle to make sense of it. This may have an impact on the ability consumers have to shop around. Further, in instances where providers are able to charge for additional information, the consumer associations reported potential problems concerning charges not in line with actual costs and worse, excessive charges for information.

2.8.2 Single payments

As Recital 22 of the PSD made clear, single payments and framework contract are treated differently so as to provide only proportionate information for the consumers’ need. As a result, the PSD makes a distinction between the information to be provided for single transactions and for framework contracts.

2.8.2.1 Pre-contractual information on single transactions

The data gathered for this part of the study are based on 20 CA long questionnaires representing 18 MS. The long questionnaires asked if consumers were receiving the information prescribed by the PSD and if so, if it was in a clear and comprehensible manner.

2.8.2.2 Provision of pre-contractual information to consumers (single transactions)

6 CA did not answer the question,¹⁸³ and a further 4 CA had no opinions to share.¹⁸⁴ Out of the consumer associations answering this question (10 CA from 10 MS) half thought that consumers

¹⁷⁸ The translation is the respondent’s own.

¹⁷⁹ CAQL18 ADICAE (ES).

¹⁸⁰ CAQL4 abv (BG).

¹⁸¹ CAQL11 vzbv (DE).

¹⁸² CAQL4 abv (BG).

¹⁸³ CAQL19 Test-Achats (BE); CAQL1 TAENK (DK), CAQL14 OFE (HU), CAQL16 Consum (NL), CAQL 25 Kv (SE), CAQL9 ZPS (SI).

¹⁸⁴ CAQL23 EKPIZO (EL), CAQL2 Altro (IT); CAQL8 Nibud (NL), CAQL15 Deco (PT).

did receive relevant information.¹⁸⁵ By contrast, only 1 MS thought that consumers rarely received the information¹⁸⁶ and 4 MS thought they did not receive adequate information.¹⁸⁷ For example, The Bulgarian Financial Forum cites a transaction done two months ago with the United Bulgarian Bank where no information was given to the consumer on time limits, the total cost and other elements that ought to have been clearly communicated. The respondent also cites that this situation is also germane to DSK Bank in their experience.¹⁸⁸ Despite this specific report (also echoed by others), it transpires that consumer associations have not presented a unanimous voice on this issue and the results may somewhat be seen as inconclusive. However, it is important to keep in mind, that in order to enable consumers to shop around and be adequately informed, more than just a small half of respondents ought to feel that consumers are receiving adequate information. This therefore leads to the conclusion that more may need to be done to provide consumers with adequate information on single transactions.

2.8.2.3 Information prior to single transaction ought to be clear and comprehensible

This is especially so in light of further concerns voiced by consumer associations concerning the technical nature of the information the consumer receives. Indeed, under the PSD this information needs to be provided in a clear and comprehensible manner, and it is on this point that it seems, the legislation fails to deliver.

Although 20 CA from 18 MS were asked about this issue, a large number abstained from answering. However, from the small sample of respondents (8 CA from 8 MS), it seemed evident that the information that consumers were receiving was not clear and comprehensible. Indeed, all but one of these MS gave answers pointing towards the fact that the information received was difficult for consumers to understand¹⁸⁹ whereas only one respondent felt the information was sufficiently clear.¹⁹⁰

Some respondents also pointed towards the need for consumer literacy¹⁹¹ to be improved alongside proposals for the standardisation of the information. For example, the CRIOC suggested creating a glossary of all terms used by banks to help consumers understand the information they are given.¹⁹² Going further, Conso Romania also suggested following other models in financial information¹⁹³ and developing a standard information sheet to be given to consumers before the transaction. At ATMs or other similar terminal, this requirement could be converted into obligation show relevant information on costs, execution times, etc. and for the consumer to tick a box to agree.¹⁹⁴

¹⁸⁵ CAQL21 CRIOC (BE), CAQL17 Pradna (CZ), CAQL13 Ugandi (EE), CAQL10 lbka (LT), cAQL24 PTAC (LV).

¹⁸⁶ CAQL22 Conso (RO).

¹⁸⁷ CAQL12 Arbeiterk (AT), CAQL4 abv (BG), CAQL11 vzbv (DE), CAQL18 ADICAE (ES).

¹⁸⁸ CAQL4 abv (BG).

¹⁸⁹ CAQL12 Arbeiterk (AT), CAQL21 CRIOC (BE), CAQL13 Ugandi (EE), CAQL18 ADICAE(ES), CAQL2 Altro (IT), CAQL24 PTAC (LV), CAQL22 Conso (RO).

¹⁹⁰ CAQL10 lbka (LT).

¹⁹¹ Some respondents also raised an issue of consumer literacy concerning the information they receive about single transactions. See in particular, CAQL2 Altro (IT): *'The problem lies in the language used, very technical and difficult to understand for users'*, CAQL13 Ugandi (EE) and CAQL4 abv (BG).

¹⁹² CAQL21 CRIOC (BE).

¹⁹³ For example the ESIS introduced by Directive 2008/48/CE.

¹⁹⁴ CAQL22 Conso (RO).

2.8.2.4 *Timing of the delivery of the information may be an issue*

But clarity of the information does not seem to be the only obstacle to consumer comprehension of the information they receive about single transactions.

The German Federation indicated that it had noted irritating practices with regards to ATM withdrawal in particular. For example, vzbv noted that concerning cash withdrawal of third party ATM that is now charged by ATM providers' in Germany (and not by the consumer's bank anymore), most ATM providers do disclose information on costs. However, it is the way in which the information is delivered that is sometime problematic because the information concludes the transaction (instead of preceding it) or it is disclosed at a time where the PIN and amount requested have already been entered by the consumer. In those instances many consumers are already well engaged in the transaction and will not abort it.

It is therefore also an issue of timing of the information that needs to be taken into account here. The German federation also reports cases where the ATM informs by way of stickers on the ATM or in the vicinity of the ATM. This causes problems as consumers may not notice the information disclosed in the vicinity of the machine, or pay little attention to the notice in small writing on the machine itself. The German experience points towards a need to assess the way information is being disclosed rather than just imposing obligations on the content of the information that needs to be given to consumers. Indeed, the timing of this disclosure is an essential element enabling consumers to make useful comparisons shop around to make full use of developments in the PSP market.¹⁹⁵

2.8.2.5 *Information concerning the execution of single payment transactions*

Consumer associations did not address these questions well, many explaining that they had no available information, rather than indicating that no problems were to be reported. As a result, while the information received remains anecdotal, a number of points were worthy of notice.

Some respondents felt that the obligation to provide information prior to the execution of single transaction was well respected,¹⁹⁶ while a few others expressed doubts,¹⁹⁷ or indicated that in their view, it was not. The Bulgarian respondent¹⁹⁸ for example, identified issues concerning:

- The execution of single payment orders where the consumer is the payer. For example, in this case the Bulgarian respondent indicated that the *'information is not respected and that there are lots of examples available'*.
- The execution of single payment orders where the consumer is the payee. For example, in those situations the Bulgarian respondent reported that *'consumers have to ask for basic information almost all the time and that there is no guarantee that they will receive it'*.¹⁹⁹

Conversely, concerning information after the execution of single payment transactions, no real problems were reported by consumer associations.²⁰⁰

¹⁹⁵ CAQL11 vzbv (DE).

¹⁹⁶ CAQL10 lbka (LT), CAQL13 UGANDI (EE), CAQL2 Altro (IT), CAQL21 CRIOC (BE).

¹⁹⁷ CAQL22 Conso (RO) which explained that in practice the information requirement is not regularly respected and they were many cases where the information was only communicated after the transaction. CAQL24 PTAC(LV) who said the obligation was usually respected.

¹⁹⁸ CAQL4 abv (BG).

¹⁹⁹ CAQL4 abv (BG) answer to Q17.

Conclusion: Although taken from a reduced sample, the results show that the information received by consumers on single transactions is not always adequate. The main point of concern is the fact that information received is not clear and comprehensible to consumers. Anecdotal, yet compelling evidence, also points towards the possibility that the information on single transaction is not timely in the way it is communicated to consumers (in ATM transactions in particular). The information received on the execution of single transaction seems to be more satisfactory, although some problems have also been noted at national level.

2.8.3 Framework contracts

Framework contracts raise a number of problems for consumers regarding information, the most challenging of which being pre-contractual information (as described below).

2.8.3.1 Pre-contractual information

Some issues regarding pre-contractual information on framework contract are reported by a number of respondents. The main complaints here concern the way in which existing information is being communicated to consumers rather than perhaps its actual existence, a now recurrent theme.²⁰¹ Two main issues are raised concerning delivery of pre-contractual information in framework contracts. The information delivered on framework contracts lacks clarity (because it is complex and difficult to find) and when it is provided it is often at a time that does not allow consumers to digest the information adequately.

20 consumer associations in 18 MS were surveyed on this point. 5 CA did not answer²⁰² and 5 CA had no opinions²⁰³ to report on this issue. Out of the respondents however, the opinion was unequivocal with 8 CA from 7 MS believing that consumers do not receive clear and comprehensible information²⁰⁴ and an additional 1 CA feeling that consumers did not always receive clear and comprehensible information.²⁰⁵ For example, in Austria, the Arbeiterkammer Wien reported that they had received complaints from consumers about incomprehensible statements.²⁰⁶ Not a single consumer association agreed that consumers received clear and comprehensible information raising here again concerns over the manner in which information is delivered.

²⁰⁰ Note however CAQL4 abv (BG) where consumers have to ask for basic information and CAQL22 Conso (RO) where this information is available on request.

²⁰¹ Note that the information we gathered on the right to receive contractual terms on paper or other durable medium did raise similar issues of availability and clarity. As this question received a low response rate the information we gathered is considered anecdotal and was therefore not included, but points towards more needed to be done in order to ensure that all consumers had access to terms and conditions on request and could make sense of them too (see answers to Long Questionnaire, Q20). Respondents reported difficulties in obtaining this information. In particular, the Portuguese response notes: 'PSPs frequently refer consumers to websites where supposedly the information is stored, avoiding the direct delivery of the requested information. Consumer sometimes have difficulties accessing the information (passwords given to consumers do not grant access, website momentarily offline, etc.)'. Similarly the Bulgarian respondent also noted 'there are a lot of problems in this direction. For example, no Bulbank officer is able to provide the General Bank Conditions on Card Payments. These conditions are not even given on the Bank website'.

²⁰² CAQL14 OFE (HU), CAQL8 Nibud (NL), CAQL15 Deco (PT), CAQL25 Kv (SE), CAQL9 ZPS (SI).

²⁰³ CAQL17 Poradna (CZ), CAQL4 abv (BG) although the respondent noted that consumers do receive information but have no chance of getting familiar with it, CAQL23 EKPIZO (EL), CAQL24 PTAC (LV), CAQL16 Consum (NL).

²⁰⁴ CAQL12 Arbeiterk (AT), CAQL19 Test-Achats & CAQL21 CRIOC (BE), CAQL13 Ugandi (EE), CAQL18 ADICAE (ES), CAQL2 Altro (IT), CAQL10 Ibka (LT), CAQL22 Conso (RO).

²⁰⁵ CAQL1 TAENK (DK).

²⁰⁶ CAQL12 Arbeiterk (AT).

Complexity is an issue that is difficult to circumvent due to the nature of payment services. They are complex by nature and because of this complexity tend to require long documents that consumers are not accustomed to reading. But, if consumers are to make well-informed decisions and shop around, the legislative framework ought to facilitate the distribution of information that is meaningful to them. Yet, the findings from our survey suggest that consumers are confused by the information they receive in most MS where a response from a consumer association was considered.

Part of the issue concerning the lack of clarity and the complexity of the information resides in the ability of *'the provider to decide how they can present the information in adhesion contracts'*.²⁰⁷ In Lithuania, information and conditions are normally documents that are 'too big and not so easy for consumers' to understand.²⁰⁸ The Belgium respondent concurs: *'it is a real problem in Belgium. The manner in which the information is provided (presentation, terms, footnotes, etc.) vary from one provider to the other, are too long, seldom clear and even sometimes voluntarily confusing. It is very difficult for a consumer to understand the tariffs in his own bank and it is impossible for consumers to compare'*.²⁰⁹ The German respondent agrees and noted that normally consumers are provided with lengthy conditions and prices and explained that *'sending bunches of pages does not inform in time nor allows to shop around in a comparable way'*. Often information available on the Internet also leaves consumers with a lack of clarity as to the prices and conditions that will apply to them since the institutions normally explain that the prices and conditions may vary depending on branches where an account may be held for example.²¹⁰

This need to deliver clear information to consumers is compounded by the fact that Article 41 PSD, which requires disclosure of basic key information is not well complied with in a number of the MS surveyed. Despite 4 CA giving no answer²¹¹ and 3 CA expressing no opinion,²¹² the rest of the sample (13 CA representing 12 MS) gave a clear indication that the provision of key information under Article 41 is still not occurring adequately.

Out of these same respondents, 4 CA thought information was acceptable.²¹³ By contrast, 9 CA thought consumers were not provided with the right information.²¹⁴

Indeed, according to the Bulgarian respondent the key information is located amongst the contractual terms and price list and thus not easily accessible to consumers. Such terms and conditions are often mixing different types of services (savings accounts, fees for deposits) and cover a wide range of contracts, thus adding to the complexity for the consumer. This is a recurrent problem and the Danish response also attests that disclosure of basic key information is not well complied with.²¹⁵ Spanish consumers are also having difficulties understanding the contractual information provided to them when it exists. The Spanish respondent noted: *'There is*

²⁰⁷ CAQL18 ADICAE in answer to QL18, QL19.

²⁰⁸ CAQL10 lbka (LT).

²⁰⁹ CAQL19 Test-Achats (BE).

²¹⁰ CAQL11 vzbv (DE). The respondent pointed us towards a practical example. On the website of STADTSPARKASSE Grebenstein are only stated the prices of selected services (e.g. use of ATM, remittance and direct debits, but not of the whole offered payment services and other probable costs (e.g. refusal and revocation of a payment order or in case of incorrect unique identifiers), https://www.stadtparkasse-grebenstein.de/module/static/preise_hinweise/details/index.php and https://www.stadtparkasse-grebenstein.de/privatkunden/konten_karten/girokonto_online/details/index.php, accessed 25.06.2012.

²¹¹ CAQL14 OFE (HU), CAQL15 Deco (PT), CAQL25 Kv (SE), CAQL9 ZPS (SI).

²¹² CAQL17 Poradna (CZ), CAQL23 EKPIZO (EL), CAQL8 Nibud (NL).

²¹³ CAQL21 CRIOC (BE), CAQL13 Ugandi (EE), CAQL24 PTAC (LV), CAQL16 Consum (NL).

²¹⁴ CAQL12 Arbeitk (AT), CAQL19 test Acahts (BE), CAQL4 abv (BG), CAQL11 vzbv (DE), CAQL1 TAENK(DK), CAQL18 ADICAE (ES), CAQL2 Altro (IT), CAQL10 lbka (LT), CAQL22 Conso (RO).

²¹⁵ CAQL1 TAENK (DK).

still lack or confusing information, especially in the way it is presented. A harmonised model throughout Europe, a single sheet as a summary containing all the necessary information and relevant data could be a good tool to facilitate that consumers can reach information (in a clearer and more direct way). This also would avoid each different providers to present information differently and in different medium any relevant information and all the terms of the contract, especially those (peculiar) terms'.²¹⁶ Another suggestion is made by the Belgium respondent who has created a frequently used comparative tool which takes into account the consumer's profile on its website.²¹⁷

Part of the issue leading to such lack of clarity is that the legislator had not prescribed any particular way to deliver the information other than requiring that the information be given in easily, understandable words and in a clear and comprehensible form.²¹⁸ One main issue may be to define what is clear and understandable for consumers.

For example, the Spanish response makes the following comment: '*The expression) clear, comprehensible and in easily understandable words is not enough regarding the different and low financial education of the Spanish citizens. These are too subjective (...). Something like 'objective' and 'non-misleading' should be added (to the text) along with a description of what is considered (by those terms)*'.²¹⁹ There is support for this position. The Italian respondent supported working primarily on clarity of the information to make it less technical,²²⁰ while the Portuguese response confirmed that work on financial literacy was required in order to enable consumers to make sense of the extensive information they get provided with.²²¹

Conclusion: In framework contracts, the issue of lack of clarity appears to be a major obstacle for consumers to be able to digest relevant information and make informed choices. Respondents seem to strongly point towards a lack of clear and comprehensible information and made suggestions for further harmonisation and regulation concerning the way information ought to be disclosed.

2.8.3.2 Changes in the conditions

2.8.3.3 Two-month notice period for notification of changes

Under the PSD (Article 44.1.1), consumers need to be informed about any changes to the framework contract two months in advance. Whereas consumer associations did not report any major problems about this time period, some problems were recorded about its application in practice.

We surveyed 20 consumer associations in 18 Member States about this issue. Most were satisfied with the 2 month-time period necessary to change conditions of a framework contract, although a few did explain that the longer consumers are given, the better.²²²

We also asked about whether or not consumers were receiving the required information within this time period. 3 CA did not answer²²³ and 7 CA had no opinion.²²⁴ Overall, what seems to raise

²¹⁶ CAQL18 ADICAE (ES).

²¹⁷ CAQL19 Test-Achats (BE).

²¹⁸ Article 41.1 of the PSD.

²¹⁹ CAQL18 ADICAE (ES).

²²⁰ CAQL2 Altro (IT).

²²¹ CAQL15 Deco (PT).

²²² See for example, CAQL10 Ibka (LT).

difficulty is the fact that in practice the two-month period may not always be well respected. Out of the respondents, 7 CA reported some problems with the application of the rule,²²⁵ against 3 CA who did not have any problems to report.²²⁶ The problems included:

- Bulbank in Bulgaria changing its conditions and only informing its clients after their entry into force²²⁷
- vzbv declaring having taken legal action against a series of clauses enabling changes to interest rates that did not respect the two-months' notice period²²⁸
- In Denmark, the respondent reported a potential breach of the Directive because the banking sector is now exempt from this rule regarding changes to charge-back conditions for credit cards.²²⁹

2.8.3.4 Information about right to termination following changes

Another issue raised by consumer associations concerned the possibility for the payment service provider to include in their terms and conditions, a clause specifying that the consumer will be deemed to have accepted future changes unless he notifies the PSP before the proposed date of entry into force of the new conditions (under Article 44.1.2 of the PSD). When the changes occur, the consumer needs to be reminded that it is the case and also needs to be told that he has a right to terminate the framework contract immediately and without charges.²³⁰

Our long questionnaires asked respondents to comment on the how well PSPs were communicating consumers' right to terminate or the fact that their silence would bind them to the new framework contract. Out of the 20 responses from consumer associations, a fairly large number (10 CA in total) neither gave an answer nor had an opinion.²³¹ Out of the respondents who did provide an answer, the vast majority thought that the rule was not well respected and that consumer encountered problems regarding their information concerning the right to terminate a contract or the fact that their silence would bind them into a new framework contract. 8 CA indicated that they thought there were problems with the application of the rules laid down by Article 44²³² against only 2 CA believing the rules did not cause problems.²³³

Compelling evidence of such problems came from Germany where vzbv explained that it is taking legal action and thus has knowledge of non-compliant practices in this area. However, because of on-going cases, it declined to share the precise information on those cases and only volunteered the following examples of bad practices:

²²³ CAQL15 Deco (PT), CAQL14 OFE (HU), CAQL9 ZPS (SI).

²²⁴ CAQL8 Nibud (NL), CAQL13 Ugandi (EE), CAQL17 Poradna (CZ), CAQL21 CRIOC (BE), CAQL23 EKPIZO (EL), CAQL24 PTAC (LV), CAQL25 Kv (SE).

²²⁵ CAQL1 TAENK (DK), CAQL4 abv (BG), CAQL10 Ibka (LT), CAQL11 vzbv (DE), CAQL12 Arbeiterk (AT), CAQL18 ADICAE (ES), CAQL19 Test-Achats (BE).

²²⁶ CAQL22 Conso (RO), CAQL2 Altro (IT), CAQL16 Consum (NL).

²²⁷ CAQL4 abv (BG).

²²⁸ CAQL11 vzbv (DE).

²²⁹ CAQL1 TAENK (DK).

²³⁰ Article 44 of the PSD.

²³¹ Eight respondents did not answer: CAQL12 Arbeiterk (AT), CAQL19 Test-Achats (BE), CAQL17 Poradna (VZ), CAQL1 TAENK (DK), CAQL14 OFE (HU), CAQL15 Deco (PT), CAQL25 Kv (SE) and CAQL9 ZPS (SI). Two had no opinion: CAQL13 Ugandi (EE), CAQL10 Ibka (LT).

²³² CAQL21 CRIOC (BE), CAQL4 abv (BG), CAQL11 vzbv (DE), CAQL23 EKPIZO (EL), CAQL18 ADICAE (ES), CAQL24 PTAC (LV), CAQL8 Nibud (NL), CAQL22 Conso (RO).

²³³ CAQL2 Altro (IT) and CAQL16 Consum (NL).

- A Berlin bank not informing consumers about their option to cancel the contract. Legal action initiated in May 2012.
- Provider suspected to having switched consumer to a different account type without informing them. Legal action under consideration.
- Changes of co-branding stopping consumers making full use of their payment card on both side of their MS's border. The case concerned a PSP near the Dutch/German border. Those consumers had been using the Maestro scheme and were used to use their debit card to pay at supermarket, make ATM withdrawals. Following the switch to Cirrus, the consumers were unable to pay in supermarkets in the Netherlands.

Box 5: Case Study – Changing credit cards in Germany²³⁴

After the takeover of Dresdner Bank, Commerzbank replaced Visa credit cards (Visa) of Dresdner Bank customers with new MasterCards. The customers received the new credit card with information about the changing but without asking for acceptance. Furthermore the old Visa card lost the validity after a short time. This unauthorised changing of the account's credit card from "Visa" to "Master" was the matter in dispute of a law suit (LG Frankfurt am Main, 2-05 O 192/11). Vzbv was successful in this legal action of 2011. The court argued that the replacement of a credit card is not merely a technical and organisational process. A credit card contract is a framework agreement which cannot be changed without the consent. Especially there is a need for the consent because the customers choose a special credit card type e.g. due to the number of terminals in their preferred area.

2.8.3.5 Silence as acceptance of the changes

We also asked respondents to comment on the nature of the rule under which silence equals acceptance of the new framework conditions. While most did not raise particular comments to this regard, some respondents dispute the nature of this rule, notwithstanding that they also often recognised that it has practical applications that are difficult to ignore.

For example, the German respondent noted that it is *'problematic to alter important aspects of a contract by remaining silent'*. And yet by allowing framework contracts to contain clauses specifying that the consumer is deemed to have accepted future changes, this is what the PSD enables. The German association acknowledges that it may not be in the interest of consumers to have to agree to all *'petty and formal changes'*. However, they press for a distinction to be made between those small changes and changes concerning important aspects of the framework contract.²³⁵ This view is supported by others including the Spanish²³⁶ and Portuguese²³⁷ respondents who believe that in general consumers should not be bound to framework contracts agreement only because they remain silent. Although here again the respondents acknowledged that it would not be practicable otherwise. Again in Bulgaria, the respondent noted that PSP are not clearly communicating with consumers the fact that silence on their part will bind them to the new contract.²³⁸

²³⁴ <http://www.vzbv.de/7929.htm>, last accessed on 25.06.2012.

²³⁵ CAQL11 vzbv (DE).

²³⁶ CAQL18 ADICAE (ES).

²³⁷ CAQL15 Deco (PT).

²³⁸ CAQL4 abv (BG).

Conclusion: Our survey indicated that consumers were not always well informed about changes to the framework contract. Whereas consumer associations did not report any major problems about the two-month notice period providers need to give some problems were recorded about its application in practice. Consumer associations were also concerned by the possibility for the payment service provider to include in their terms and conditions a clause specifying that the consumer will be deemed to have accepted future changes unless he notifies the PSP before the proposed date of entry into force of the new conditions. The vast majority of consumer associations thought that the rule was not well respected and that consumer encountered problems regarding their information concerning the right to terminate a contract or the fact that their silence would bind them into a new framework contract.

2.9 Rights and obligations

2.9.1 Refund and liability

There are two types of refund rights to be considered for consumers: refunds for authorised transactions and refunds for unauthorised transactions.

In our questionnaires (both long and short), consumer associations were asked to comment on both types of refund rights. The survey results received from the questionnaires allowed us to investigate the underlying hypothesis: “The harmonised refund rules for payment transactions in Articles 62/63 are less favourable in those Member States than the ex-ante regime that claimed to do so.”

2.9.1.1 Refund rights of authorised payments

According to Article 62 PSD consumers can request a full refund of an authorised payment transaction initiated by a payee (merchant for example) if the transaction is made without specifying an exact amount and if the amount charged exceeded the amount the consumer could reasonably expect. This right is valid for a period of 8 weeks. For transactions in the form of a direct debit, the framework contract also gives the consumer a refund right if the amount was specified at the time they gave their authorisation. The PSP will have within 10 business days to refund or justify its refusal to refund.

Respondents were asked if there are any known problems in relation to refunding payment transactions on those grounds within the prescribed time-frame, and if so, the respondent was asked to specify the nature of the problem.²³⁹ Survey data was analysed from 33 questionnaires representing 27 MS. For this question on refund rights, a large number of consumer associations either did not answer (12 CA representing 10 MS)²⁴⁰ or did not express an opinion (8 CA from 8 MS).²⁴¹ We judge the weak informed response rate to this question as a possible sign for the absence of enforcement, weak national importance and limited spread of refund rights for authorised payments in those jurisdictions. Out of the consumer associations that did provide an

²³⁹ Question 47 in CAQL and question 11 in CAQS.

²⁴⁰ CAQL12 Arbeiterk (AT); CAQL19 Test-Achats (BE); CAQS14 CCA (CY); CAQS11 CCU (CY); CAQL17 Poradna (CZ); CAQS9 SOS (CZ); CAQL18 ADICAE (ES); CAQS5 ECC Fin (FI); CAQL14 OFE (HU); CAQL15 Deco (PT); CAQL9 ZPS (SI); CAQL25 Kv (SE).

²⁴¹ CAQS2 VKI (AT); CAQL13 UGANDI (EE); CAQL23 EKPIZO (EL); CAQS15 ECC Ire (IE); CAQS4 ECC Lit (LT); CAQL8 Nibud (NL); CAQL24 PTAC (LV); CAQS10 zss (SK).

answer (13 CA representing 13 MS) 7 CA reported no problem²⁴² (one of which stated a worsened legal situation in their country), and 6CA reported the existence of problems for consumers in regard to refund rights of authorised payments (with one qualifying them as serious).

Furthermore, when asked about the reasons behind consumer problems with regard to refunds, the consumer associations mainly cited the following (by frequency of mentioning): No awareness of refund rights and their conditions²⁴³ (2 CA from 2 MS), unjustified refusals²⁴⁴ (2 CA from 2 MS) and the long time required for a PSP to execute a refund (1 CA).²⁴⁵ A sector such as the car hire industry²⁴⁶ was particularly singled out, and areas such as cross-border payments²⁴⁷ and direct debits²⁴⁸ were mentioned as examples of problematic functioning of the payment services market with regard to refund rights for authorised payments.

The experience with direct debit transactions collected over many years explains the position held by the German consumer association vzbv²⁴⁹ and confirmed our hypothesis by emphasising that the legal situation with regard to the level of consumer protection provided for has worsened since the introduction of the PSD. Vzbv pointed to the previous legal situation in Germany which provided for greater consumer protection with the unconditional refund right of “*Einzugsermächtigung*” and asserted that the refund rights of the PSD “were not necessary” or contain disadvantages. On the basis of past positive experiences in Germany with “*Einzugsermächtigung*” as well as the terms of the SEPA rulebook (Chapter 4.3.4), vzbv calls for the amending of Article 62 and 63 PSD in order to provide for an unconditional refund right. This is justified by evidence that the consumers do not abuse their power of being refunded, principally because of the consequences if the customer objections are not valid i.e. that “they have to face the extra costs” and the refund of a payment does not influence the claim to that payment. In their view, the current conditional refund right means that “the only option for consumers could be the refund by court order which at least for low payments a lot of consumers would not dare to do for legal costs.”

In addition, vzbv is concerned with the plans of other MS to introduce non-refundable direct debits and consider the stipulations and conditions provided by Article 62 PSD as a “close restriction to a general refund right, that payment providers themselves deemed not necessary.”

2.9.1.2 Liability and refund rights of unauthorised payments

Under Article 60 of the PSD, the consumer’s payment service provider is under an obligation to immediately refund an unauthorised payment transaction (caused by a lost, stolen or misappropriated payment instrument) and restore the debited payment account to the state it was in before the unauthorised transaction took place.²⁵⁰ The payer may bear some or all losses

²⁴² CAQL4 abv (BG); CAQL1 TAENK (DK); CAQS 7 UFC (FR); CAQS3 ECC (Lux); CAQL22 Conso (RO); reported on serious problems: CAQS13 Which? (UK); consumer associations, which did not report on problems in regard to refund rights of authorised payments: CAQL21 CRIOC (BE); CAQL2 Altro (IT); CAQS1pater (LV); CAQL16 Consum (NL); CASQ12 FK (PL).

²⁴³ CAQS3 ECC Lux (LU); CAQL22 Conso (RO).

²⁴⁴ CAQS7 UFC (FR); CAQS13 Which? (UK).

²⁴⁵ CAQS13 Which? (UK). Furthermore one respondent (CAQL22 Conso (RO)) criticised the absence of a clear definition of the refund rights.

²⁴⁶ CAQL1 TAENK (DK).

²⁴⁷ CAQL4 abv (BG).

²⁴⁸ CAQL11 vzbv (GE).

²⁴⁹ Germany (CAQL11 vzbv).

²⁵⁰ Note however, that Article 61 of the PSD imposes limitation on the liability of service providers in cases where the consumer failed to keep personalised security features safe or acted fraudulently.

(up to EUR 150) up to the point in time at which the consumer has notified the provider, if they either did not keep the personalised security features safe, acted fraudulently, failed to fulfil the terms and conditions of the use of the payment instrument or failed to comply with their notification obligation with intent or gross negligence.

The survey questionnaires asked²⁵¹ whether payers generally receive immediate refund of unauthorised transactions and how beneficial the limitation of the payer's liability has been in protecting consumers against losses. The 33 consumer associations from the 27 MS who took part in our survey were asked if they thought refunds for unauthorised transactions were causing concern. Only a small number did not answer (3 CA from 3 MS)²⁵² and had no opinion (6 CA from 6 MS).²⁵³ Out of the respondents who did provide an answer, the results show that opinion is divided with less than half of them (11 CA from 11 MS)²⁵⁴ holding the view that there were no problems to report, while the majority was made up of either respondents who thought there were some problems (7 CA)²⁵⁵ or others reporting 'serious' problems (6 CA from 5 MS).²⁵⁶

The main cause of concern on this issue of the PSD was qualified by 9 respondents, with times for refunds being over the prescribed 10 days leading the List of concerns.²⁵⁷ Additional consumer associations raised further concerns over the following aspects that deter consumers from executing their refund right (presented by frequency of mention): Bank claims of negligence on behalf of the consumer²⁵⁸ (4 CA from 4 MS); no awareness of refund rights²⁵⁹ (3 CA from 2 MS); problem with the burden of proof²⁶⁰ (2 CA from 2 MS); and the required persistence to fight for the refund rights²⁶¹ (1 CA).

Indeed, as explained by the UK CA Which?, in the UK, research from the Financial Services Consumer Panel showed that over half of those who had reported unauthorised transactions on their bank account had experienced difficulties in obtaining a refund.²⁶²

This report explains:²⁶³ *'There is still poor practice around unauthorised transactions. The FSA's rules require the immediate refund of disputed transactions to the customer. The FSA expects refunds to be made on the same day that they are made aware of the transaction. The FSA has called on banks publicly to ensure that they comply with the requirements, but the Panel's qualitative research through Moneysavingexpert.com showed that around half of those responding who had reported unauthorised transactions on their bank accounts had experienced some difficulty in obtaining a refund.'*

²⁵¹ Question 45 in CAQL and question 12 in CAQS.

²⁵² CAQL17 Porodna (CZ); CAQL18 ADICAE (ES); CAQL14 OFE (HU).

²⁵³ CAQL12 Arbeiterk (AT); CAQL13 UGANDI (EE); CAQS15 ECC Ire (IE); CAQL10 lbka (LT); CAQS3 ECC Lux (LU); CAQL15 Deco (PT).

²⁵⁴ CAQS14 CCA (CY); CAQS9 SOS (CZ); CAQL1 TAENK (DK); CAQS7 UFC (FR); CAQL2 Altro (IT); CAQS1 pater (LV); CAQS6 IGtk (MT); CAQL16 Consum (NL); CAQS12 FK (PL); CAQS10 zss (SK); CAQL25 Kv (SE).

²⁵⁵ CAQL4 abv (BG); CAQS11 CCU (CY); CAQL11 vzbv (DE); CAQL23 EKPIZO (EL); CAQL24 PTAC (LV); CAQL8 Nibud (NL); CAQL22 Conso (RO).

²⁵⁶ CAQS2 VKI (AT); CAQL21 CRIOC (BE); CAQL 19 Test-Achats (BE); CAQS5 ECC Fin (FI); CAQL9 ZPS (SI); CAQS13 Which (UK).

²⁵⁷ CAQL21 CRIOC (BE); CAQL4 abv (BG); CAQS11 CCU (CY); CAQL11 vzbv (DE); CAQL23 EKPIZO (EL); CAQL 24 PTAC (LV); CAQL22 Conso (RO); CAQL9 ZPS (SI); CAQS13 Which? (UK).

²⁵⁸ CAQL19 Test-Achats (BE); CAQL11 vzbv (DE); CAQL8 Nibud (NL); CAQL22 Conso (RO).

²⁵⁹ CAQL12 Arbeiterk (AT); CAQS2 VKI (AT); CAQL21 CRIOC (BE).

²⁶⁰ CAQS11 CCU (CY); CAQL9 ZPS (SI).

²⁶¹ CAQL21 CRIOC (BE).

²⁶² Financial services consumer panel, Retail banking: position paper, 05 October 2010, http://www.fs-cp.org.uk/publications/pdf/panel_position_paper_1010.pdf. Last consulted on 01/07/2012.

²⁶³ At p. 15.

Conclusion: Consumer associations have concerns about consumers obtaining an immediate refund for unauthorised transactions. The overall assessment would suggest that while refunds do occur, consumers are made to wait longer than they should before they can obtain back the funds, and are likely to have to show persistence in order to obtain such a refund as some banks raise obstacles to the refund. Almost similar problems were observed with regard to exercising refund rights for authorised payments. Our assessment based on the survey answers received is also that there is a lack of knowledge by the consumers with regard to both types of refund rights. Nevertheless, our hypothesis, that the harmonised refund rules for payment transactions in Articles 62 and 63 are less favourable in those Member States than the ex-ante regime, only proved to be true for the German legal situation for direct debits (so-called “Einzugsermächtigung”).

2.9.2 Surcharging and rebates

‘Surcharges and rebates were introduced by the payment services Directive to allow merchants to steer consumers towards using more efficient and cheaper means of payments.’²⁶⁴ While the provision had been built as a means to encourage competition amongst means of payments, it transpires that consumers associations have not encountered many uses of rebates,²⁶⁵ but much more frequent use of surcharges. For some, the practice whereby consumers are asked to pay a surcharge on some forms of payment is seen as abusive because it requires consumers to ‘pay for the right to pay’.²⁶⁶

Article 52 of the PSD allowed Member States to forbid or limit the right to request charges. It seems important to therefore analyse results keeping in mind countries where the practice was banned and those where it was allowed for payees to use surcharges. As a result, the data gathered was analysed in two groups. The first group focussed on member state where the surcharges are allowed (12 MS). The second focussed on the MS where the practice of surcharges is prohibited (14 MS + Denmark where only surcharges on debit cards are prohibited).

2.9.2.1 Allowed surcharges

In Member States where surcharging on both credit cards and debit cards is allowed (12 Member States) it was not surprising to find that some retailers and other payees were using surcharges. We reviewed data from 12 MS. Out of our sample, 2 CA respondents did not provide an answer,²⁶⁷ 2 CA lacked information²⁶⁸ to reply and 1 CA had no opinion.²⁶⁹ Out of the Respondents who did provide information on this issue, the vast majority felt that practices were widespread. Indeed, out of the 12 consumer associations representing 10 MS, 7 CA from 5 MS²⁷⁰ thought that the practices were widespread, and one reported having knowledge of some surcharging practices,²⁷¹ without going as far as qualifying them of being widespread.²⁷² No respondents affirmed that

²⁶⁴ CAQL18 ADICAE in response to CAQL Question 10.

²⁶⁵ Out of our sample of 32 consumer associations in 26 MS, only a few mentioned rebates. For example, in Italy (CAQL2 Altro) rebates do seem to exist when consumers pay in cash (a transaction outside the scope of the PSD in any event). CAQL19 Test-Achats also mentions that while surcharges are frequent, rebates are very rare. In Sweden (CAQL25 Vk) explained also that it was common to levy fees but it was unusual for a discount to be offered.

²⁶⁶ CAQL19 Test-Achats (BE) in response to CQAL Question 33.

²⁶⁷ CAQS5 ECC Fin (FI), CQAL9 ZPS (SI).

²⁶⁸ CAQS6 IGtk (MT), CAQS12 FK (PL).

²⁶⁹ CAQL13 Ugandi (EE).

²⁷⁰ CAQL19 Test-Achats (BE); CAQL21 CRIOC (BE) & CAQL18 ADICAE (ES), CAQL16 Consum (NL) & CAQL8 Nibud (NL), CAQS15 ECC Irl (IE), CAQS13 Which? (UK).

²⁷¹ CAQL11 vzbv (DE).

²⁷² CAQL10 lbka (LT).

surcharges were not being used. The main sectors where surcharges were used were: Airlines,²⁷³ tickets for events, online purchase in general,²⁷⁴ the TV cable charging for bills not paid by Direct Debit.²⁷⁵

In 2011, Which? started a campaign to 'stop rip-off charges' and took a super-complaint to the UK Office of Fair Trading (OFT).²⁷⁶ In its decision on the super-complaint on card charges the OFT accepted that the practice caused consumer detriment. It stated:

*'The OFT considers that payment surcharges are most likely to result in consumer detriment where they lack transparency and where consumers lack a practical way to avoid the surcharge, as the surcharges reduce the extent to which consumers shop around and compare full price offers. This weakens the competitive pressure between retailers and can result in consumers not getting the best deal. We believe that making the headline price more meaningful for comparisons and ensuring information on surcharges is provided in a clear and timely manner would help consumers avoid surcharges and encourage competition between retailers, driving down the price of genuinely optional surcharges. To address the concerns raised in the super-complaint we are recommending that the Government introduce measures to prohibit retailers from surcharging for debit cards to ensure a meaningful and consistent solution across the economy.'*²⁷⁷

The OFT solution is two-fold: ban on debit card surcharges and information on surcharges for other payment methods. Yet, such a move towards prohibition for debit cards and restrictions for surcharges on other payment methods, may not necessarily provide adequate protection for consumers. Indeed, it does not seem that when a ban on surcharging is imposed it is necessarily well respected as we will see below. In addition, the obligations on the provider to provide information about the surcharge, when those are allowed, do not always seem to be effective for consumers. Some consumer association did complain about the lack of adequate information.²⁷⁸ Further, information on surcharges has a limited effect on consumers' decisions as to which form of payment to use. The economic data analysed above demonstrates indeed, that the cost of the surcharge may have little impact on consumers moving away from one form of payment to prefer another.

As it stands in the UK, and within the context of the implementation of Directive 2011/83/EC, the control of payment surcharges has been 'fast-tracked' by the Government and a separate consultation on a ban was launched. To date this consultation process falls short of the OFT recommendations and only explores the potential for a prohibition on excessive surcharges directly in line with Article 19 of Directive 2011/83.

²⁷³ CAQS15 ECC Irl (IE): the ECC-Net centre conducted an informative survey on this subject: [http://www.eccireland.ie/downloads/Study_on_currency_and_payment_card_fees_\(2\).pdf](http://www.eccireland.ie/downloads/Study_on_currency_and_payment_card_fees_(2).pdf), last consulted 26/07/2012.

²⁷⁴ CAQL8 Nibud (NL) explained that the practice is quite widespread and this is particularly so especially for payments over the Internet.

²⁷⁵ CAQS15 ECC Irl (IE).

²⁷⁶ CAQS13 Which? (UK). See for more details Which? Magazine, Below the Belt, April 2011, p. 8-10 that details the findings of the consumer association and unfair fares and card charges applied by the airline industry.

²⁷⁷ <http://www.offt.gov.uk/OFTwork/markets-work/super-complaints/which-payment-surcharges>, last consulted 26.07.2012.

²⁷⁸ Although the lack of respondents to this question does not allow us to conclude that it is necessarily the case. However, amongst Member States where surcharging is allowed and where information should be provided, note: CAQL16 Consum (NL) stating that consumers are often not aware of the cost of their chosen way of payment. By contrast, CAQL1 TAENK (DK) confirmed that consumers were informed beforehand and CAQL13 UGANDI (EE) also noted that consumers were informed beforehand, but regretted that in the mass of information they receive this information about charges often gets missed, still leading many consumers to get unpleasant surprises.

2.9.2.2 Prohibition or limit on surcharges

Further, what our survey found is that in MS where the surcharges are already banned or limited (e.g. Denmark), consumers are still facing problems. An important number of consumer associations reported problems concerning surcharges because the law is simply not well respected²⁷⁹ or because it was too limited in scope to stop abusive practices.

Out of the 20 Consumer Associations surveyed in the 14 MS where the practice is banned, 3 CA did not answer,²⁸⁰ 1 CA lacked information to address this issue²⁸¹ and 6 CA from 5 MS had no opinion (that is a total of 41% of non-respondents).²⁸² However, a worrying 8 CA in 8 MS of the remaining respondents did indicate that despite a prohibition in place in their MS, they were aware of surcharging still occurring.²⁸³ Only 1 CA thought the prohibition worked well and had no observed practices to report.²⁸⁴

In those MS where surcharges were reported, they concerned a number of payment instruments. According to TAENK surcharging is used on payments like card payments (internet and shops) and direct debits in Denmark.²⁸⁵ Other respondents confirmed that the surcharges were both applied online and in shops and that it was applied to credit cards as well as other payment methods.²⁸⁶

While a number of issues were mentioned,²⁸⁷ the most cited problem concerned the airline industry.²⁸⁸ Surcharging in the airline industry seems to be an issue that affects consumers in all MS, whether the practice is banned or not. Indeed a number of consumer associations in MS reported problems even when they were based in a MS where a prohibition of surcharges was in place.²⁸⁹

²⁷⁹ CAQS7 UFC (FR) clearly explained: Surcharging is not allowed in France. However, some few companies don't respect the law. The respondent mentioned easyJet that lost a case against them on this issue.

²⁸⁰ CAQS11 CCA (CY), CAQL17 Poradna (CZ), CAQL14 OFE (HU).

²⁸¹ CAQL24 PTAC (LV).

²⁸² CAQL12 Arbeiterk (AT) & CAQS2 VKI (AT), CAQL4 abv (BG), CAQL2 Altro (IT), CAQS1 Pater (LV), CAQS10 zss (SK).

²⁸³ CAQS11 CCU (CY), CAQS9 SOS (CZ), CAQL11 vzbv (DE), CAQL1 TAENK (DK), CAQS7 UFC (FR), CAQS3 ECC Lux (LU), CAQL15 Deco (PT), CAQL22 Conso (RO), CAQL25 vk (SE).

²⁸⁴ CAQL23 EKPIZO (EL).

²⁸⁵ CAQL1 TAENK (DK).

²⁸⁶ See for example, CAQL25 Kv (SE) mentioning that although surcharges were prohibited, it was common to levy additional fees for consumers paying by credit cards. By contrast, it was unusual for consumers to be offered discounts. CAQS9 SOS (CZ) some shops (although not many) may apply the surcharges.

²⁸⁷ Other issues were cited: CAQL1 TAENK (DK) reported 'Some payees surcharge their customers for using direct debit'. This is a problem, because there is in effect only one provider in Denmark and hence consumers cannot switch for another provider and avoid the charge. CAQL15 Deco (PT) reports that surcharges are still applied at gas stations for the use of credit cards, a fact already well known in Portugal. CAQL11 vzbv also cited surcharges for payments at petrol stations, although the respondent said those were not yet common.

²⁸⁸ The answers here included answers to the long Questionnaires, Questions 36 on surcharges and Q32 on information concerning surcharges because respondents did refer to this question and did not necessarily partition their answers. Unprompted, the airlines were mentioned 11 times out of the responses from 12 consumer association showing that this is remaining problem, even in countries where surcharges are banned.

²⁸⁹ CAQL11 vzbv (DE), CAQL1 TAENK (DK): 'Some airlines surcharge more than permitted'. See also CAQL 22 Conso (RO) where the respondent reports Wizzair imposes charges that the consumers cannot avoid despite the prohibition. CAQS7 UFC (FR) mentioned easyJet and explained that they had recently won a case against them. CAQS3 ECC Lux (LU) explained that consumers continued to complain about surcharges in the airline industry in particular for credit card payments. CAQS13 Which? (UK) launched a super-complaint against the airline sector and a recent decision of the OFT found in their favour.

Box 6: Surcharges in the airline industry

ECC-Net Ireland conducted a survey of the airline industry published on 12 July 2012 that gathered data from all over Europe and found that consumers were hit by charges for the use of their payment cards. The study, entitled 'The cost of paying' found:

47% of the airlines checked (26 out of 55) levy payment card fees on customers when buying flight tickets online. Whilst most airlines do offer the possibility to pay using payment methods that attract no fee, these payment methods are not always widely available, rendering unrealistic for many consumers the prospect of avoiding such fees.

Having regard to the fees incurred by consumers where no "free-of-charge" payment option is used, the additional cost for an individual consumer to book a one-way flight with that group of airlines is, on average, EUR 7.43. The same consumer booking a return flight would pay, if the same group is considered, EUR 10.58. The fees for a return flight for two people, to give another example, would be EUR 16.78. None of these three figures seems to bear a reasonable relationship to the costs actually incurred by the airlines when processing payments but it should also be noted that the most expensive airlines in these three categories impose fees raising to EUR 16, EUR 20 and EUR 32, respectively, i.e. almost twice the average.

73% of the airlines imposing payment card fees do not indicate the price supplement in a clear, transparent and unambiguous manner at the start of the booking process, as required by Article 23(1) of Regulation [EC] No. 1008/2008 on air services.

Source: ECC-Net Study on Airlines' Currency & Payment Cards Fees, The Cost of Paying, July 2012, p. 5.

The adoption of the Directive on Consumer Rights (Article 19) may come some way to curb the problems faced by consumers, since surcharges will be prohibited under this legislation and limited to actual costs in any event.²⁹⁰

However, the fact that in countries where surcharges are already banned so many problems subsist should raise attention. Prohibiting a practice is one positive move towards better protecting consumers, but as the experience of those consumer associations where such prohibition exist shows, ensuring that consumer no longer face a detriment is, it seems, more difficult to achieve. In France for example, where surcharging is banned, UFC-Que Choisir also had to fight easyJet in order to obtain that the law be applied and consumers better protected.²⁹¹ The case concerned the practice of charging 4 euros to consumers who did not pay by Visa Electron or ,Carte Bleu'.²⁹² Further, although the issue was not raised by consumer associations, one difficulty to note may be linked to the fact that consumers may be unable to judge if a surcharge is excessive or not. They are not privy to the adequate data (unless the Commission was to decide to require further transparency in this area). Besides, the recent Feedback statement on European Commission Green Paper 'towards an integrated European market for card, internet and mobile

²⁹⁰ <http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/11/450&format=HTML&aged=1&language=EN&guiLanguage=en>, last consulted 26.07.2012.

²⁹¹ CAQS7 UFC (FR). At the time of writing this report, the decision had not yet been published in France. See press release available online for more details: <http://www.quechoisir.org/transport/transport-aerien/communique-compagnies-aeriennes-la-lutte-contre-les-clauses-abusives-decolle-enfin>, last consulted 30/07/2012.

²⁹² Dorothee Moisan, easyJet va devoir modifier ses clauses, trompeuses pour le consommateur, AFP 31 Janvier 2012. Please see more details on this case, in the core of the report.

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payments' seem to show agreement with the belief that the CRD may not be fully efficient in curbing excessive surcharging.²⁹³

Conclusion: Surcharges are affecting consumers in Member States where surcharges are allowed as well as in Member States where they are banned. The main retail sector identified as problematic is the airline sector but others seem to emerge. It seems unlikely that consumers will be fully protected even after the implementation of the Directive on consumer rights.

2.9.3 Execution time

Consumer associations' views on execution times were gathered through both our long and short questionnaires.

2.9.3.1 Satisfaction with execution times

The stipulations of the PSD demand one business day as execution time for a transaction to a payment account in euros (or in the currency of a MS). These new execution times under the PSD (Article 68) work mainly well for consumers, with many consumer associations indeed confirming that one of the main benefits of the PSD was better execution times. It is therefore not surprising that only a few and minor problems have been reported by consumer associations in relation to execution times.

Out of the 33 consumer associations surveyed, 6 CA from 6 MS²⁹⁴ did not give an answer and 10 CA from 10 MS²⁹⁵ had no opinion. From the answers of the 17 CA representing 15 MS that contributed an answer, only 4 CA²⁹⁶ have reported concrete problems of non-compliance with the stipulations of the PSD related to execution times. The remaining 11 CA²⁹⁷ expressed their satisfaction with the current practice of execution times, and two additional CA reported a worsened legal situation. Member State examples include one Latvian consumer association²⁹⁸ reporting that "*transactions from one bank to another bank take around 2 days.*", and the Danish consumer association²⁹⁹ criticising the current practice of payment transactions by expressing: "*The Danish payment infrastructure is slow and out-dated.*" Against this background the Danish payment system will be modernised till 2014 in regard to "*same day and instant credit transfers.*"

Two further negative answers are linked to payments in a currency other than the national currency of the MS in question and concern **international money transfers**. For those, the Romanian consumer association, Conso Romania³⁰⁰ explained that delays up to several days were being reported and problems with time delays in international money transfers were also noted by the British consumer association Which?³⁰¹

²⁹³ Note however that the feedback statement on European Commission Green Paper 'towards an integrated european market for card, internet and mobile payments' available at http://ec.europa.eu/internal_market/payments/cim/index_en.htm was not fully analysed with consumer associations questionnaires, but it's impact is more detailed in the core of our report.

²⁹⁴ CAQL12 Arbeiterk (AT); CAQS2 VKI (AT); CAQL18 ADICAE (ES); CAQL14 OFE 8HU); CAQS3 ECC Lux (LU); CAQL25 Kv (SE).

²⁹⁵ CAQL4 abv (BG); CAQS14 CCA (CY); CAQS9 SOS (CZ); CAQL13 UGANDI (EE); CAQL23 EKPIZO (EL); CAQS15 ECC Ire (IE); CAQL2 Altro (IT); CAQL8 Nibud (NL); CAQS12 FK (PL); CAQL15 Deco (PT).

²⁹⁶ CAQL1 TAENK (DK); CAQS1 Pater (LV); CAQL22 Conso (RO); CAQS13 Which? (UK).

²⁹⁷ CAQL21 CRIOC (BE); CAQS11 CCU (CY); CAQL17 Poradna (CZ); CAQL11vzbv (GE); CAQS5 ECC Fin (FI); CAQS7 UFC (FR); CAQL10 Ibka (LT); CAQL24 PTAC (LV); CAQS6 IGTK (MT); CAQL16 Consum (NL); CAQS10 zss (SK).

²⁹⁸ CAQS1pater (LV).

²⁹⁹ CAQL1 TAENK (DK).

³⁰⁰ CAQL22 Conso (RO).

³⁰¹ CAQS13 Which? (UK).

Box 7: Sample of reported problems related to execution times for international transactions

"For payments in national currency, generally the rule is respected. For euro payments, generally banks in Romania use a system on correspondent banks, even if the main credit institutions are linked to the Target system. This correspondent banks chain sometimes delays the payment up to several days. For transfers operated in D or D+1, some banks impose a surcharge up to EUR 50..." Conso Romania, RO

"There seem to be some problems – according to the Financial Ombudsman Service's 2011/12 (...) we continued to receive complaints about the costs, time scales and procedures involved in international money transfers. When problems occur with these transfers, a regular source of confusion for many consumers is the use by their UK bank of an overseas intermediary bank – or so-called "correspondent" bank – for arranging payment to a foreign "beneficiary" bank, with which the UK bank had no direct business relationship. In many of the complaints we see, these arrangements have not been clearly explained to the consumer by their bank." Which?, UK

Despite of the overall compliance with the stipulations of the PSD, some general aspects were mentioned: two consumer associations³⁰² criticised that following implementation of the PSD into national law they believed there was a lower standard of execution time and that the legal situation could be qualified as having become "less strict".

Box 8: Negative impact of the PSD on execution times (national examples)

"In Belgium, the law that implemented the Directive adapted itself to its time delays. This is unfortunate because the law that was previously in force provided for timespans that were shorter and thus more favourable to consumers.... To be complete: There was some controversy surrounding the interpretation of Belgium's old law." [translated] Test-Achats, BE

"The rules on execution times are less strict than they used to be in Slovenia before the introduction of the PSD. That is why they are threatening to slow down transactions." Slovene Consumers Association ZPS, SI

A further criticism received on the issue of execution times by the Polish Consumer Federation³⁰³ was about the information policy of the PSPs, by documenting a case where consumers did not get any information from the provider about the execution time in the terms and conditions.

2.9.3.2 Interpretation of cut-off time

Despite this apparent satisfaction amongst consumer association on execution times, an issue emerged concerning the **interpretation of cut-off times** (Article 64.1.3 of the PSD). Indeed, it seems that this notion is interpreted very differently in the Member States and by individual PSPs which may have an impact on the way transactions are in fact executed. Unfortunately, very few consumer associations had information on this issue that they could contribute.

³⁰² CAQL18 Test-Achats (BE); CAQL9 ZPS (SI).

³⁰³ CAQS12 FK (PL).

The Danish Consumer Council³⁰⁴ for example, reported cut-off times between 7 and 9 pm for payment transactions via the internet. Meanwhile in Germany a case was reported where a bank had officially a cut-off time at 2 pm. This was, for the German consumer association, a potential circumvention of the PSD. vzbv³⁰⁵ indeed commented: “we do expect it feasible to use ordinary working hours as cut-off time. The idea of speeding up payments might be circumvented if the decision on cut-off times is left to the institutions.”

2.9.3.3 Value dates

None of the 33 consumer associations however, have reported any problem related to value dates. Problems related to execution time of cash placements (Article 71 of the PSD) were reported only from Bulgaria³⁰⁶ in relation to one specific credit institution and are therefore not seen as significant beyond national limits.

Conclusion: The consumer associations received seldom consumer complaints about execution times. This fact confirms our opinion, that the stipulations of the PSD about execution time had mostly a positive impact. Indeed, in another part of our survey, execution times were highlighted by consumer associations as one of the main benefits of the PSD. However, some minor problems still exist. They include some cases of non-compliance of the execution times with the stipulations of the PSD (especially for cross-border transactions) and cut-off times which are interpreted differently in Member States and by individual providers at the expense of payment services user.

2.10 Complaints and redress for consumers under the PSD and the Regulation: Views from the consumer associations

The PSD provides for out-of-court complaint and redress procedures for the settlement of disputes in Articles 80 to 83 of the PSD. This includes complaints from payment service users and other interested parties, including consumer associations, to a competent authority (Article 80). It also includes the provision for effective, proportionate and dissuasive penalties (Article 81) as well as adequate and effective out-of-court complaint and redress procedures for the settlement of disputes between payment service users and their payment service providers (Article 83).

Similarly, Regulation 924/2009 has provisions for comparable complaint procedures for complaints to competent authorities (Article 10) – this time without expressly mentioning consumer associations– and to out-of court redress (Article 11).

2.10.1 Competent authorities

Our questionnaires asked if consumer representatives felt that consumers were aware of the competent authorities for payment services (Article 80 of the PSD and Article 10 Reg. 924) and if there was evidence that complaint boards were being used either by consumers or by consumer associations.³⁰⁷ From the responses received on this issue, more than half of the consumer

³⁰⁴ CAQL1 TAENK (DK).

³⁰⁵ CAQL11 vzbv (GE).

³⁰⁶ CAQL4 (BG).

³⁰⁷ We did so by asking questions separately on the PSD and on the Regulation. They have been complained here as the profile of responses was broadly similar. Our results therefore include answers on the PSD to CAQL Q59, Q60, Q.61, and on the Regulation to Q71, Q72, Q73 and Q74. They also include answers to CAQS Q14 and 15, CAQS Q18 and Q19.

associations reported that consumers are not aware of the competent authorities (12 from 18 CA) against the answers from 6 CA that suggest that general consumer awareness of the competent authority already exists in 6 MS.

While in some Member States consumer associations noted that the competent authorities are known by consumers (FR, IE, LV, RO, UK) or usually find their way to them (FI), other consumer associations reported a lack of awareness by consumers about the competent authority (AT, BE, BG, CZ, CY, EE, LT, LU, MT, NL, PL, SK). In Malta a special situation was reported that “there is no Complaints Board per se. The closest forum being the Consumer Complaints Unit with the MFSA” (Consumer Association Malta).

Box 9: Consumer awareness of the competent complaint board

“We don’t think that consumers are widely aware of the possibility to submit their complaints to this authority...” SOS, CZ

“Awareness of that possibility is not very known and that’s why it is not widely used...” Slovakia Association of Slovak Consumers, SK

“Consumers are not widely aware of KomisjaNadzoruFinansowego. In Poland consumers often do not know about their rights...” Poland Polish Consumer Federation, PL

“En ce qui concerne le réseau CPC (Consumer Protection Cooperation), les consommateurs ne sont pas au fait de son existence...” ECC, LU

“There is no complaint board (known). Cypriot Ombudsman was founded/created in 2010. For two years they haven’t received any complaints (so far known).” Cyprus Consumers' Union & Quality of Life, CY

The British consumer association Which?, on the other hand, saw a high awareness of the complaint boards in its country and referred to a report of the Financial Ombudsman Services which shows that 75% of adult consumers are aware of the complaint board. However, the awareness depends on age, ethnicity, gender and income: “Consumers on low incomes and from ethnic minority backgrounds are usually less aware of this free service and women too are generally less likely to take a complaint to the Ombudsman.” (Which?, UK)

A number of consumer associations had **general concerns** about the outcome of consumer complaints addressed to competent authorities (Article 80 of the PSD / Article 10 of Reg. 924).

Box 10: Consumer association concerns with the competent authorities

“The members of the local Compliant Board (PomiritelnaKomisia) are from BNB (Central Bank), Consumers’ Protection Committee, and Association of the Bulgarian Banks. All those institutions do not cooperate with independent consumers’ organisations.” Bulgarian Financial Forum (BG)

“No but they are not really interested. Every bank has the complaint procedure including the complaint board on their internet site. It is not used widely by consumers. The results are not that good.” Consumentenbond (NL)

“Concerning ADR these boards are actually transferred to the banking associations. We do not see this as an ideal solution, as the providers influence rules and procedures on this even if the ombudsmen are themselves personally neutral. We have seen huge differences with the outcome, including associations where consumers usually lose their cases. BaFin is not in charge of consumer protection issues, if they take action on behalf of consumers or us they usually do not state details on the results and provide information that might be needed to claim damages.” vzbv (DE)

UFC Que-Choisir from France noted that even consumer knowledge of the complaint boards that exist in France, does not change the situation much, especially in case of limited losses. The French consumer association see the only opportunity to change the low level of complaints in **establishing a class action procedure**. The Irish consumer association ECC-Net also sees potential for complaints which could be addressed collectively rather than on a case-by-case basis. The Irish ECC-Net made an additional suggestion to establish and formalise a procedure **for complaints against authorised payment institutions in relation to cross-border activities**.

Asked about the **own complaints they have addressed as a consumer association** to a competent authority (Article 80 of the PSD and Article 10 Reg. 924), only two out of 34 consumer associations answered in a positive way and most of the consumer associations did not answer this question. UFC Que-Choisir from France noted that they “use the complaint board of AMF, which is quite efficient” and DECO from Portugal would use the possibility of an own complaint if they have cases to report, which has not been the case so far in relation to the Regulation 924/2009. On the other hand, the German consumer association vzbv noted that no procedure exists for officially addressing complaints to the competent authorities (DE) and Latvian National Association for Consumer Protection (PIAA) reported that there is “*no mechanism how consumer associations are enclosed in such out of court procedures*” (LV). That consumer associations are not making use of the possibility as ‘interested parties’, was reported expressly from Lithuania and from Romania.

All in all consumer associations have all reported – besides Que-Choisir in France – that they haven’t used the option in Article 80 of the PSD or Article 10 of the Regulation 924/2009 to present own claims in the past, and only one consumer association has reported that it will use this opportunity in the future if applicable.

Besides the fact that consumer associations are aware of the competent authorities, the idea to open the complaint procedure also for consumer associations and third parties does not work in practice. Therefore the Irish ECC-Net proposes to specify the role of the competent authorities and their duties in relation to complaints by consumer associations and third parties.

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**Box 11: Proposition for clarification in case of complaints by consumer associations
Article 80 of the PSD**

“The Irish transposition does not specifically lay out who can make a complaint and no mention is made of consumer associations or other interested parties. In our opinion, it cannot thus be inferred from the Irish transposition of the PSD that complaints can be lodged by a party other than the payment service user, especially if regard is given to the definition of ‘complaint’ under the Central Bank and Financial Services Authority of Ireland Act 2004. The Central Bank Reform Act 2010 does not add clarity in this regard.

For all the above, ECC Ireland submits that the PSD should be more specific about the role of the competent authorities in registering complaints which are not necessarily linked to individual redress (the wording “complaint boards” is not used in the PSD).” ECC-Net, IE

Cross-border cooperation with authorities and out-of-court redress providers in other MS were not reported by the consumer associations and experience was almost non-existent. Cross-border conflicts with payment services were described as a not existing or a minor problem (FI, FR). Some of the consumer associations mentioned ECC-Net (SK); others did not have any information about cross-border cooperation for payment services at all (MT). Only France noted their own experience with cross-border cooperation with another MS, but mentioned complications between regulators due to different interests of each regulator. At least for payment services cross-border cooperation of consumer associations with authorities and out-of-court redress providers do not exist at this stage.

2.10.2 Penalties

Asked about concrete penalties in their MS and their view on the proportionality, effectiveness and deterrence effect of the penalties, most of the consumer associations did not answer the question or did not know anything. Not one consumer association could report a penalty related to financial services by the competent authority.

The effectiveness of penalties was criticised from four consumer associations situated in Bulgaria, Germany, Lithuania and Romania. The Bulgarian Financial Forum saw a conflict of interests of the National Complaint Board to use penalties and does not expect any penalties at all. The Lithuanian consumer association noted that due to the changes in national law, penalties will not occur in the future because the current competent authority, the Lithuanian State Bank, does not have the right to prescribe penalties. The German consumer association noted that the federal authority BaFin is not in charge while other mainly local authorities are unable to cope and from Romania the level of penalties itself was criticised:

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Box 12: Critics on penalties through authorities by consumer associations

“In the past we have not seen adequate provisions for that. The federal authority BaFin is not in charge of consumer related issues and aspects of Title III and IV of the Directive are deemed to be left to Civil Law to be dealt by single consumers on their own. Certain aspects are dealt by municipal authorities. Like advertisement. They are not able to really fight malpractice, have limited power to fine. This applies to more than PSD issues...” vzbv (DE)

“The penalties were established by Legislative Decree 21 January 2011 n. 3... The sanctions must now be between 10,000 euro and 150,000 euro. Certainly the sanctions against a bank can be really ridiculous and certainly not effective and persuasive.” Altroconsumo, (IT)

“Penalties for breaches of law affecting Title III are between 50,000 – 100,000 lei (approx. 10,000-20,000 euros). There are also some penal consequences for breaching the law (titles I and II). I don’t know to be any given penalties in relation of infringement of the PSD. Anyway, I don’t consider that theoretical penalties are effective, proportionate and dissuasive.” Conso Romania (RO)

Only one consumer organisation, Nibud from the Netherlands, pointed out the positive example of enforcement that the national authority, the Financial Market Authority, has shown regarding other financial products described as: *“quite effective, especially making public the punishment.”*

Unsurprisingly, sanctions and penalties from the authorities are rare and not known by the public. Even consumer associations which should also be a guidepost for payment service users to find the competent authority could not report on penalties. The answers from complaint boards show that at least some of the authorities used penalties in the past, including in relation to infringements of the PSD, but the awareness is not high.

2.10.3 Dispute settlement bodies

Asked about **out-of court complaints and redress procedures** under Article 83 of the PSD and Article 11 of the Regulation 924/2009, the given answers by consumer associations differed. Harsh critics came from the German and the French consumer association. From Slovenia and Romania lacks of fulfilment were reported in relation to establishing out-of court complaint boards.

The German consumer association reported a high quote of cases decided against the consumers and the problem of non-binding decisions which are common in Germany by the majority of dispute settlement bodies related to payment services. A lack of awareness of out-of-court procedures was reported by the Romanian consumer association and the position of Que Choisir in France was also very critical.

A positive estimation came from the Danish, the Italian, the Irish and the Estonian consumer association. Altroconsumo noted the positive impact of the Arbitrobancario e finanziario which is the Italian dispute settlement body managed by the Bank of Italy. The Danish Consumer Council believes the Danish dispute settlement body has an important role for the implementation of the PSD.

Box 13: Different estimation on out-of-court complaints and redress procedures by consumer associations

“The body is not working in Cyprus yet.” Cyprus Consumers’ Association (CY)

“We have mostly positive responses from consumers which submit their dispute to the Financial Arbitrator... The Arbitrator’s decision can be appealed to the court, which is sometimes referred as a problem by consumers because proceedings last much longer. We can say that if the Arbitrator’s decision is respected (not appealed) it is very effective. If it is not respected, it is much less effective for ordinary consumers.” SOS (CZ)

“The existence of the Danish Complaint Board of Banking Service is crucial to the enforcement of the consumer rights of the directive. Without this Board the rights would probably not have any impact for consumers in practice.” Danish Consumer Council (DK)

“Consumers are not widely aware about redress therefore consumers seldom use it. The procedures for redress are adequate but payment service institutions solved problems with consumers very carefully. [Therefore the] Estonian Consumer Protection Board operating Consumer Complaints Committee has solved only one to two problems a year.” Association of Consumers' Protection UGANDI (EE)

“Irish consumers are generally well aware of the existence and the role of the Financial Services Ombudsman and the National Consumer Agency, which may ultimately refer relevant complaints to the former.” ECC-Net (IE)

“In France, out-of-court complains, such as claim services, are quite often used by consumers. But their efficiency is limited as soon as sums begin to be important. In that case private ombudsmen, which are the only type of ombudsmen existing in the banking and payment sector, are quite inefficient. Considering that they are paid by companies, they can’t be considered as independent. An independent ombudsman exists in financial sector (the AMF - French regulator – ombudsman), but not in the banking or in the payment sector.” Que Choisir (FR)

“These principles haven’t been applied in Slovenia and the payment services providers are consciously breaching the directive. The PSD should contain sanctions and rules for enforcement in order to ensure consumers the rights it specifies.” Slovene Consumers Association ZPS (SI)

“We have no ADR bodies. Out of Court solutions are made by Consumer organisation. Consumers are not widely aware.... We do out-of-court procedures in many sectors but especially in financial region we have low rate of success.” Slovakia Association of Slovak Consumers (SK)

“There is almost no out-of-court redress. There is no financial Ombudsman in Romania and mediation has only an unimportant role in the Romanian market and is used very rarely, almost never.” Conso Romania (RO)

Limited standards were reported also from Malta where only the possibility for mediation exists so far and in Poland due to the late transposition the Polish consumer association reported that it is too early to evaluate the work of the dispute settlement bodies.

Conclusion: From the point of view of consumer associations, the awareness of consumers of the possibility to complain to competent authorities is low in many Member States, with the exceptions of the United Kingdom and Ireland. The main criticisms however did not concern low awareness levels but rather, the outcome of the out-of-court procedures. The main issues seem to be in relation to efficiency and independence of the complaint boards. Beyond that, some consumer associations noted that in their Member State, dispute settlement schemes do not work in practice at the moment. It is noteworthy that consumer associations themselves did not use authorities for their own complaints (although we found an exception in France). It seems therefore that there is a need to address the right for complaints by consumer associations and its allied procedure more precisely. None of the consumer associations reported any concrete penalties and several consumer associations doubted that penalties in their Member State, if even they exist, are effective, proportionate or dissuasive.

2.11 Impact of the Regulation 924/2009

The main principle of the Regulation 924/2009, the principle of equality of charges, is working well inside the euro area or inside a Member State with its own currency. Almost no complaints were reported in relation to credit transfers inside the scope of the Regulation. The majority of problems were reported in relation to payment transactions which lie out of the scope of the Regulation 924/2009, especially cross-border credit transfers, ATM withdrawals and direct debit payments with currency conversion. Therefore a number of consumer associations have formulated a need to widen the scope not only inside the European Union but also in relation to one-leg transactions.³⁰⁸

Half of the consumer associations surveyed was able to answer the question about potential problems in relation to the principle of equality of charges. When consumer associations reported problems related to the principle of equality of charges (8 CA from 7 MS), it was mostly connected to situations of payments from the euro area to a Member State with another currency or the other way around.

Only in some cases like ATM cash withdrawal abroad, did the German consumer association see a breach of the rules of Regulation 924/2009 if the consumer's own PSP charges higher ATM fees abroad than in the home country, a situation that vzbv has referred as an official concern to Commissioner Barnier from January 2011. Different fees were also reported for national and cross-border money remittances from the Romanian consumer association and from ECC Lithuania in case of payments in euro in Member States with its own currency.³⁰⁹

Nevertheless, most criticisms from consumer associations occur mainly in relation to the limited focus of the Regulation 924/2009, because the Regulation only applies to cross-border payments in euros (or any other national currencies of the MS who decided to extend the application of the Regulation to their national currency).

³⁰⁸ One-leg transactions and the PSD are treated under section 2.3 of this Annex.

³⁰⁹ The answers of the European Consumer Centre in Lithuania (ECC) were used for the chapter about the Regulation 924/2009.

From Member States of the euro area consumer associations of Austria (Arbeiterkammer Wien), Belgium (Test-Achats) and Germany complaints and problems were reported about “*high fees for money transfers outside the EU*”. On the other side, Romania, Lithuania and the United Kingdom explained that non-transparency of fees and high charges in case of payment transfer from the own currency into euro is a significant problem and the British consumer association Which? concluded: “Hence, it cannot be said that equality of charges has been reached with regard to the UK.” The following examples in Box 14 demonstrate the different problems in relation to the missing principle of equal charges:

Box 14: Lack of fulfilment of the “principle of equal charges” of Regulation 924/2009 - Examples

“French consumers don’t understand why they have to pay special fees in countries supposed to belong to the EU, where free circulation of money is supposed to be a basic principle.” UFC Que Choisir, France

“Cross-border transfers of money into the UK and out of the UK continue to incur charges although the same transfer within the UK would not incur a charge. For instance, receiving payments from another MS incurs a fee at most high street banks such as the Cooperative (£8), and NatWest/RBS (£7 for payment values over £100). Other banks may charge more or less depending on their terms and conditions...” Which?, United Kingdom

“For instance, a bottle of wine bought in a French supermarket that cost EUR 5.95 would result in different sterling charges on customers’ statements. At HSBC for instance, this bottle of wine would show up as costing £5.16 on a customer’s statement whereas the same bottle of wine bought at the same time would cost a Halifax customer £6.67 due to the application of fees and a different exchange rate.” Which?, United Kingdom

“There are several cases where charges differ between a national or international payment in euro. [...] For example, a money remittance of 1,000 euros between two locations in Romania costs 40 euros, while a transfer from Romania to another country costs 42 euros. And there are many examples in the area of money remittance.” Conso Romania, Romania

“...recently we have been receiving information requests and also have a couple of complaints regarding payments in different currency to one particular air carrier. The problem is that if a consumer buys a flight ticket, where the price is indicated in our national currency, i.e. Litas, [there is] finally the different result in his/her bank account as the charged sum is shown in Litas, but it is converted from euro and the exchange rate usually is not in favour of consumer.” European Consumer Centre, Lithuania

A special case was also reported by vzbv from Germany in relation to cross-border ATM withdrawals for German users. While in other Member States the use of ATM withdrawals are partly without additional costs like in the Netherlands even in case of using ATMs of other providers, for German customers ATM withdrawals could be more expensive cross-border than on national level.

Box 15: ATM withdrawals across the border - Examples

“... the German consumer might be charged e.g. EUR 4.95 in Germany at a Sparkassen ATM as customer e.g. of Deutsche Bank and EUR 5.99 in the Netherlands by his own bank. Commissioner Barnier stated in January 2011 already that he considers these German ATM direct fees not within the law of Regulation 924/2009. We might need a revision of the general clause of Article 3 with that to set the necessary further standards to stop circumventions like this.” vzbv, DE

There is also an obvious lack of transparency of charges and currency conversion rates but also a severe problem with obviously higher charges for payment transactions from euros to another EU-currency vice-versa, which does not have the same level as national and cross-border payments in euro or national payments in the own currency, which occurs with ATM withdrawals, credit and debit card payments, and credit transfers.

Therefore several consumer associations have pleaded to widen the scope of the Regulation 924/2009 to all payment transactions inside the European Union and none of the consumer associations were against the general idea of widening the scope of the principle of equal charges. Just over half of the 21 consumer associations surveyed on this issue agreed with the need to open the scope for payments from or into the EU, the remaining share was made up of respondents with no opinion (as no respondent was recorded as stating that there was no need to extend the scope).

In that context, higher charges for payments from and into the EU Member States were seen as a problem for consumers inside the European Union and several consumer associations pleaded for a wider scope of the Regulation 924/2009 which also includes one-leg transactions from and into the European Union and currency conversion.

Box 16: Statements about the need to widen the scope of Regulation 924/2009

“However a percentage of Maltese have relatives living in various non-EU countries [notably Australia] so yes perhaps there is scope for such payments from or into the EU.” I-Ghaqda tal-Konsumaturi, Malta

“We think that opening the scope for payment from or into the European Union would be a real progress for consumers, especially for tourists, and for the common market’s development. We received many complaints on fees paid by consumers for withdrawals or payments in non-euro zone...” UFC Que Choisir, France

“We should support open the scope for payments from or into the European Union. Because small countries do not have enough competition, which oblige assess really market valuation.” Lithuanian Bank Client Association Lithuania

“We should think of non-Euro payments. It is important, to keep those payments that are not in euro in track with the general rules of euro payments as this is needed for consumers in the Internal Market that is not divided into a euro and a non-euro market. Especially with conversion transactions consumers have already experienced difficulties with transparency of fees...” vzbv, Germany

“In order to promote a world-wide internal market this is necessary.” CRIOC, Belgium

“For this reason, even if the Regulation does not currently apply to currency conversion charges (as per its Article 3.4), there may be a need to open its scope.” European Consumer Centre, Ireland

Consumer associations reported cases where consumers had to pay EUR 48 for a payment transaction of EUR 10 from Germany to Hungary while the same payment transaction to other Member States inside the euro area was included in the monthly fees for the bank account and did not cost any extra charges. According to the price list of German credit institutions, a credit transfer of £ 400 from Germany to the United Kingdom costs about EUR 40.

Table 2: Example for cross-border charges out of the scope of the Regulation 924/2009 – credit transfer £ 400 from Germany to UK

Charge	Euro
Transaction fee	10,00
Porto/Swift	1,55
Exchange rate commission (Devisenprovisionen)	2,50
Third party fees	25,00
Total	39,05

Source: example reported by vzbv, Germany

Conclusion: According to consumer associations, the main principle of Regulation 924/2009, the principle of equality of charges, is working well inside the euro area and/or inside a Member State with its own currency. Nevertheless, higher charges for payments from and into the EU Member States were seen as problematic for consumers inside the European Union and

iff, London Economics and PaySys



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extremely high fees and non-transparency were reported. Therefore, a widening of the scope of Regulation 924/2009 for at least all payments in the euro area seemed a welcomed move for a number of consumer associations.

2.12 Country reports

2.12.1 AUSTRIA

We received 2 questionnaires from Austria:

- One long questionnaire, from Arbeiterkammer Wien³¹⁰ (CAQL12) and
- One short from “Verein für Konsumenteninformation” (VKI) (CAQS2).

2.12.1.1 Quality of responses

The respondents are listed in the European Commission’s list of associations and networks as a national consumer organisation.³¹¹

- VKI (Verein für Konsumenteninformation)³¹² is dealing exclusively with consumer affairs on a broad basis and does cover financial services matters. The respondent declared having an excellent knowledge of financial services in general and of payment services in particular.
- The respondent Arbeiterkammer Wien is also considered to be an expert. The Arbeiterkammer Wien consists of 850,000 employees. It is a powerful representative of interests of its customers. The respondent declared having an excellent knowledge of financial services in general and of payment services in particular.

2.12.1.2 One-leg transactions

The two Austrian consumer associations described different problems of payments from/ to outside the EU: high fees, investigation in the event of ‘mal-performance’ (or if the transfer did not arrive). They pointed the advantage for the payer and the payee out if at least the complaint and dispute resolution procedures of non-euro transactions would be in the scope of the PSD.

- The answer of the Arbeiterkammer Wien (CAQL12) indicates a pro-disposition in favour of the inclusion of one-leg services in the scope of the Directive but does not directly say so. As a result, the answer is interpreted as meaning that the respondent thinks that this may be a good idea but is ‘uncertain’.
- The second Austrian consumer association (CAQS2), Verein für Konsumenteninformation, argued very clearly for the inclusion of one-leg transactions in the scope of the PSD. They indicated that transfers from outside the EU were still problematic (sometimes) because of high charges and problems finding remittances that had not arrived to destination. They therefore explained that an extension would make sense from their point of view.

2.12.1.3 Currencies

Both Austrian consumer associations expressed that the rates for payments in non-euro currencies (for ATM withdrawals and POS payments, credit card transactions or other transfers outside the euro area) are much more expensive than within the EU. Furthermore unclear charges for

³¹⁰ <http://wien.arbeiterkammer.at/beratung.htm>.

³¹¹ http://ec.europa.eu/consumers/empowerment/cons_networks_en.htm, last consulted 25/07/2012.

³¹² <http://www.konsument.at/cs/Satellite?pagename=Konsument/Page/Start&cid=1188229631970>.

currency conversion (especially invoice of the credit card) are frequently the subject of consumer complaints. As a result, both the answers are interpreted as meaning that the respondents support a change to non-euro currencies.

The association Arbeiterkammer Wien suggested additionally that there should be established intensified transparency provisions, because consumers often have questions about payments in foreign currencies (e.g. concerning expenses and transactions that went astray). Their answers indicate a pro-disposition in favour of the extension to foreign currencies in the scope of the Directive.

2.12.1.4 Negative scope

The Arbeiterkammer (CAQL12) mentioned that check payments, cash payments directly from the payer to the payee, money orders, savings accounts and brokerage accounts are excluded from the scope of the PSD by the Austrian ZaDiG. But this respondent did not answer the question whether these services should be covered by the PSD to enhance the protection of consumers. As a result, their response was recorded as a 'no opinion' answer.

VKI (CAQS2) started with a description of the local situation, confirming the response given on this aspect by their co-respondents (CAQL12), but went further. VKI explained that the interpretation of the term 'payment instrument' was problematic in their view and left open the question of whether legislative provisions cover certain transactions (in local law). But to the question, whether the negative scope should be amended, they did not express their opinion so that the table is therefore removed for this Member State.

2.12.1.5 Positive scope (Definitions & PSD-Annex)

The Austrian consumer association Arbeiterkammer (CAQL12) criticised that payment institutions (which are not credit institutions) may issue a credit up to a period of 12 months, but the Austrian provision of ZaDiG is unclear in this regard.

The second Austrian consumer association, Verein für Konsumenteninformation (VKI), did not have any data on this matter.

2.12.1.6 Authorisation & Passporting

2.12.1.6.1 Authorisation

The question on authorisation assessed the perceived adequacy of the authorisation regime.

The Arbeiterkammer indicated that the Austrian legislator has in addition to the capital requirements of § 15 ZaDiG in § 5 paragraph 5 no. 4 and § 20 paragraph 5 ZaDiG provided the power to issue statutory instruments for additional reporting requirements. On this basis, the FMA issues a regulation, which demands, that payment institutions (like banks) are obliged to report enterprise-related indicators (balance sheet, risk, etc.). The impact on consumers by the current EC-requirements and reporting requirements cannot be judged. In spite of this authorisation regime the Austrian consumer advice received complaints of fraud.

2.12.1.6.2 Passporting

The Arbeiterkammer indicated that according to Article 25 of the PSD, the in one MS of the European Economic Area licensed payment institutions (home member state in the meaning of § 3 section 1 ZaDiG) may operate throughout Europe due to the freedom of establishment and services (in the so-called host member state according to § 3 section 2 ZaDiG). In the public institution payment register of the Austrian FMA are entered all payment institutions which are established in Austria (available on <http://www.fma.gv.at>), especially also if they are authorised by passporting (see § 10 ZaDiG). Besides payment institutions e.g. credit institutions, electronic money institutions, the Austrian National Bank (ANL) and the federal and state governments (as part of their public administration) are allowed to provide payment services. Although the market of the supply side is developing the association assumed that other payment institutions than banks are largely unknown by consumers.

2.12.1.7 Transparency and information requirements

VKI (CAQS2) answered the short questionnaire where only one general question was asked concerning information and transparency.

Arbeiterkammer Wien (CASL12) responded the long questionnaire and as a result provided more information about several aspects of information.

2.12.1.7.1 Free information principle

Arbeiterkammer Wien did not answer the question about the adequacy of the information received by consumers nor explained if consumers were able to shop around or not on the basis of this information. VKI also did not express their opinion to this question.

2.12.1.7.2 Pre-contractual information on single transactions

Arbeiterkammer Wien negated the question whether consumer receive the relevant information on single payment transactions. Furthermore they criticised the quality of the pre-contractual information on single payment transactions: The Austrian implementation act of the PSD demands in §§ 26 et seq. ZaDiG the clear and understandable pre-contractual information for single payments which should be free of charge. The Austrian consumer advice reported that they receive complaints of consumers about incomprehensible account statements, non-transparent charges and transfer orders. Moreover they added that consumers lack the knowledge about the possibility to use complaints and arbitration boards for their interests.

2.12.1.7.3 Framework contracts

a) Pre-contractual information for framework contracts

Arbeiterkammer Wien negated the question whether the pre-contractual information for framework contracts is clear and comprehensible as well as the question about the duly information of the consumers before the conclusion of the contract. That's why the respondent consumer association requires a reviewing of the PSD concerning the pre-contractual information of framework contracts so that the account holders are given a standard pattern of an offer and this pattern should be also available for consumers on the homepage.

Furthermore the Austrian consumer association reported on their yearly evaluation of the conditions for changes of the banking accounts, the quality of given information and customer consulting received by mystery shopping. The last study of 9/2011 showed that the information quality has improved. Information was more often "voluntarily" handed out to customers than in the past (e.g. the applications to open a banking account or to receipt a credit card, the general business conditions and price lists). But they also observed significant deficiencies concerning written information regarding interests and the changing of interest rates.

b) Contractual information for framework contracts and changing of conditions

Arbeiterkammer Wien reported on problems of the information about changes to framework contracts. Concerning the changing of conditions they expressed that customers are deterred from the use of objection because the provisions are often not known and difficult to grasp in their legal consequences if the customer gainsay or adopt the proposed changes.

Furthermore the consumer association pointed out that the common manner of changing the interest rates (credit, overdraft) is problematic and non-transparent because the result of their consumer survey about SEPA and payment transactions was that the customers do not feel well informed about interest rates and their changes.

c) Termination of framework contracts

The Austrian consumer association did not answer this question.

2.12.1.8 Surcharging & Rebates

VKI explained that under Austrian law (ZaDiG), it is not possible to use surcharges but that reductions can be granted.

This is a position that was confirmed by Arbeiterkammer Wien. They reported that the given options by the PSD of surcharging and offering rebates for the use of payment instruments are not always an advantage for cardholders and in some cases dysfunctional: e.g. some retailers do not accept credit cards, because the discount rates (alleged) are too high or because a specific limit of amount invoiced is not reached (card only usable if the minimum turnover is exceeded). These rejections erode the value of the credit card contract (for which the cardholder pays an annual fee). In Austria the legislator used the option to limit the right to request charges: according to the ZaDiG the accounting of surcharges is forbidden for specific payment instruments, but reductions can be granted. As a consequence: no fees can be charged for payments by debit or credit card. The same would also apply on the accounting of fees of payment forms.

2.12.1.9 Refund of an authorised and executed transaction

Arbeiterkammer Wien did not respond this question and in absence of information VKI also did not express their opinion.

2.12.1.10 Liability of payment service providers for unauthorised payments and their refund

The consumer association VKI reported on serious problems of liability: the loss or the theft of payment cards and the subsequent abuse by third parties were a common problem in the Austrian consumer advice. The damages can be considerable, especially if clients agreed to fix limits of

withdrawing. Many consumers are not aware of this problem and their rights. For this reason the Austrian consumer association proposed to improve the information given by the banks. The second Austrian consumer association, Arbeiterkammer Wien, reported that the Austrian legislator did not change the 150 euros limit for the payer's liability in case of unauthorised payment transactions. But they did not indicate any further experiences and only summarised the legal situation adopted of the PSD.

2.12.1.11 Execution times & value dates

The Arbeiterkammer reported no specific information on these matters. Also VKI did not answer this question about the execution time.

2.12.2 BELGIUM

The long questionnaires received from Belgium come from the organisations:

- Test-Achats and
- CRIOC.

2.12.2.1 Quality of responses

The Belgian Consumer Associations Test-Achats and CRIOC are listed in the European Commission's list of associations and networks as a national consumer organisation.³¹³

- The Belgium Consumer Association Test-Achats³¹⁴ consists of three legal entities: a cooperative association and two not-for-profit associations: the Cooperative Consumers' Association Test-Achats, The Belgian not-for-profit Consumers' Association Test-Achats, and the not-for-profit independent organisation for consumer protection.³¹⁵ The respondent did not self-evaluate. In our estimation from the quality of the responses provided, their knowledge of financial services and payment services are good. The estimations of the importance of payment services in particular and of financial services in general were estimated looking at the overall mission of the organisation (which covers all aspects of consumer protection).
- CRIOC is a Foundation in the public interest, the Centre for Consumer Organisation Research and Information (CRIOC)³¹⁶ that represents consumers within various authorities. Its board of directors consists of 17 Consumer Organisations.³¹⁷ The respondent CRIOC declared having a low knowledge of financial services and of payment services in particular.

³¹³ http://ec.europa.eu/consumers/empowerment/cons_networks_en.htm, last consulted 25/07/2012.

³¹⁴ Member of International Consumer Research and Testing (ICRT), European Bureau of Consumers Unions (BEUC) and Consumers International (CI). <http://www.test-achats.be/collaborations-internationales-s404023.htm> last consulted 19/07/2012.

³¹⁵ The Cooperative Consumers' Association Test-Achats handles the circulation of information to the consumer. The Belgian not-for-profit Consumers' Association Test-Achats is responsible for helping individual members. And the not-for-profit independent organisation for consumer protection is responsible for the coordination of intervention and arbitration.

³¹⁶ <http://www.crioc.be/FR/page-2.html> last consulted 19/07/2012.

³¹⁷ <http://www.crioc.be/FR/page-5.html> last consulted 19/07/2012.

2.12.2.2 One-leg transactions

Both consumer associations in Belgium clearly indicated that they would favour the inclusion of one-leg transactions in the scope of the PSD. This is because the extension would be an advantage for:

- cross-border transactions
- the information requirements and
- the right of refund.

2.12.2.3 Currencies

The two consumer associations of Belgium support an extension of the scope of the Directive to foreign currencies because of the foreseeable development that consumers then will be more confident to explore the market.

2.12.2.4 Negative scope

The consumer association Test-Achats reported that Belgium used the options to exclude some services of the scope of the PSD. Furthermore they pointed out the need to extend the scope of the PSD to mobile payments. However the second consumer association, OIVO-CRIOC, pointed out very clearly that they demand the inclusion of vouchers and store cards in the scope of the PSD. Furthermore they criticised the malpractice of consumers to buy with this cards (and the credit on it) everyday-goods, which should be stopped.

The activities to include in the scope of the Directive are:

- vouchers and store cards
- mobile payments

2.12.2.5 Positive scope (Definitions & PSD-Annex)

The consumer associations did not respond to this question.

2.12.2.6 Authorisation & Passporting

2.12.2.6.1 Authorisation

Question 8 assessed the perceived adequacy of the authorisation regime in place in each MS. The consumer association Test-Achats criticised that the used measures to guarantee the stability of the banking and payment systems have no positive effect on the consumer protection. The second consumer association of Belgium, OIVO – CRIOC, did not answer this question.

2.12.2.6.2 Passporting

In regard to passporting the OIVO – CRIOC did not answer the question and also the consumer association Test-Achats described only the national legal situation without expressing their experiences and the impacts on consumers.

2.12.2.7 Transparency and information requirements

2.12.2.7.1 Free information principle

The consumer association Test-Achats did not answer this question. But the second consumer association, OIVO-CRIOC, commented positively on this matter that they do not have any problems. We judged this answer as “yes” in regard to the question whether the free information principle is respected.

In regard to the question about “charges in line with actual costs” both consumer associations of Belgium commented on costs for transactions rather than costs for information so that their answers had to be excluded.

2.12.2.7.2 Pre-contractual information on single transactions

The consumer association Test-Achats did not answer this question but the consumer association CRIOC expressed that customers receive the pre-contractual information for single payments (such as maximum execution time and total cost) “in a correct way.” However, they would appreciate a European “uniform glossary of all terms” which should be accessible for all consumers “in an easy way”.

2.12.2.7.3 Framework contracts

a) Pre-contractual information for framework contracts

Both consumer associations negated the question whether the pre-contractual information is clear and comprehensible. The consumer association CRIOC cited the problem that consumers are not properly educated to understand the information which is given correctly. But Test-Achats expressed that the given information vary in presentation from one institution to another (this deters the possibility to compare), is in the majority of cases too long, unclear and sometimes also confusing so that the consumers are not duly informed. They suggest to limit the number of fees that may be claimed and to use a standard grid of presentation to grant transparency.

b) Contractual information for framework contracts and changing of conditions

CRIOC did not answer this question. But in contrast, Test-Achats reported on problems with the information about changes of framework contracts because customers have a business relationship with a bank in regard to different products and the changes of the conditions of the framework contract also affect the other individual conditions so that the personal autonomy of the customer might be in danger.

c) Termination of framework contracts

Test-Achats did not answer this question. CRIOC expressed that payment institutions do not always communicate modifications (e.g. the consumer right to terminate or the fact that silence on their part will bind them to the new contract).

2.12.2.8 Surcharging & Rebates

The consumer association CRIOC reported on very widespread practice of offering reductions and the payment of surcharges. They criticised that merchants still demand extra charges from

iff, London Economics and PaySys

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consumers when they pay small amounts with their card although the sellers almost get the service for free. Furthermore they expressed that the charges are “not excessive” but nevertheless “too much”.

Test-Achats also referred to the problem that costumers have to pay surcharges for the payment of a low-value purchase with their debit card. The occurrence of surcharges is often in contrast of rebates is the occurrence very rare. As a result Test-Achats stated that consumers do not have a choice between different payment methods and they have to pay for their right to pay.

2.12.2.9 Refund of an authorised and executed transaction

The consumer association CRIOC reported that they “haven't received any complaints on that topic” so that we judged their answer as “no” problems reported. The second consumer association of Belgium, Test-Achats, did not answer this question.

2.12.2.10 Liability of payment service providers for unauthorised payments and their refund

Both consumer associations of Belgium reported on serious problems in regard to the liability for unauthorised payments. The consumer association CRIOC cited as problems a very long time for refunding, the lack of awareness of the consumers of their refund rights as well as the required persistence to fight for their rights as obstacle (“Banks do not refund on their own”). The second consumer association, Test-Achats, pointed out the problem that the “negligence of the consumer” is not clearly defined so that the banks often claim this argument.

2.12.2.11 Execution times & value dates

The consumer association Test-Achats pointed out that the old legal situation offered more advantages for the consumers (shorter and cheaper execution).

The second consumer association of Belgium, CRIOC, did not receive consumer complaints on this matter and seemed to be satisfied with the current practice of execution times so that we judged their answer as “no” problems of non-compliance reported.

2.12.3 BULGARIA

The questionnaire (long) received from Bulgaria comes from the Bulgarian Financial Forum (ABV).³¹⁸

2.12.3.1 Quality of responses

According the presentation of the Bulgarian Financial Forum (ABV) in 2004,³¹⁹ BFF is an independent national non-Governmental Organisation. ABV endeavours to promote integrity, efficiency and high ethical standards in financial services and financial protection of consumers. The respondent declared having an excellent knowledge of financial services and of payment services in particular.

³¹⁸ <http://www.abv.bg/>, last consulted 25/05/2012.

³¹⁹ <http://bfforum.org/archives/Ombudsman%20%20presentation.ppt>.

2.12.3.2 One-leg transactions

The respondent indicates: *'It would be good to find a way for cooperation about payment services for US based companies'*. This answer indicates a strong pro-disposition in favour of the inclusion of one-leg services in the scope of the Directive although it does not directly say so.

2.12.3.3 Currencies

The Bulgarian financial forum gave the following answer: *'Bulgaria is not in the so called eurozone. At the same time the BGN is pegged to the euro. And the scope of the Directive covers the transactions in the local currency'*. The respondent fails to identify the need to extend the scope of the Directive to currencies others than the euro or the currency of a MS. As a result, this answer will not be counted in the overall responses and a return of no opinion is entered for this respondent on this question.

2.12.3.4 Negative scope

The consumer association of Bulgaria would prefer the extension of the scope of the PSD to the following services, because they are important for the national payment business:

- Mobile payments
- Third party ATM

2.12.3.5 Positive scope (Definitions & PSD-Annex)

The respondent did not find any particular issues with the definitions but expressed the concern that those definitions were only really understandable for financial experts. The respondent called for additional educational programs for consumers on this point.

2.12.3.6 Authorisation & Passporting

2.12.3.6.1 Authorisation

The Bulgarian respondent had no comments on the topic authorisation.

2.12.3.6.2 Passporting

But the Bulgarian respondent noted that the *'passporting regime provides positive impact on the consumers'*. Mainly this was due to a *'bigger number of choices'*. It is clear that the Bulgarian respondent sees passporting as creating benefits in terms of competition on the market. This view is consistent with the answer to question 3 which pointed towards the creation of new payment services. It seems to indicate that the Bulgarian market is developing in the wake of the implementation of the PSD.

2.12.3.7 Transparency and information requirements

The Bulgarian response highlights some major issues regarding the application of the Directive on information and transparency requirements.

2.12.3.7.1 Free information principle

Indeed, the Bulgarian respondent reports that the free information principle (laid down in Article 32) is 'not respected'. The answer continues explaining that 'consumers are supposed to pay the so called information tax by some institutions'.

The respondent gives examples of areas where charges imposed on obtaining more information or more frequent information is not in fact in line with the PSP's actual costs, highlighting further compliance issues within the industry. Indeed, it is reported that 'there are samples of extremely high taxes for information that do not correspond with actual cost'. It gives the example, of POST BANK that charges 500 BGN (EUR 250) for information concerning the debit and payment account of the consumer. The consumer association hastens to point out that this not an isolated example.

2.12.3.7.2 Pre-contractual information on single transactions

Furthermore, consumers do not receive the relevant information concerning pre-contractual information for single payments. For example, The Bulgarian Financial Forum cites a transaction done two months ago with the United Bulgarian Bank where no information was given to the consumer on time limits, the total cost and other elements that ought to have been clearly communicated. The respondent also cites that this situation is also germane to DSK Bank in their experience.

2.12.3.7.3 Framework contracts

- ***Pre-contractual information for framework contracts***

When some information is communicated, in cases of framework contracts for example, the consumer association reports an issue concerning the delivery of this information that should in the opinion of the report writer be of concern to the legislator. Indeed, the respondent indicates: 'This set of information is given to the consumer together with the framework contract. In fact the consumers have no chance to get familiar with them in advance'. This response points towards a need to not only require provision of information but also timely delivery so as to enable consumers to get familiar with the information concerned. As the Commission is wary of ensuring that consumers can 'shop around' being able to compare terms and conditions or at least have access to them before the consumer is committed appears essential. Yet as the respondent noted in its answer concerning pre-framework contract information, 'the consumers in Bulgaria are not duly informed'.

- ***Contractual information for framework contracts***

Things do not improve during the contractual phase since, where the Bulgarian association reported that it had knowledge of 'lots of problems' concerning information to be provided during the contractual period as per Article 43. The respondent points towards the example that 'no Bulbank officer was able to provide the General Bank Conditions on card payments' and the fact that these are not even available on the bank's website. Further, Bulgarian consumers also seem to be faced with information gaps when it comes to receiving notice of changing conditions of a framework agreement. Indeed, the respondent noted here again that they had lots of examples regarding this issue and again cited Bulbank as a case in point reporting practices where the bank had only informed consumers after a change was made and even cases where no notice was given at all.

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- **Termination of framework contracts**

The respondent while not contributing any information on notice period for the termination of framework contracts did explain that 'BulBank charges its clients for termination of payment service account after 84 months of use'. Keeping in mind that the legislation in place requires termination free of charge for any contract over 12 months once the initial period has been reached, shows blatant non-compliance in this issue.

2.12.3.8 Surcharging & Rebates

The Bulgarian consumer association reported on different rebates which are offered by the Union Bank, UBB and the SIBank e.g. for the payments to the Health Insurance Institution or taxes. But they did not comment the practice of surcharging so that we judged their answer of this question as no opinion.

2.12.3.9 Refund of an authorised and executed transaction

The Bulgarian consumer association reported on problems of the refund of authorised cross-border payments, especially which deal with German merchants.

2.12.3.10 Liability of payment service providers for unauthorised payments and their refund

The consumer association of Bulgaria criticised in regard to unauthorised payments the long time for refunding (21 days). Furthermore they are missing a further financial compensation which deals with the actual damage.

2.12.3.11 Execution times & value dates

The Bulgarian consumer association did not express their opinion to this question.

2.12.4 CYPRUS

The short questionnaires received from Cyprus come from

- the Cyprus Consumers' Union & Quality of Life and
- the Cyprus Consumers' Association.

2.12.4.1 Quality of responses

The respondents Cyprus Consumers' Union & Quality of Life and the Cyprus Consumers' Association are listed in the European Commission's list of associations and networks as a national consumer organisation.³²⁰

According to the European Commission's country profiles, Cyprus Consumers' Union & Quality of Life is an independent, non-political, non-governmental and non-profit organisation, registered under the Cypriot law (reg. nr. HE 136674), which promote the rights and the interests of the consumers in Cyprus. The Union is represented in a large variety of Institutions in Cyprus (i.e. the

³²⁰ http://ec.europa.eu/consumers/empowerment/cons_networks_en.htm, last consulted 25/07/2012.

Advisory Committee chaired by the Minister of Commerce, Industry and Tourism, in Parliamentary Committees etc.) and abroad.³²¹

According to the European Commission's country profiles, it is a non-political, independent, non-governmental Consumers Organisation. The Cyprus Consumers Association represents the consumer interests in over 30 committees in Cyprus, and also in the European Union (European organisations such as, European Consultative Groups; European Consumer Consultative Group (ECCG), and ECCG subgroup on financial services (FSCG), (BEUC & ANEC) and Consumers International (CI).

The respondent Cyprus Consumers' Association declared to have a very low knowledge of financial services and of payment services. Both consumer associations of Cyprus answered the short questionnaire where general questions were asked so that the responses are abbreviated and more overall.

2.12.4.2 One-leg transactions

Both consumer associations did not answer this question.

2.12.4.3 Currencies

The Cyprus Consumers' Union & Quality of Life (CAQS11) reported on this question that the charges for payments in foreign currencies (e.g. British pound, US-Dollar) are higher than for payments in euro. We interpreted the mention of price-discrimination as a pre-disposition to reporting some support towards an extension of scope, since a negative impact was felt without being able to consider this was a categorical yes. As a result, it was considered that this respondent probably would favour the extension of the scope of the Directive.

By contrast, the second consumer association of Cyprus (CAQS14) clearly argued for the extension of the scope of the PSD on cross-border transactions in foreign currencies.

2.12.4.4 Negative scope

The consumer association Cyprus Consumers' Union & Quality of Life did not respond to this question. However the Cyprus Consumers' Association mentioned the growing market of it purchases and mobile payments. They expressed that the legal system – in this case the PSD – should keep up with the time and so the scope has to include these following services:

- Third party ATM
- Mobile payments
- IT purchases.

2.12.4.5 Positive scope (Definitions & PSD-Annex)

The two consumer associations of Cyprus did not respond to this question.

³²¹ http://ec.europa.eu/consumers/overview/country_profile/cy_web_country_profile_en.pdf last consulted 23/07/2012. * based on Interview on Telephone by Achim Tiffe on 16. July 2012.

2.12.4.6 Authorisation & Passporting

Both consumer associations of Cyprus did not answer these questions.

2.12.4.7 Transparency and information requirements

Both consumer associations of Cyprus answered the short questionnaire where only one general question was asked concerning information and transparency.

They judged the information requirements as inadequate in practice. In the focus of the misinformation are: credit cards, fees, interest rates and the change of conditions. Either the information is given "at the minimum level" or in a not understandable form (e.g. too small letters). Against this background the Cyprus Consumers' Association mentioned that they are not satisfied with the possibilities of the consumers to shop around.

2.12.4.8 Surcharging & Rebates

The Cyprus Consumers' Union & Quality of Life reported on some practices of surcharging which still exist although there is a prohibition. For example merchants "try with charging to let the consumer use the preferred payment system."

The Cyprus Consumers' Association did not respond to this question.

2.12.4.9 Refund of an authorised and executed transaction

Both consumer associations of Cyprus did not answer this question.

2.12.4.10 Liability of payment service providers for unauthorised payments and their refund

The Cyprus Consumers' Union & Quality of Life cited different problems in regard to the liability for unauthorised payments: the consumers have to demonstrate the fault of the banks so that the burden of proof is an obstacle. Furthermore they emphasise that the time for refunding is too long (e.g. three months to get the money back) and the charges for a new card costs are high (EUR 10).

The second consumer association could not report on any bad experiences.

2.12.4.11 Execution times & value dates

The Cyprus Consumers' Union & Quality of Life mentioned only the advantages of the new regulation under the PSD: faster execution times (especially via internet), so that we judged their answer as "no problems reported".

The second consumer association of Cyprus did not express their opinion to this question.

2.12.5 CZECH REPUBLIC

The questionnaires received from Czech Republic come from

- the Debt Advisory Centre - Counselling in Stringency and
- the Consumer Defence Association of South-Moravia Region.

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2.12.5.1 Quality of responses

The respondent Consumer Defence Association of South-Moravia Region (SOS) is the main consumer association that features in the European Commission's country profiles for consumer associations and networks.

According to the European Commission's country profiles, SOS is an independent, non-governmental and non-profit democratic member-based consumer organisation (more than 10,000 members).³²² The respondent SOS declared to have a good knowledge of financial services and of payment services.

The Debt Advisory Center is a non-governmental non-profit organisation that provides advice to consumers who are threatened by or already in a state of insolvency.³²³ The respondent Debt Advisory Center - Counseling in Stringency declared having a good knowledge of financial services and of payment services in particular.

The consumer association SOS answered the short questionnaire where only general questions were asked. But the Debt Advisory Centre responded the long questionnaire and as a result provided more information about several of the following aspects.

2.12.5.2 One-leg transactions

The Debt Advisory Centre of Czech Republic responded that cross-border transactions involve problems regarding information about final fees and liability. Because they described the problems as "not urgent" we interpret the answer to the question whether the scope of the PSD should include one-leg transactions as "maybe". However the Consumer Defence Association of South-Moravia Region expressed clearly that the scope of the PSD should not be extended because a European act may only have an impact on the territory of the EU.

2.12.5.3 Currencies

The Debt Advisory Centre did not answer this question. However the second consumer association clearly argued for the extension of the scope of the PSD to foreign currencies. They reported about the Czech Payment Act 284/2009 which allows settlements that different rules (especially in favour of the consumer protection) do not apply on the contracts of payments in foreign currencies. Unfortunately many PSP's apply this kind of settlements (especially for execution times) so that the consumer association would prefer a concrete stipulation of the PSD to cover within the scope such transactions and guarantee the same level of consumer protection for them.

2.12.5.4 Negative scope

The consumer association "SOS" expressed clearly that from their point of view it is not necessary to amend the negative scope because they do not receive complaints about it. In contrast, the Debt Advisory Centre of the Czech Republic mentioned the problem of money exchange and argued in this regard for a clarification of an extended scope of the PSD.

³²² http://ec.europa.eu/consumers/overview/country_profile/CZ_web_country_profile.pdf.

³²³ <http://www.fininc.eu/gallery/documents/capic/poradna-cz-short-presentation.pdf>.

2.12.5.5 Positive scope (Definitions & PSD-Annex)

The consumer association “SOS” did not report any difficulties with the definitions of the PSD. But they expressed the importance of pre-paid cards in the payment business and the problems of customers to distinguish between prepaid, credit or debit cards and the different applying regulations. For this reason we interpret their answer as demand to include pre-paid cards in the ‘positive’ scope of the PSD.

The Debt Advisory Centre of the Czech Republic pointed out that the definitions of the PSD are blended with the directive on e-money.

2.12.5.6 Authorisation & Passporting

2.12.5.6.1 Authorisation

The Debt Advisory Centre did not answer this question. The consumer association “SOS” considers the capital requirements and their saved funds as well as the supervision of the Czech National Bank as very important for the consumer trust in PSP. In absence of any information they could not express the experiences on rogue payment services.

2.12.5.6.2 Passporting

The Debt Advisory Centre did not answer the question about passporting. But the consumer association “SOS” expressed that “consumers are usually not aware of the difference” between nationally authorised payment institutions and those that use passporting because the foreign authorisation must not be advertised. In absence of any further information they could not mention their experience and the positive or negative impacts of passporting on the national customers.

2.12.5.7 Transparency and information requirements

The consumer association SOS answered the short questionnaire, so that their response is abbreviated and more general concerning the aspects information and transparency.

They reported on received consumer complaints about insufficient information in regard to charges. The problems result from the quantity and form of the given information which is not comprehensible for many consumers and does not help them to “shop around”. For this reason the consumer organisations and state offices provide financial education programs.

The Debt Advisory Centre responded the long questionnaire and gave the following responses to the questions on transparency and information.

2.12.5.7.1 Free information principle

The Debt Advisory Centre did not express directly their opinion to this question of charges in line with actual costs, but they pointed out the fees which are demanded for requests of older bank statements.

2.12.5.7.2 Pre-contractual information on single transactions

The Debt Advisory Centre affirmed that consumers receive the relevant pre-contractual information on single transactions; furthermore they mentioned that no further problems are recorded in this regard.

2.12.5.7.3 Framework contracts

a) Pre-contractual information for framework contracts

The Debt Advisory Centre mentioned in regard to framework contracts that the bundling of services leads to the opacity of the price for a single transaction.

Furthermore they expressed that no problems are recorded concerning the duly information of consumers before concluding a longer term contract.

b) Contractual information for framework contracts and changing of conditions

The Debt Advisory Centre considers the period of two month before the changes to a framework contract as “sufficiently long”. But they expressed that the information about changing interest rates are often “hidden in the ... volume of the contract”.

c) Termination of framework contracts

The Debt Advisory Centre did not answer this question.

2.12.5.8 Surcharging & Rebates

The consumer association SOS reported on some practices of surcharging which still exist. E.g. PPL demands surcharges to the amount of 1.4%. Also some merchants demand surcharges. In contrast the consumer association does not have information about offered reduction. The Debt Advisory Centre, did not respond to this question.

2.12.5.9 Refund of an authorised and executed transaction

The Debt Advisory Centre could not report on any problems in regard to the refund of authorised transactions. And also the second consumer association, SOS, could not report on complaints in this regard.

2.12.5.10 Liability of payment service providers for unauthorised payments and their refund

In absence of consumer complaints the consumer association SOS could not report on problems of liability. The Debt Advisory Centre, did not answer this question.

2.12.5.11 Execution times & value dates

The consumer association SOS only described the national legal situation after the enforcement of the PSD but did not express their opinion.

The second consumer association of the Czech Republic, the Debt Advisory Centre, said explicitly: “No problems recorded.”

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2.12.6 GERMANY

The questionnaire received from Germany comes from Verbraucherzentrale Bundesverband e. V. (vzbv) <http://www.vzbv.de>, the Federation of German Consumer Organisations.

2.12.6.1 Quality of responses

According to the European Commission's country profiles, the Federation of German Consumer Organisations (vzbv) is a non-governmental umbrella organisation for the 16 consumer advice centres in the federal states and for 26 other consumer-policy oriented associations. It represents the interests of consumers in public and vis-à-vis policy-makers, public authorities, economic operators and the civil society on a national, European and international level.³²⁴ The respondent vzbv declared to have an excellent knowledge of financial services and of payment services in particular.

2.12.6.2 One-leg transactions

The German consumer association clearly supports the extension of the Directive's scope to cover one-leg transactions. Part of the rationale for this support is the idea that if someone is doing business with consumers in the EU, they should be made to keep EU standards. The usefulness of such rule was demonstrated with the example of a German consumer transacting with a Russian entity concerning the purchase of a property. An error in the payment left the consumer unable to see the return of a substantial chunk of the sum he had paid.

2.12.6.3 Currencies

The German consumer association supports an extension of the scope of the Directive to foreign currencies.

2.12.6.4 Negative scope

The German consumer Association supports amending the negative scope, including activities currently excluded in the scope of the Directive and mentioned the following services in particular, because the same problems of valuation and fees arise as with other payments:

- IT purchases
- Cash back
- Third party ATM

Furthermore vzbv pointed out the development that large internet entities (e.g. amazon, eBay) create internal payment mechanisms with "own significance" which they offer smaller providers for their clients. It should be guaranteed that these entities and their mediated payment services are also in the scope of the PSD to prevent any circumvention.

³²⁴ http://ec.europa.eu/consumers/overview/country_profile/DE_web_country_profile_en.pdf.

2.12.6.5 Positive scope (Definitions & PSD-Annex)

The German consumer association expressed real concerns about the danger of circumventions of consumer protection if the PSD is not explicitly applicable on overlay services (online-banking-based e-payments).

2.12.6.6 Authorisation & Passporting

2.12.6.6.1 Authorisation

vzbv assessed the perceived adequacy of the authorisation regime in place in each MS. The German respondent conceded that so far they had ‘not registered any directly negative experiences’”. However, they expressed some concerns with a number of issues:

- Overlay services and the fact that they do not currently need authorisation and yet, could be abused by rogue traders for money laundering schemes for example.
- Wide definition of e-money. According to the respondent, consumers may be surprised by the fact that Paypal runs an e-money service and not a real account.
- Because funds on bank accounts are secured by Deposit Guarantee Schemes, it seems important to better distinguish between accounts properly so-called and small amount payment chips and account-like services that consumer may mistake in their nature.

2.12.6.6.2 Passporting

The German respondent expressed their knowledge of entities that have passported in to Germany and cites Paypal (with a registration in Luxemburg) as an example. vzbv has ‘not yet noticed disadvantages’ due to passporting but is aware of difficulties that may occur in the future. One such difficulty is the disagreement between two MS authorities as to the nature of a service provided.

The German respondent built a case for a ‘driving license concept’ to replace the passporting regime. The respondent notes that this concept is one pushed for by BEUC and that they side with this approach.

The benefit of an EU wide licensing scheme is that it could:

- Enable all national authorities where the service is effectively provided to act in case of lack of compliance or harm to payment users or security.
- The license could be withdrawn immediately in case of serious violation. The respondent justifies its position by explaining that other MS should not be forced to allow a provider that already did damage in another state because of existing passporting measures. The German respondent stated: ‘the internal market is not a place to fail up to 27 times before getting stopped’.
- Avoid forum shopping and arbitrage with companies unable to establish themselves in the MS where they feel they will be least supervised or reprimanded in case of misconduct.

2.12.6.7 Transparency and information requirements

The German response highlights some major issues regarding the application of the Directive on information and transparency requirements.

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2.12.6.7.1 Free information principle

The German response highlights some major issues regarding the application of the Directive on information and transparency requirements.

Indeed, the German respondent reports that while the association does not have yet specific experience on general information and fee levels, it is confronted with an issue of access to this information and pointed us towards a document publically available on its website concerning a full survey conducted by one of its branches in the Hessen Region in Germany. The results of this survey conducted in March 2012 showed worrying levels of missing price information for consumer published on the websites of banks (savings banks, credit unions).³²⁵ Even the existence of two different price lists (“Preis- Leistungsverzeichnis” [PLV] and “Preisaushang” [PA]) leads to confusion for consumers. The list of prices and services „Preis- Leistungsverzeichnis (PLV)” was not published in 59 per cent and the price display “Preisaushang” was not available in 52 per cent of the examined websites. In these cases the websites often advise of the possibility to review the list of prices in the branch, which is for users of online banking useless. Even if the price lists are published on the websites, the consumer can find them mostly only at hidden place. The respondent notes that when information is available in the form of price list it is lengthy and technical with charges varying widely. It is not clear to the respondent that consumers are well aware of the existence of such price list.

The vzbv indicated in its response that it had located examples of charges for extra information that looked worthy of legal challenge and had done so in front of the Frankfurt courts. The cases and their outcome to date are featured in the below case studies.

Box 17: Case study – Deutsche Bank sending of non-collected statements

Deutsche Bank charged consumers EUR 1.94 for mailing statements of accounts when consumers had not recalled them within 30 days of the statements being issued. Vzbv filed a lawsuit which the LG Frankfurt (2-25 O 260/10) decided. Deutsche Bank lost the case and the lawsuit was successful. vzbv argued that banks are obligated to inform the customers once a month about the payment transactions and the account balance (via internet, printer in the branch or by mail). The demanding of a fee for the information is only possible in special exceptional cases (e.g. additional copy). The court considered that a customer does not automatically demand a mailing statement of his account if it is not collected after 30 days. Rather it is left to the discretion of the bank to send the statements of accounts via mail or not to do.

³²⁵ See <http://www.verbraucher.de/UNIQ134063320310606/link1042271A.html>, accessed 25 June 2012.

Box 18: Case study – Commerzbank’s reprint of statements

Commerzbank charges EUR 15 for each reprint of a bank account statement. vzbv comments that as a result, a reprint of a year’s worth of statement for taxation purposes could prove rather costly for consumers. The respondent noted that other market players made statements available free of charge statements to be downloaded by consumers for a decent period of time after their issue.

With this in mind, the charges applied by CommerzBank seemed boldly exaggerated, especially since the charge applies to reprints without making a difference between those statements that the bank can easily access and those that require access to archived documents. The vzbv sued Commerzbank on this issue and lost in their first instance case in April 2012 (LG Frankfurt a.M. 2-19- O 409/11) because it was the opinion of the court that banks need not reflect accurately to the actual costs, also a lump sums is adequate. This point of view contradicts other court decisions concerning the refund of bank expenses and services, which are all based on the criterion of the actual costs - like demanded of the PSD (e.g. BGH XI ZR 244/90 and OLG Köln 13 U 95/00 [costs for the deletion of a mortgage], BGH XI ZR 61/11 [costs for distance calls, postage, notary fees], LG Frankfurt 2/10 O 192/11, 2-10 O 192/11 [costs for statement of account], OLG Bamberg 3 U 53/11 [costs for the information of the consumer about a legitimate rejection of a remittance])

2.12.6.7.2 Pre-contractual information on single transactions

The German Federation indicated that it did not currently hold specific data on this issue but had noted irritating practices with regards to ATM withdrawal in particular. For example, vzbv noted that concerning cash withdrawal of third party ATM that are now charged by ATM providers’ in Germany (and not by the consumer’s bank anymore), most ATM provider do disclose information on costs. However, the way the information is delivered is problematic:

- The information concludes the transaction,
- Pin and amount requested have already been entered by the consumer.

It is clear that in those instances many consumers are already well engaged in the transaction and will not abort it. It is therefore also an issue of timing of the information that needs to be taken into account here. The German federation also reports cases where the ATM informs by way of stickers on the ATM or in the vicinity of the ATM. This causes problems as consumers may not notice the information disclosed in the vicinity of the machine, or pay little attention to the notice in small writing on the machine itself.

The German experience points towards a need to assess the way information is being disclosed rather than just the content of the information that needs to be given to consumers if the Commission wants to ensure consumers can shop around and make full use of developments in the PSP market. In addition, it is essential it seems to ensure full compliance with the law in this area so as to protect consumers adequately and ensure a full functioning market.

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2.12.6.7.3 Framework contracts

a) Pre-contractual information for framework contracts

Some issues regarding pre-contractual information on framework contract are reported (Question 18). The main complaints here concern the way in which existing information is being communicated to consumers rather than perhaps its actual existence. Indeed, the respondent noted that normally consumers are provided with lengthy conditions and prices. The respondent explained: 'Sending bunches of pages does not inform in time nor allow [shopping] around in a comparable way'. Often information available on the Internet leaves consumers with a lack of clarity as to the prices and conditions that will apply to them since the institutions normally explain that the prices and conditions may vary depending on branches where an account may be held for example. The respondent pointed us to a practical example, that of STADTSPARKASSE Grebenstein.³²⁶ On the website of STADTSPARKASSE Grebenstein are only stated the prices of selected services (e.g. use of ATM, remittance and direct debits, but not of the whole offered payment services and other probable costs (e.g. for a refusal and revocation of a payment order or in case of incorrect unique identifiers).

Furthermore, the pre-contractual information required under Article 42 about key general pieces of information is according to our respondent only located amongst the contractual terms and price list and thus not easily accessible to consumers (Question 19). The issue is compounded by the fact that such terms and conditions are often mixing different types of services (savings accounts, fees for deposits) and cover a wide range of contracts.

This clearly points towards once again a need for perhaps more formal rules concerning how consumers ought to be informed rather than simply requiring information to be communicated without insisting on clarity and accessibility for consumers. The Writer of this report feels this is clearly an issue that seems to be important to consumers and not yet well catered for by the PSD.

b) Contractual information for framework contracts and changing of conditions

Things do not drastically improve during the contractual phase. The German respondent reported that as was previously commented there are instances known with consumers having a right to receive on request contractual terms on paper or another durable medium, but noted that they had no hard data to contribute on this. Further, German consumers also seem to be faced with information gaps when it comes to receiving notice of changing conditions of a framework agreement. Indeed, the respondent noted that it had in the past (2011) taken legal action in those areas.

However with regards to notification of changes under Article 42 (Question 22), the vzbv explained that it is taking legal action and thus has knowledge of non-compliant practices in this area. However, because of on-going cases, it declined to share the precise information on those cases but volunteered the following examples of bad practices:

- A Berlin bank not informing consumers about their option to cancel the contract. Legal action initiated in May 2012.

³²⁶ https://www.stadtparkasse-grebenstein.de/module/static/preise_hinweise/details/index.php and https://www.stadtparkasse-grebenstein.de/privatkunden/konten_karten/girokonto_online/details/index.php, accessed 25.06.2012.

- Provider suspected to having switched consumer to a different account type without informing them. Legal action under consideration.
- Changes of co-branding stopping consumers making full use of their payment card on both side of their MS's border. The case concerned a PSP near the Dutch/German border. Those consumers had been using the Maestro scheme and were used to use their debit card to pay at supermarket, make ATM withdrawals. Following the switch to Cirrus, the consumers were unable to pay in supermarkets in the Netherlands.
- Commerzbank switching credit cards without duly informing consumers of the switch and proceeding against consumer will.³²⁷

Box 19: Case study – Commerzbank changing credit cards

After the takeover of Dresdner Bank, Commerzbank replaced Visa credit cards (Visa) of Dresdner Bank customers with new MasterCards. The customers received the new credit card with information about the changing but without asking for acceptance. Furthermore the old Visa card lost the validity after a short time. This unauthorised changing of the account's credit card from "Visa" to "Master" was the matter in dispute of a law suit (LG Frankfurt am Main, 2-05 O 192/11). vzbv was successful in this legal action of 2011. The court argued that the replacement of a credit card is not merely a technical and organisational process. A credit card contract is a framework agreement which cannot be changed without the consent of both parties. Especially there is a need for the consent of the customers because they often choose a special credit card type e.g. due to the number of terminals in their preferred area.

While the cases highlighted show that compliance is far from being good and should prompt activity in the field of enforcement as well as open a thought process on how best to prescribe information that will indeed be meaningful to consumers, further issues need to be tackled at this stage.

The German respondent indeed notes that it is 'problematic to alter important aspects of a contract by remaining silent'. And yet by allowing framework contracts to contain clauses specifying that the consumer is deemed to have accepted future changes, this is what the PSD enables.

The German association acknowledges that it may not be in the interest of consumers to have to agree to all 'petty and formal changes'. However, they press for a distinction to be made between those small changes and changes concerning important aspects of the framework contract. The association reports case law on this matter that may in Germany prove rather unhelpful to consumers and may need further consideration. Furthermore, changes concerning interest rates and exchanges rates are flagged as a major issue. There is case law in Germany clearly indicating that arbitrary changes to interest rates according to equitable discretion are illegal. The jurisdiction created special rules for the validity of clauses which allow the bank to change the interest rates (in the lending as well as in the deposit business) by adaption to the market interest rates. This principles of the jurisdiction influenced the legislator and the rules about the changing of interest rates were partially integrated in the German credit law (e.g. see Article 247 §§ 15, 17 EGBGB regarding the reference interest rates). One of the most important and established rules

³²⁷ <http://www.vzbv.de/7929.htm>, accessed 25.06.2012.

for adaption clauses on interest rates is that the changing should pass the raise as well as the fall of the market interest rates on to the costumers, e.g. if a certain parameter is crossed (BGH, III ZR 195/84). Regarding this legal problem Vzbv pointed out some cases in which the fallen interest rates was not adapted or later than the discrepancy of interest rates occurred. Yet the introduction of the PSD has disturbed these principles of jurisdiction with potential consequences for consumers.

c) Termination of framework contracts

The respondent did not have knowledge of instances where consumers are required to give longer notice period than those prescribed by law. The respondent also explained that in Germany typically closing fees were illegal and thus this explained why little problems were to be reported. The respondent however acknowledged that this was not the case in all EU countries and thus vigilance on this issue was necessary. However, the respondent did report issues with the closure of bank accounts leaving consumers 'unbanked'. This is a big issue in Germany but appears beyond the remit of this report.

2.12.6.8 Surcharging & Rebates

Furthermore vzbv explained (question 36) that the German law forbids the right to request charges for the use of payment instruments, only rebates are allowed. In Germany these rebates are only common in certain sectors, e.g. airways and petrol stations. However, the German consumer association considers that the implementation of the PSD has not a significant bearing on the charges: only MasterCard allowed charges in the past. In summary, vzbv and BEUC are worried about rebates as well as about surcharges because both can affect the price transparency.

2.12.6.9 Refund of an authorised and executed transaction

The German consumer association points to the previous legal situation of German direct debit with "Einzugsermächtigung" and asserts that the refund rights of PSD "were not necessary" or contain disadvantages. They are worried about the plans of other MS to introduce non-refundable direct debits and consider the stipulations and conditions of Article 62 of the PSD as a "close restriction to a general refund right, that payment providers themselves deemed not necessary." With reference to the positive experiences in Germany with "Einzugsermächtigung" and the terms of the SEPA rulebook (Chapter 4.3.4) vzbv demands the reformation of Article 62 and 63 of the PSD for an unconditional refund right because consumers do not abuse their power of refunding regarding the consequences that "they have to face the extra costs" and the refund of a payment does not influence the claim to that payment, if there are no valid objections by the costumer.

Concerning the current conditional refund right they prognosticate that "the only option for consumers could be the refund by court order which at least for low payments a lot of consumers would not dare to do for legal costs."

2.12.6.10 Liability of payment service providers for unauthorised payments and their refund

Regarding the liability of payment service providers, vzbv negated that in case of unauthorised payment transaction customers immediately receive the refund and further financial compensation. Most of the complaints about unauthorised payment transaction are adequately dealt, only certain cases are known that "turned out to be of substantial hassle to the consumer." Furthermore the German consumer association expressed for the reversal of the burden of proof

iff, London Economics and PaySys



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for unauthorised transactions issues with jurisdiction and legal reasoning. Concerning § 675w BGB as German implementation of Article 59 of the PSD the Federal Government stated that the previous *prima facie* proof would still be possible. Consequently some courts (et.al. AG Frankfurt of 10.11.10 (29 C 1461/10-85) continued to decide on the basis of *prima facie* proof and blamed consumers to have committed gross negligence.

Box 20: Case study – Stolen purse (Kammergericht Berlin - 10 S 10/09)

The claimant left her purse in the glove box of the locked car. The theft broke into the car, stole her purse and drew money with the stolen cash card a short time later. The Berlin court used the *prima facie* proof for gross negligence of the consumer based on the circumstances that a) the cash card and b) the security code were left together in the car so that the claim was dismissed by the Kammergericht Berlin.

The German consumer association pointed out that these retaining principles of jurisdiction and of *prima facie* proof avoid the stipulations of PSD, the whole system of shared liability and the limitation of the consumer to EUR 150 because there is no possibility to object simple negligence. Based on these grounds vzbv demands the clarification that Article 59 of the PSD limits the options to apply *prima facie* “to avoid further malpractice by courts”.

2.12.6.11 Execution times & value dates

vzbv mentioned that the previous execution times were also fast. The problem of consumers without access to a bank account is not the execution time of transactions, they “suffer of extreme extra costs for getting cash or accepting cash for a cashless payment.”

2.12.7 DENMARK

The questionnaire received from Denmark comes from TAENK Forbrugerrådet <http://taenk.dk/om-os/about-us>, the Danish Consumer Council.

2.12.7.1 Quality of responses

The respondent Danish Consumer Council is the one of the main consumer association that feature in the European Commission’s country profiles for consumer associations and networks.

According to the European Commission’s country profiles, The Danish Consumer Council is the most well-established consumer organisation in Denmark. The Consumer Council is an umbrella organisation and includes 30 national member organisations and five local consumer groups.³²⁸ The respondent did not self-declare its expertise, but it is considered that the respondent has a good level of expertise in the area.

2.12.7.2 One-leg transactions

There is no answer to this question.

³²⁸ http://ec.europa.eu/consumers/overview/country_profile/DK_web_country_profile.pdf.

2.12.7.3 Currencies

The Danish consumer council did not answer this question.

2.12.7.4 Negative scope

TAENK Forbrugerradet expressed concern about an absence of legal clarity concerning a particular example concerning transactions initiated by a bank as a creditor.

Box 21: Case study – ‘A consumer has a loan in a bank.’

The consumer experiences economic difficulties and is no longer able to pay all his bills. In this case Danish banks will make sure that they receive what they are owed by quickly deducting money from the customer’s account when he receives his monthly salary. If the consumer does not give consent to this transaction, is the transaction to be considered unauthorised (Article 54)? Or are such transactions excluded from the scope of the Directive?’

As this answer concerns directly the interpretation of an article of the Directive and not the negative scope of the PSD, we have considered that the respondent did not give an opinion to this question.

2.12.7.5 Positive scope (Definitions & PSD-Annex)

See response concerning the negative scope.

2.12.7.6 Authorisation & Passporting

The Danish respondent did not make any comments on both areas.

2.12.7.7 Transparency and information requirements

The Danish response highlights some important issues regarding the application of the Directive on information and transparency requirements.

2.12.7.7.1 Free information principle

The Danish respondent reports that banks typically require their customer to pay for their monthly account statement if they want it on paper and offer it for free if their customers opt to receive it. This is of course an issue for those consumers who do not have internet access as the respondent noted.

This is worrying information that clearly supports a lack of compliance with the principle of free information.

The Danish association did not answer our question on costs being in line with the PSPs actual cost.

2.12.7.7.2 Single payments

The Danish respondent did not populate those fields in our questionnaire.

2.12.7.7.3 Framework contracts

a) Pre-contractual information for framework contracts

Some short comments regarding pre-contractual information on framework contract are reported. The respondent indicates that for payment cards and direct debits, information governing framework contracts was provided to consumers, but this was not the case concerning payment accounts, thus highlighting an important gap in information.

This is compounded by the fact that Article 42 of the PSD, which requires disclosure of basic key information is also reportedly not well complied with in Denmark. Indeed, the response stressed the fact that 'in Denmark it is a widespread problem that consumers are misinformed about their rights (...). This is also a problem when consumers call their bank and ask about their right'.

With such state of affair being reported it seems quite clear that basic pre-contractual information is most likely also missing although the respondent does not provide practical examples or point towards any hard data.

b) Contractual information for framework contracts and changing of conditions

Concerning the changing conditions of a framework contract, the Danish respondent explained that the banks successfully lobbied to be exempt from this rule concerning changes to charge back possibilities for card payments. The respondent observes that this seem to be in breach of the Directive.

With regards to changes for interest rates and exchange rates the Danish banks have collectively changed the way exchange rates are determined when using the national debit card scheme, the DANKORT without notifying consumers that this had in fact increased the cost of using the card abroad. This information was only made public because the Danish Consumer council analysed rate data and published an article about it. Most consumers regrettably are not aware of this according to the respondent.

c) Termination of framework contracts

The respondent did not populate this part of the questionnaire.

2.12.7.8 Surcharging & Rebates

The Danish consumer association reported on the use of surcharges for single payments, card payments (internet as well as physical stores) and direct debits. They criticised surcharges on direct debit as distortion of price competition because there is only one provider (owned by the banks collectively). In contrast surcharges on card payments are not seen as a problem, rather "it influences consumers to choose efficient means of payment."

Furthermore they described the contradictory practices of surcharges: Some payees charge their customers for using direct debit, others for not using direct debit. Still others do not charge for

direct debit at all. Against the background that direct debit is the most efficient and an established way to pay recurrent bills, the Danish consumer association demands: “surcharging should only be allowed to the extent that it promotes the use of direct debits.”

They cited airlines as a retail sector which charges more than permitted.

2.12.7.9 Refund of an authorised and executed transaction

The Danish consumer association mentioned problems in regard of the refund of authorised and executed transactions for car rentals.

2.12.7.10 Liability of payment service providers for unauthorised payments and their refund

The Danish consumer association seemed to be satisfied with the current practice of refunding and did not report on any problems in regard to the liability for unauthorised payments.

2.12.7.11 Execution times & value dates

The consumer association expressed: “The Danish payment infrastructure is slow and out-dated.” Due to this fact there is the current development in Denmark to modernise the payment system till 2014 in regard to “same day and instant credit transfers.” Against the background of this expressed discontent with the current practice of execution times we judged their answer as “yes”, they reported on problems.

2.12.8 ESTONIA

The questionnaire received from Estonia comes from the Association of Consumers' Protection UGANDI.

2.12.8.1 Quality of responses

The respondent Association of Consumers' Protection (Tarbijate Kaitse Ühendus) UGANDI is listed in the European Commission's list of associations and networks as a national consumer organisation.³²⁹

According to the European Commission's country profiles, Association of Consumers' Protection Ugandi is a small consumer organisation which is independent from the main Estonian Consumers Union (ETL). Ugandi is a not-for-profit association of consumers' protection which provides information about consumer rights and gets involved with consumer awareness.³³⁰ The respondent Ugandi declared to have a good knowledge of financial services and of payment services.

2.12.8.2 One-leg transactions

The consumer association of Estonia answered that they would prefer the extension of the scope of the PSD to the European countries which are not a MS because many Estonian people live abroad and help their relatives in homeland by sending money.

³²⁹ http://ec.europa.eu/consumers/empowerment/cons_networks_en.htm, last consulted 25/07/2012.

³³⁰ <http://www.uganditk.ee/eng/index.html> last consulted 23/07/2012.

2.12.8.3 Currencies

The Association of Consumers' Protection UGANDI negated the need to extend the scope of the Directive to foreign currencies because they assume that "it is not very difficult to become accustomed to new money".

2.12.8.4 Negative scope

Additionally the consumer association of Estonia negated the need to amend the negative scope of the PSD so that the table for the activities, which could be included in the scope of the PSD, is not shown.

2.12.8.5 Positive scope (Definitions & PSD-Annex)

The respondent considered the definitions of the PSD as sufficiently clear and comprehensive but expressed the concern that those definitions were only really understandable for financial experts. The respondent called for additional educational programs for consumers on this point.

2.12.8.6 Authorisation & Passporting

2.12.8.6.1 Authorisation

They assessed the perceived adequacy of the authorisation regime in place in each MS. The consumer association of Estonia did not hear about any rogue payment services so that they are satisfied with the effectiveness of the authorisation system to protect consumers. For this reason they negated clearly the need to raise the thresholds for initial capital because it could not protect the consumers better.

2.12.8.6.2 Passporting

In regard to the question about passporting the consumer association of Estonia reported that the average consumer does not recognise the difference between nationally authorised payment institutions and institutions which use passporting. Other experiences with positive or negative impact on the consumers or concerns they did not express.

2.12.8.7 Transparency and information requirements

2.12.8.7.1 Free information principle

The consumer association of Estonia did not answer the questions about the principle of free information. But in regard to the question about charges for additional information they expressed that usually charges are agreed beforehand so that consumers are not surprised.

2.12.8.7.2 Pre-contractual information on single transactions

The Estonian consumer association reported that the pre-contractual information for single payments is always given but many consumers do not understand them in absence of sufficient knowledge about financial affairs.

2.12.8.7.3 Framework contracts

a) Pre-contractual information for framework contracts

The consumer association of Estonia mentioned that “consumers get always understandable information”. However, they expressed the need of financial literacy for consumers “to be not dependent on the attendants.”

b) Contractual information for framework contracts and changing of conditions

In absence of information the Estonian consumer association did not express their opinion in regard to the changing of conditions. But they also pointed out that they do not know of instances where the two month period for changes was not respected.

c) Termination of framework contracts

In absence of information the association did not express their opinion.

2.12.8.8 Surcharging & Rebates

In absence of information the Estonian consumer association did not express their opinion to this question.

2.12.8.9 Refund of an authorised and executed transaction

In absence of information the Estonian consumer association did not express their opinion to this question.

2.12.8.10 Liability of payment service providers for unauthorised payments and their refund

In absence of information the Estonian consumer association did not express their opinion to this question.

2.12.8.11 Execution times & value dates

In absence of information the Estonian consumer association did not express their opinion to this question.

2.12.9 GREECE

The questionnaire received from Greece comes from the consumer association EKPIZO “quality of Life”.

2.12.9.1 Quality of responses

The respondent EKPIZO is listed in the European Commission’s list of associations and networks as a national consumer organisation.³³¹ According to the website [ukecc-services.net](http://www.ukecc-services.net),³³² it is a non-governmental and non-profit organisation which is affiliated by the prefecture of Athens under

³³¹ http://ec.europa.eu/consumers/empowerment/cons_networks_en.htm, last consulted 25/07/2012.

³³² <http://www.ukecc-services.net/EKPIZOConsumersAssociationGR.cfm>.

Consumer Protection Law 2251/1994. Especially EKPIZO works in the field of credit cards. The respondent EKPIZO declared to have an excellent knowledge of financial services and of payment services.

2.12.9.2 One-leg transactions

The consumer association would appreciate the extension (Parts III and IV) of the PSD on one-leg transaction especially because of the applicability of the information requirements and rules of consumer protection on cross-border transactions to the US, Asia and Canada. The respondent noted in particular the same need for information for consumers entering into such cross-border transactions beyond the confine of the EU as for consumers who deal within the EU. Potential benefits for industry were also noted. The Greek response explained that better consumer protection in this area, ought to deliver increased use of electronic transactions.

2.12.9.3 Currencies

The EKPIZO Consumers' Association "Quality of Life" reported regarding the question 5 that they do not have enough information concerning this problem so that we interpret their answer as "no opinion".

2.12.9.4 Negative scope

The EKPIZO Consumers' association "Quality of Life" argued for the inclusion of cash back in the scope of the PSD.

2.12.9.5 Positive scope (Definitions & PSD-Annex)

The consumer association of Greek is satisfied with the definitions in the PSD, their clarity and completeness.

2.12.9.6 Authorisation & Passporting

In the absence of information the consumer association of Greek did not express their opinion to these questions.

2.12.9.7 Transparency and information requirements

2.12.9.7.1 Free information principle

The consumer association of Greed did not express their opinion to this question.

2.12.9.7.2 Pre-contractual information on single transactions

The consumer association of Greek reported that they did "not receive consumer complaints about insufficient pre-contractual information."

2.12.9.7.3 Framework contracts

a) Pre-contractual information for framework contracts

In absence of information the consumer association did not express their opinion.

b) Contractual information for framework contracts and changing of conditions

In absence of information the consumer association did not express their opinion.

c) Termination of framework contracts

Concerning this question about the information on the termination or the binding to a new contract the consumer association of Greece referred to their experiences in other fields of banking and insurance services. They expressed that those silent amendments of contracts “are problematic, because consumers usually ignore the relevant terms, which are not emphasised by providers”.

2.12.9.8 Surcharging & Rebates

The Greek consumer association complimented the prohibition of surcharges. The prohibition works well: the “consumers feel free to use the payment instrument that they prefer or have already tested” without being influenced by surcharges or rebates.

But they also mentioned that several consumers feel confused because some MS allow surcharges and others not. For this reason there is a competition between the national legal situations and the consumers “choose the use of another MS’s instrument.”

2.12.9.9 Refund of an authorised and executed transaction

In absence of information the Greek consumer association did not express their opinion to this question.

2.12.9.10 Liability of payment service providers for unauthorised payments and their refund

The Greek consumer association reported on problems of the liability for unauthorised transactions and criticised that the time for refunding is too long.

Furthermore they explained on the national legal situation: The limit of refunding is set to EUR 150. Most of the cases that EKPIZO handled were unjustified charges over EUR 150. For this reason and more consumer protection they proposed to give up this limit of refunding.

2.12.9.11 Execution times & value dates

In absence of information the Greek consumer association did not express their opinion to this question.

2.12.10 SPAIN

The questionnaire received from Spain comes from the Asociación de Usuarios de Bancos, Cajas y Seguros (ADICAE) <http://adicae.net>, the Spanish association of users of Banks, Savings Banks and Insurances.

2.12.10.1 Quality of responses

The respondent ADICAE is listed in the European Commission's list of associations and networks as a national consumer organisation.³³³ According to the ADICAE website, they are the only Spanish association which is specialised in financial issues. They are represented with offices in Madrid, Barcelona, Zaragoza, Bilbao, Valencia, Valladolid, Sevilla, Málaga, Ceuta, Mérida, Alicante, Badajoz, Cáceres, Santiago de Compostela and Vigo, with delegates in several other cities. They have over 100,000 members.³³⁴ The respondent ADICAE declared to have an excellent knowledge of financial services and of payment services.

2.12.10.2 One-leg transactions

The Spanish consumer association clearly supports the extension of the Directive's scope to cover one-leg transactions. Part of the rationale for this support is the fact that in Spain, due to a high level of immigration from outside the EU (South America in particular), there is a need to cover one-leg transactions to afford consumers adequate protection. The inclusion is seen as a way to reinforce fraud prevention and fraud prosecution. Other perceived risks that may be avoided are non-payments or delays in paying suppliers, lack of effective communication with PSP located outside the EU and issues concerning data protection.

The Spanish response in addition points towards the fact that to facilitate cross-border acquiring there is a need for transparency regarding PSP established outside the EU and offering their services in the EU. This would also enable comparison with other EU located providers. This option is according to ADICAE, an incentive for PSPs to stay located in the EU offering greater guarantees to consumers.

2.12.10.3 Currencies

The Spanish consumer association did not answer this question. It is possible to infer from previous answers that they would welcome such possibility, since so many new remittance services dealing with South American countries are involved. However, in the absence of direct answer, we are not able to make this inference and thus calculated this answer as a 'no answer'.

2.12.10.4 Negative scope

The ADICAE supports amending the negative scope and including the following activities which are currently excluded in the scope of the Directive:

- Mobile payments
- Third party ATM

Furthermore they expressed regarding these activities:

Mobile payments, although the respondent acknowledge technological obstacles to their inclusion. Indeed, the Spanish response sees the lack of common technology standard as an obstacle to interoperability and calls for the development of internally accepted standards. The Spanish association also sees 'in addition to regulatory standard compliance, trust marks,

³³³ http://ec.europa.eu/consumers/empowerment/cons_networks_en.htm, last consulted 25/07/2012.

³³⁴ <http://adicae.net/international.html> last consulted 23/07/2012.

limitation of liability for unauthorised or fraudulent use of payments systems and charge-back mechanisms' as a potential driver for consumer confidence. IN this area also, the ADICAE expresses a need to interoperability and portability of applications in order to avoid traditional payment service providers developing monopolies. Mobile and electronic payments should also be available to un-banked consumers.

- Withdrawals from third party ATMs. The respondent notes cases in Spain where banks require withdrawal of cash from ATMS for amounts less than EUR 300. This is seen as particularly harmful to elderly consumers (although the answer does not explain why).

2.12.10.5 Positive scope (Definitions & PSD-Annex)

The Spanish respondent did not specifically address the question asked but instead wished to comment on a general approach to defining the scope of the Directive. As a result, no table on this point is included for this MS.

In particular the ADICAE note that 'access to cheap, efficient, accessible and user-friendly, reliable, easy-to-use and secure payment methods is an absolute necessity for consumers. While payment options vary from country to country and from sector to sector, there is a need to provide inclusive solutions and ensure that the single market works for all citizens no matter their personal situation and country of residence'.

Special concern for accessibility of payment options, security and non-discrimination are highlighted elsewhere in this answer. In particular, the respondent notes that new payments are in constant development and cannot 'therefore be treated as niche products for technologically savvy consumers but need to be treated as payment options that can be accessible for all consumers. (...) They also pose significant potential risks which need to be identified to ensure that adequate protections are put in place'.

2.12.10.6 Authorisation & Passporting

The Spanish respondent did not make any comments on both points.

2.12.10.7 Transparency and information requirements

The Spanish response highlights some important issues regarding the application of the Directive on information and transparency requirements.

2.12.10.7.1 Free information principle

The Spanish respondent reports that the practice with many PSPs in Spain is to use adhesion contracts under which consumers cannot negotiate terms and end up bound by clauses that indicate that 'any additional or more frequent information will generate an expense that is settled at the rates published by the bank'.³³⁵ This is a main problem because the contracts also often refer to prices found in the brochures, but with no further details. This is particularly difficult as the bank/ PSP reserves the right to charge but does not clearly disclose the charges that may apply to consumers. The respondent also indicated in Question 10 as an aside that is directly applicable

³³⁵ The translation is the respondent's own.

to the issue of free information: 'free information is not an additional or optional feature of a product but a necessary pre-requisite intrinsic to the conclusion of a contract'.

The issue is compounded by the fact that the ADICAE notes that when additional charges are applied, they 'always come as a surprise to consumers. They are never directly agreed beforehand with the consumer. They usually are vague and part of an adhesion contract. In Spain charges can be negotiated after the bank has taken the fee, not before. The other negative point in Spain is the application of regressive fees: several financial institutions have imposed higher fees for lower transactions, thus penalizing the lowest income and making a payment service more and more elitist (...) '.

This is worrying information that clearly supports a lack of compliance with the principle of free information as well as problems with charges that may not be in line with actual costs.

2.12.10.7.2 Pre-contractual information on single transactions

The Spanish respondent mentioned a number of practices concerning charges they estimate significantly harms the interest of consumers:

- The advertising of incomplete or partial prices that affect consumer behaviours as they are unable to efficiently shop around.
- The lack of information about reasonably or practically available alternatives to avoid or mitigate, in particular surcharges for payment methods.
- The conduct or practice of retailers that impose hidden surcharges for payment methods that exceed a reasonable estimate of the costs of processing consumers' payments.

2.12.10.7.3 Framework contracts

a) Pre-contractual information for framework contracts

Some issues regarding pre-contractual information on framework contract are reported. The main complaints here concern the way in which existing information is being communicated to consumers rather than perhaps its actual existence. Indeed, the respondent noted that 'the provider (have the faculty) to decide how they can present the information in adhesion contracts. (the expression) clear, comprehensible and in easily understandable words is not enough regarding the different and low financial education of the Spanish citizens. These are too subjective (...). Something like objective and non-misleading should be added (to the text) along with a description of what is considered (by those terms)'.

The Spanish respondent raises here an important point, the idea that for many consumers even information in plain language may not be sufficient. It is therefore a higher objective standard that ought to be considered here in order to best serve consumers.

This is compounded by the fact that Article 42 of the PSD, which requires disclosure of basic key information is clearly not well complied with in Spain. Indeed, the ADICAE in its response stressed the fact that consumers were having difficulties understanding the contractual information provided to them when it exists. The ADICAE notes: 'There is still lack or confusing information, especially in the way it is presented. A harmonised model throughout Europe, a single sheet as a summary containing all the necessary information and relevant data could be a good tool to

facilitate that consumers can reach information (in a clearer and more direct way). This also would avoid each different providers to present information differently and in different medium any relevant information and all the terms of the contract, especially those (peculiar) terms’.

The Spanish provides a useful suggestion regarding the way effective information could be provided to consumers. Content of information we have seem to be hermitically detached from the way it is provided and as a result, it is essential to start thinking of a way this could be done with good results for consumers.

b) Contractual information for framework contracts

Things do not drastically improve during the contractual phase. The Spanish respondent did indeed refer us back to his previous answer and wished to repeat the same comments. So here again delivery seems to take centre stage. Furthermore, concerning the changing conditions of a framework contract, the respondent explained that the period of 2 months is sufficiently long but the main problem remains consumers not being aware of this period from the beginning of the contract. There is it seems here again a lack of information. The respondent also raises that it cannot always be the ‘consumer’s responsibility to know in detail all the terms of the contract’. This reinforces the suggestion made by the Spanish respondent and reiterated here that a summary sheet would be useful on that issue.

However with regards to notification of changes under Article 42 of the PSD, the Spanish association explained that it was problematic for silence to be a way to acquiesce to changes when in fact consumers often ignored their rights and because of a lack or the absence of objective information were unlikely to find out.

c) Termination of framework contracts

The respondent expressed the fear here that the PSPs could easily override this requirement via the inclusion of clauses in the contracts and expressed the wish to see a longer notice period mandatory for the provider. The respondent also explained that in Spain there are many cases of charges being applied for the termination of contracts and those are rarely in line with the provider’s cost. The respondent also did report issues with the closure of bank accounts leaving consumers with phantom account that are kept open to avoid high closure fees but continue to engender maintenance costs and other types of costs without the consumer being fully aware of the fees that will be levied for accounts no longer in use.

2.12.10.8 Surcharging & Rebates

The Spanish consumer association reported on surcharges which are widespread. Especially they emphasise different problems with surcharges:

- “inadequate” and disproportionate surcharges
- incomplete or confusing advertisement of partial prices which hides the surcharges and
- the lack of information about alternative payment methods to avoid surcharges.

As a result they stated: “surcharges has been to the detriment of consumers without any benefits for them” because consumers are unable to compare the different offers of payment instruments and their financial advantages and drawbacks.

2.12.10.9 Refund of an authorised and executed transaction

The Spanish consumer association did not answer this question.

2.12.10.10 Liability of payment service providers for unauthorised payments and their refund

The Spanish consumer association did not answer this question.

2.12.10.11 Execution times & value dates

The respondent did not answer this question.

2.12.11 FINLAND

The short questionnaire received from Finland comes from the European Consumer Centre Finland.

2.12.11.1 Quality of responses

The respondent European Consumer Centre Finland is listed in the European Commission's list of associations and networks as a national consumer organisation.³³⁶

According to the European Consumer Centre website, the European Consumer Centre Finland is specialised in the field of providing information on consumer protection in the EU as well as advice and assistance with cross-border complaints. It is part of the European Consumer Centres-network.³³⁷ The respondent European Consumer Centre Finland declared to have a good knowledge of financial services and of payment services in particular.

2.12.11.2 One-leg transactions

The consumer association of Finland did not answer this question.

2.12.11.3 Currencies

The consumer association of Finland did not respond to this question.

2.12.11.4 Negative scope

The consumer association of Finland did not answer this question.

2.12.11.5 Positive scope (Definitions & PSD-Annex)

The consumer association of Finland did not respond to this question.

2.12.11.6 Authorisation & Passporting

The consumer association of Finland did not answer both questions.

³³⁶ http://ec.europa.eu/consumers/empowerment/cons_networks_en.htm, last consulted 25/07/2012.

³³⁷ <http://www.ecc.fi/en-GB/european-consumer-centre/>.

2.12.11.7 Transparency and information requirements

The consumer association of Finland did not answer these questions concerning transparency and information requirements.

2.12.11.8 Surcharging & Rebates

The respondent did not respond to this question.

2.12.11.9 Refund of an authorised and executed transaction

The consumer association of Finland did not answer this question.

2.12.11.10 Liability of payment service providers for unauthorised payments and their refund

The consumer association of Finland reported on serious problems in regard to the liability for unauthorised payments. They gave the example of “a mixture of unfair commercial practices and apparently ill-founded debits”: a “free” sample product of a Danish pharmaceutical company which was advertised via Facebook with intentionally hidden conditions of contract. The consumer association of Finland received around “400 complaints of Finnish consumers that have given their credit card/debit card/bank card details to pay a fee of either EUR 2 or EUR 3 with a result that their cards have been debited with EUR 80/ EUR 120/ EUR 280.” Also local police received over 200 reports from citizens and as a result the National Bureau investigated the case in co-operation with the Nordic colleagues which indicated “similar problems with 900 Norwegian and 400 Swedish consumers.”

Due to this practice and experiences the consumer association of Finland is discussing the refund issue with banks and a credit card company.

2.12.11.11 Execution times & value dates

The consumer association reported that they received no consumer complaints about this topic so that we judged their answer as “no problems”.

2.12.12 FRANCE

The questionnaire received from France comes from the UFC Que Choisir. It is a short questionnaire.

2.12.12.1 Quality of responses

UFC-Que Choisir³³⁸ is listed in the European Commission’s list of associations and networks as a national consumer organisation.³³⁹ It represents nearly 170 local associations with more than 141,780 members.³⁴⁰ The respondent declared having a good knowledge of financial services and of payment services in particular.

³³⁸ <http://www.quechoisir.org/l-association/ufc-que-choisir-ufc-que-choisir-qui-sommes-nous>, last consulted 19/07/2012.

³³⁹ http://ec.europa.eu/consumers/empowerment/cons_networks_en.htm, last consulted 25/07/2012.

³⁴⁰ Within the framework of international collaboration between consumerist movements, UFC-Que Choisir is a founding member of the European Bureau of Consumers Unions (BEUC). It is also a founding member of Consumers International (CI).

The consumer association UFC answered the short questionnaire where only general questions (e.g. concerning transparency and information requirements) were asked.

2.12.12.2 One-leg transactions

The consumer association answered to this question that they do not have an analysis regarding this problem so that we judge this response as “no opinion”.

2.12.12.3 Currencies

The UFC Que Choisir indicated again that they do not have analysis on this topic so that we judge this response as “no answer”.

2.12.12.4 Negative scope

In the point of view of the French consumer association it is depending on the activity whether the negative scope of the PSD should be amended or not. For example they would welcome the extension of the scope of the PSD on mobile payments “to avoid risks of fraud” and to sustain the consumer right of refund. By contrast they expressed that the payments “cash to cash” and the decreasing paper checks should be still excluded as it is at present.

2.12.12.5 Positive scope (Definitions & PSD-Annex)

The French consumer association is, in general, satisfied with the definitions in the PSD, their clarity and completeness. But they expressed the need to extend the scope of the PSD on the following services and to regulate the following problems:

- Pre-paid cards (currently there is no obligation of the supplier to pay the deposit back after the cancellation of the contract)
- Overlay-services (e.g. concerning the banking secrecy and security)

2.12.12.6 Authorisation & Passporting

2.12.12.6.1 Authorisation

The French consumer association reported on no evidence of rogue payment services and no complaints from consumers on this subject. They judged the principle of a capital increasing with the risk as adequate and efficient, but the association also demanded for the future a flexibility of the requirements, when payment institutions will be bigger. Furthermore UFC Que Choisir pointed out that there is a “huge forum shopping from part of payment institutions”. Only 12 payment institutions are registered in France, “but 118 payment institutions from other European countries working in France through EU passporting” (e.g. one of the biggest payment institution in France, created by a French bank, is registered in Luxembourg).

2.12.12.6.2 Passporting

The association expressed their impression that the consumers “ignore the existence of passporting and the difference between nationally authorised payment institutions and those that benefit from a foreign authorisation.” Furthermore they expressed their bad experiences on EU passporting (for Foreign Exchange Trading) and the danger as well as the difficulties of the national

authorities to regulate or to stop moving institutions which are not delivering good service to customer. Additionally the French consumer association criticised that the market of payment systems and of passporting is at the present “too embryonic and opaque to create true competition in consumers’ profit”. Rather, the consumers are faced with “real difficulties of complaining, for example because there is no mailbox in the country or because complains must be written in a foreign language.”

2.12.12.7 Transparency and information requirements

The French consumer association answered that customers “don’t have enough information on the payment services they use, in particular on fees and security”. Especially the indirect fees (e.g. paid by merchants) are not advertised, although they can increase the costs of a purchase. Furthermore the association pointed out that the payment market is still dominated by debit cards (only PayPal – with a market share of 20% - is a serious competitor in the field of online payment services).

Other payment services than debit cards are only accepted by a very limited number of merchants, so the consumers are - independently of the given information - not able to shop around.

2.12.12.8 Surcharging & Rebates

Although surcharging is forbidden in France some companies do not feel obligated to this duty: for example, the French consumer association recently sued the airline easyJet (and won) for practicing surcharging.

Furthermore they expressed their point of view - relied on studies made on foreign countries - that surcharging leads to the increasing of prices and stated: “So there is no positive impact for consumers.”

2.12.12.9 Refund of an authorised and executed transaction

The French consumer association reported that these refund rights for authorised transactions are rarely used in France. Nevertheless they criticised the current practice that many banks refuse the refund of payment transactions with the argument that consumers have to resolve the refunding directly with the service provider.

2.12.12.10 Liability of payment service providers for unauthorised payments and their refund

The French consumer association did not receive representative complaints in regard to the liability for unauthorised payments because “the use of alternative means of payment is too limited in France”. In absence of consumer complaints we judged their answer as “no” problems reported.

2.12.12.11 Execution times & value dates

The UFC Que Choisir answered in regard to execution times: “There is no particular problem of this subject in France.”

2.12.13 HUNGARY

The questionnaire received from Hungary comes from the National Association for Consumer Protection.

2.12.13.1 Quality of responses

The respondent National Association for Consumer Protection (NACPH) is the main consumer association that is listed in the European Commission's list of associations and networks as a national consumer organisation.³⁴¹

According to the European Commission's country profiles, NACPH is the only Hungarian non-governmental organisation for consumer protection. The membership of NACPH comprises regional consumer groups in all countries and local consumer groups in several cities of Hungary. NACPH has 1650 members.³⁴² The respondent NACPH declared to have an excellent knowledge of financial services and of payment services.

2.12.13.2 One-leg transactions

The consumer association of Hungary answered to this question that the Hungarian consumers would appreciate the inclusion of one-leg transactions in the scope of the PSD because "yellow cheques" as postal transactions are often used but do not work with third countries and especially retired Hungarian spend some periods of the year abroad and need the possibilities of cross-border transactions.

2.12.13.3 Currencies

NACPH supports an extension of the scope of the Directive to foreign currencies because they expect several advantages for consumers: standardised form, cheaper cost and more efficient execution times.

2.12.13.4 Negative scope

NACPH argued for the need to amend the negative scope of the PSD. They expressed the continued importance and use of paper based payments, especially cheques, which should be covered by the PSD.

2.12.13.5 Positive scope (Definitions & PSD-Annex)

NACPH is, in general, satisfied with the definitions of the PSD, their clarity and completeness. But they expressed the need to review the stipulations of the PSD and adapt them to received consumer complaints and the appearance of new products (flexibility).

³⁴¹ http://ec.europa.eu/consumers/empowerment/cons_networks_en.htm, last consulted 25/07/2012.

³⁴² http://ec.europa.eu/consumers/overview/country_profile/HU_web_country_profile.pdf last consulted 24/07/2012.

2.12.13.6 Authorisation & Passporting

2.12.13.6.1 Authorisation

The Hungarian consumer association reported on several national initiatives which want to increase the initial capital and the payment institutions' own fund, although there are no rogue payment services formative in Hungary. They reported only one special case of malpractice: one or two years ago the bank accounts of 4000 cardholders were debited, although the service was advertised as free of charges. The case was investigated of several authorities and subsequently the company (Swiss-based Corporation) disappeared from the market.

2.12.13.6.2 Passporting

Concerning passporting the consumer association of Hungary expressed, that compared with the time period during which the PSD is in force, some - but only a few - customers (especially who live and work abroad) realised the "advantages of the regime of passporting": e.g. the bigger choice of products, services and providers. Furthermore the Hungarian consumer association expressed that they did not receive consumer complaints about negative experiences on payments institutions which use passporting.

2.12.13.7 Transparency and information requirements

2.12.13.7.1 Free information principle

The consumer association of Hungary reported that the free information principle is mostly observed. But they pointed out the problem that consumers often do not understand this given information in absence of sufficient financial literacy.

Furthermore they affirmed that usually charges for additional information are agreed beforehand ("very rarely as surprise"). But they also mentioned that these agreed clauses are formulated as "possibility" of charging so that the consumers do not realise the consequences. Additionally they reported on complaints of credit card users in the event of payment delay and the demanded charges in this regard which are sometimes surprising for consumers.

2.12.13.7.2 Pre-contractual information on single transactions

The consumer association of Hungary did not respond to this question.

2.12.13.7.3 Framework contracts

The consumer association of Hungary did not respond to questions concerning framework contracts.

2.12.13.8 Surcharging & Rebates

The Hungarian consumer association did not answer this question.

2.12.13.9 Refund of an authorised and executed transaction

The Hungarian consumer association did not answer this question.

2.12.13.10 Liability of payment service providers for unauthorised payments and their refund

The Hungarian consumer association did not answer this question.

2.12.13.11 Execution times & value dates

The Hungarian consumer association did not answer this question.

2.12.14 IRELAND

The questionnaire received from Ireland comes from the European Consumer Centre Ireland (ECC Ireland).

2.12.14.1 Quality of responses

According to the European Commission's country profiles for consumer associations and networks the ECC Ireland is an internationally acknowledged organisation which deals with consumer information, lobbies for consumers and advises consumers on their rights – especially when shopping in another European state. They research on the field of payment (e.g. ECC-Net Study on Airlines' Currency & Payment Card Fees, THE COST OF PAYING) and inform consumers on financial affairs. Furthermore the ECC Network offers a dispute resolution service, which is also online based. In consideration of the quality of received responses, we estimate the knowledge of financial services and of payment services of the European Consumer Centre Ireland as good, see.

The consumer association of Ireland answered the short questionnaire where only general questions (e.g. concerning transparency and information requirements) were asked.

2.12.14.2 One-leg transactions

In absence of enough data and information the Irish consumer association expressed regarding this question that it is not possible "to conclude that the scope of the PSD should be extended to one-leg transactions." Furthermore they critically added: "However, we appreciate that if other MSs extend the scope, this potentially creates further legal complexity and uncertainty, especially if the MS involved adopt different approaches." For these reasons we interpret their answer as "uncertain" in regard to the inclusion of one-leg transactions in the scope of the PSD.

2.12.14.3 Currencies

The Irish Consumer Association referred in their answer to the response of the question on one-leg transactions. They repeated their worries in regard to the extension of the scope of the PSD on foreign currencies so that we interpret their answer again as "uncertain".

2.12.14.4 Negative scope

The Irish consumer association would like to extend the scope of the PSD on the following elements:

- IT purchases
- Mobile payments
- Third party ATM

iff, London Economics and PaySys

STUDY ON THE IMPACT OF DIRECTIVE 2007/64/EC ON PAYMENT SERVICES IN THE INTERNAL MARKET AND ON THE APPLICATION OF REGULATION (EC) NO 924/2009 ON CROSS-BORDER PAYMENTS IN THE COMMUNITY



2.12.14.5 Positive scope (Definitions & PSD-Annex)

The consumer association of Ireland expressed that pre-paid cards should be clearer included in the positive scope of the PSD.

2.12.14.6 Authorisation & Passporting

2.12.14.6.1 Authorisation

In absence of information the Irish consumer association did not express their opinion to this question.

2.12.14.6.2 Passporting

The Irish consumer association reported on some existing payment institutions that offer services in Ireland after having received authorisation in other MS.

In regard to the question about passporting the Irish consumer association expressed their impression that “the average consumer is not ... aware of the differences” between nationally authorised payment institutions and institutions which use passporting.

Furthermore they emphasize the advantages of passporting: greater choice and increased competition. But ECC also cited the problem of the cross-border dispute resolution process and that consumers send their complaints to the financial services ombudsman (whatever its denomination) in the MS where the payment institution is authorised. In contrast, the Irish consumer association ECC Ireland demands that “consumers in these instances should be referred to the relevant ombudsman in the country where the product was marketed, typically the consumer’s country of residence.”

2.12.14.7 Transparency and information requirements

The consumer associations of Ireland answered the short questionnaire where only one general question was asked concerning information and transparency.

They reported on only a few received complaints from consumers in relation to misinformation. Although, against this background the Irish consumer association concluded that “the information given is, in general, satisfactory” they pointed out instances where the pre-contractual information regarding offered services of currency conversion was deficient (e.g. failure to disclose relevant information in relation to applicable charges/fees or misleading statements regarding the rate which is used as the basis to calculate the currency exchange). For this reason, they judged the information requirements as inadequate in practice and would welcome to add additional provisions to Articles 37, 38, 39, 42, 46, 48 and 49 of the PSD.

Furthermore the Consumers’ Association of Ireland mentioned that they are not satisfied with the possibilities of the consumers to shop around and proposed to improve information quality and accessibility to facilitate comparison “that the relevant information on fees and charges should be readily available at one point of single contact (e.g. central bank or financial authority/regulator/ombudsman).”

2.12.14.8 Surcharging & Rebates

Surcharging and rebates for the use of a given payment instrument are not forbidden or limited in Ireland.

The Irish consumer reported on a practice of surcharging which is widespread – especially in the sectors of airlines and TV cable companies. They are of the opinion that these practices of surcharging are subject to abuse and referred to a recent study carried out by ECC-Net, led by ECC Ireland (see, in particular, pages 22 and 23):

http://www.eccireland.ie/downloads/Study_On_Currency_&_Payment_Card_Fees.pdf

Furthermore they reported on the Irish history of surcharges which were “an issue also before the adoption of the PSD. Back in 2007, sections 48 and 49 of the Consumer Protection Bill (which became Act on 1st May 2007) were introduced in order to ban traders from levying extra charges on consumers who chose one method of payment in preference to another, when those methods of payment are accepted by the trader. These measures were introduced as a result of controversy over the decision by a TV cable provider to impose a EUR 2 per bill charge on customers who do not pay by direct debit. However, when the Act entered into force, Sections 48 and 49 were not commenced and, as a result, this practice is still possible.”

Lastly they referred to Article 19 of Directive 2011/83/EU on consumer rights which states that “Member States shall prohibit traders from charging consumers, in respect of the use of a given means of payment, fees that exceed the cost borne by the trader for the use of such means”. They warmly welcome this provision and demand that Articles 52.3 and 49 of the PSD should be reviewed accordingly. But they also pointed out that it may be extremely difficult to monitor the compliance by enforcement authorities on a one-by-one basis.

2.12.14.9 Refund of an authorised and executed transaction

In absence of information the Irish consumer association did not express their opinion.

2.12.14.10 Liability of payment service providers for unauthorised payments and their refund

In absence of information the Irish consumer association did not express their opinion.

2.12.14.11 Execution times & value dates

In absence of information the Irish consumer association did not express their opinion.

2.12.15 ITALY

The questionnaire received from Italy comes from the consumer organisation ALTROCONSUMO.

2.12.15.1 Quality of responses

The respondent ALTROCONSUMO is listed in the European Commission’s list of associations and networks as a national consumer organisation.³⁴³

³⁴³ http://ec.europa.eu/consumers/empowerment/cons_networks_en.htm, last consulted 25/07/2012.

According to the European Commission's country profiles, Altroconsumo is an independent and non-profit consumer organisation, the first and most widespread in Italy, with its 309,220 members. Its main fields of action are public services, banking and insurance services, product safety and quality and ADR. The respondent ALTROCONSUMO declared to have an excellent knowledge of financial services in general and of payment services in particular.

2.12.15.2 One-leg transactions

The Italian consumer association did not express their opinion concerning this question.

2.12.15.3 Currencies

The Italian consumer association did not express their opinion concerning this question.

2.12.15.4 Negative scope

The consumer association of Italy, ALTROCONSUMO, argued for the amendment of the negative scope. The PSD should also cover the following services:

- money exchange
- travellers' cheques
- vouchers & store cards

2.12.15.5 Positive scope (Definitions & PSD-Annex)

The Italian consumer association considers the definitions of the PSD as sufficiently clear and comprehensive but they expressed the need to extend the scope of the PSD to mobile payments.

2.12.15.6 Authorisation & Passporting

2.12.15.6.1 Authorisation

The Italian consumer association criticised the minimum capital of EUR 20,000 for payment institutions and considered it as insufficient to protect the costumers. They suggested to raise the funds according to Article 6 of the PSD as follows: if the payment institution provides a) the services of No. 6 of the PSD-Annex, the capital should not be not less than 50 000 euros, b) the services of No. 7 of the PSD-Annex, the capital should not be not less than 200 000 euros, c) the services of Nos. 1 to 5 of the PSD-Annex, the capital should not be less than EUR 500,000.

2.12.15.6.2 Passporting

ALTROCONSUMO mentioned that 8 payment institutions use passporting for their operations in Italy. They could not report bad experiences with passporting due to the limited use of this registration system so that we judged their point of view as neutral. Also for this reason they did not express their opinion upon the awareness of consumers of the difference between nationally authorised payment institutions and those which use passporting.

2.12.15.7 Transparency and information requirements

2.12.15.7.1 Free information principle

The Italian consumer association reported that the PSPs observe the free information principle so that all costs are explained in the leaflets and made available free of charge. As an exemption they mentioned the information about the exchange rates in case of card payments in countries with foreign currencies because customers are not informed about the exchange rate of the transaction.

2.12.15.7.2 Pre-contractual information on single transactions

The respondent expressed that the used language of pre-contractual information on single transactions is “very technical and difficult to understand” instead of clear and comprehensible. But they did not express their opinion to the question whether the consumers receive all the relevant pre-contractual information on single transactions.

2.12.15.7.3 Framework contracts

a) Pre-contractual information for framework contracts

The consumer association of Italy negated the questions whether the pre-contractual information for framework contracts is clear and comprehensible and whether the consumers are duly informed before the conclusion of the contract. Rather they demanded more clarity and an understandable language for the customers. Furthermore the consumer association suggested publishing of the pre-contractual information about the banking account or the credit card via internet instead of advertising and glossy brochures which do not present all the details of the consumer rights.

b) Contractual information for framework contracts and changing of conditions

They expressed that generally there are no problems concerning the contractual information. But they also referred to clauses which replace the two month period for changing conditions with 60 days, although this regulation contradicts the rules of the PSD. Furthermore they mentioned the problem of changing interest rates for banking accounts which are kept in the red: the notice period of two months might not be enough time for the consumers to change their banking account or repay their debts.

c) Termination of framework contracts

The consumer association is satisfied with the current situation and how PSPs inform consumers about their right to terminate the contract in case of changing conditions and the fact that silence on their part bind them to the new contract. They did not report problems. But concerning the termination of the framework contract they would prefer the permission to “withdrawal at any time” and with an immediate effect so that customers can switch providers easily.

2.12.15.8 Surcharging & Rebates

The Italian consumer association reported on the prohibition of surcharges and the national practice that price reductions often apply on payments in cash. They criticised that many

merchants do not accept credit cards for the payment of purchases which are discounts or sales. Furthermore the respondent would welcome the application of rebates on payments with credit cards to increase their usage and to give a strong disincentive.

2.12.15.9 Refund of an authorised and executed transaction

The Italian consumer association seemed to be satisfied with the current banking practice in regard to refunding of authorised and executed transactions, they could not report on problems. Furthermore they consider the time period of 8 weeks as reasonable for the refunding.

2.12.15.10 Liability of payment service providers for unauthorised payments and their refund

The Italian consumer association seemed to be satisfied with the current legal situation of liability for unauthorised payments so that there are no problems reported.

2.12.15.11 Execution times & value dates

The Italian consumer association referred to and explained the national legal situation but did not express their opinion to this question.

2.12.16 LITHUANIA

The questionnaires received from Lithuania come from

- the Lithuanian Bank Client association and
- the ECC Lithuania.

2.12.16.1 Quality of responses

The Lithuanian Bank Client association is constituted by 10 members.³⁴⁴ It deals with relevant issues of the banking sector. They declared to have a low knowledge of financial services and of payment services.

ECC Lithuania is listed in the European Commission's list of associations and networks as a national consumer organisation.³⁴⁵ The State Consumer Rights Protection Authority is the host organisation of the ECC. According to the website <http://www.vvtat.lt>, State Consumer Rights Protection Authority coordinates state institutions' activities on protection of consumers.³⁴⁶ The respondent ECC Lithuania declared to have a low knowledge of financial services and of payment services.

The Lithuanian consumer ECC answered only the questions about the Regulation 924/2009 on cross-border payments so that their statement is left out in the following analysis of the PSD.

2.12.16.2 One-leg transactions

The Lithuanian Bank Client association answered that they do not have enough information regarding this problem so that we judge this response as "no opinion".

³⁴⁴ <http://www.lba.lt/index.php?-486893488> last consulted 23/07/2012.

³⁴⁵ http://ec.europa.eu/consumers/empowerment/cons_networks_en.htm, last consulted 25/07/2012.

³⁴⁶ <http://www.vvtat.lt/index.php?225846438> last consulted 23/07/2012.

2.12.16.3 Currencies

The Lithuanian Bank Client association argued for the extension of the scope of the Directive to foreign currencies because they are expecting the reduction of the costs for these transactions and the encouragement of the competition.

2.12.16.4 Negative scope

The Lithuanian Bank Client association negated the need to amend the negative scope of the PSD.

2.12.16.5 Positive scope (Definitions & PSD-Annex)

The Lithuanian Bank client association considers the definitions of the PSD as sufficiently clear and comprehensive.

2.12.16.6 Authorisation & Passporting

2.12.16.6.1 Authorisation

The Lithuanian Bank Client association conceded that so far they did not recognise any “unreliable authorisation”. Nevertheless they suggested to pay more attention to a more proper and educated personal, so that the rare cases of malpractice (illegally provided credits or executed payments) are further minimised.

2.12.16.6.2 Passporting

In absence of information the Lithuanian Bank Client Association did not express their opinion about passporting.

2.12.16.7 Transparency and information requirements

2.12.16.7.1 Free information principle

The Lithuanian Bank Client association expressed that on the basis of their information the free information principle is always respected. They “do not see violations” in regard to the rule “charges in line with actual costs”. Furthermore Lithuanian Bank Client Association cited the example of requesting a duplicate of an old account statement that costs 15 litas and is agreed beforehand so that the charges “do not come as a surprise”.

2.12.16.7.2 Pre-contractual information on single transactions

The Lithuanian Bank Client association expressed their satisfaction with the pre-contractual information on single transactions: “the consumers are well informed and understand the information.”

2.12.16.7.3 Framework contracts

a) Pre-contractual information for framework contracts

The Lithuanian Bank Client association criticised clearly the practice of pre-contractual information for framework contracts. The set of information is too extensive, complicated and confusing

written so that the customer loses the overview and does not understand the content. They cited an example: the framework contract of Danske Bankas includes 83 articles and Article 76 contains the important information about the right of the PSP to change conditions. For this reason the Lithuanian consumer association demanded a “more comprehensive, shorter manner” of given information.

Also the Lithuanian consumer association negated the question about the duly pre-contractual information and explained that “consumers are informed just verbally.” They do not get a “short clear written summary”.

b) Contractual information for framework contracts and changing of conditions

The Lithuanian Bank Client association considers the two month period for the information of the customers about the changing of the conditions as “not sufficiently long”. However they added in regard to the changing of interest or exchange rates that they cannot report on bad experiences of customers. But in absence of information they did not expressed their opinion to the question about the communication of the right to terminate or the fact that silence of the customers will bind them to the new contract.

c) Termination of framework contracts

In absence of information the consumer association did not express their opinion.

2.12.16.8 Surcharging & Rebates

In Lithuania surcharging is neither forbidden nor limited. The Lithuanian Bank client association reported that usually customers are charged with 1.4 Litas (EUR 0.4) for an e-banking payment and 1.2 Litas are surcharges which receive the bank. Moreover they pointed out the problem that “consumers feel confused” by the fact that the payable total amount could not be “expected”.

2.12.16.9 Refund of an authorised and executed transaction

In absence of information the Lithuanian Bank Client association did not express their opinion.

2.12.16.10 Liability of payment service providers for unauthorised payments and their refund

In absence of information the Lithuanian Bank Client association did not express their opinion.

2.12.16.11 Execution times & value dates

The Lithuanian Bank client association answered that on the base of their information there are no problems concerning execution times.

2.12.17 LUXEMBURG

The short questionnaire received from Luxemburg comes from the European Consumer Centre Luxembourg.

2.12.17.1 Quality of responses

The respondent European Consumer Centre Luxembourg is listed in the European Commission's list of associations and networks as a national consumer organisation.³⁴⁷

According to the website cecluxembourg.lu,³⁴⁸ the European Consumer Centre Luxembourg (ECC Luxembourg) GIE is part of a network of 29 ECCs in the European Union plus Iceland and Norway (ECC-Net). The respondent European Consumer Centre Luxembourg declared to have a low knowledge of financial services and of payment services.

2.12.17.2 One-leg transactions

The consumer association did not answer this question.

2.12.17.3 Currencies

The consumer association of Luxembourg reported that they received sparse complaints about payment transactions in foreign currencies. We interpret this answer in the way that they do not see the need for a regulation in this regard because corresponding cases are in Luxembourg seldom.

2.12.17.4 Negative scope

The consumer association of Luxembourg did not answer this question.

2.12.17.5 Positive scope (Definitions & PSD-Annex)

The consumer association of Luxembourg did not respond to this question.

2.12.17.6 Authorisation & Passporting

The consumer association of Luxembourg did not answer both questions.

2.12.17.7 Transparency and information requirements

The consumer association of Luxembourg answered the short questionnaire where only general questions about transparency and information requirements were asked. The ECC Luxembourg criticised the adequacy of information: the required information is often not simply available and should be simplified in regard to the form. They did not answer the question whether the consumers are able to shop around.

2.12.17.8 Surcharging & Rebates

Although surcharges are forbidden in Luxembourg the consumer association reported on some surcharging practices and received consumer complaints, especially for the sector of airlines and payments with credit cards.

³⁴⁷ http://ec.europa.eu/consumers/empowerment/cons_networks_en.htm, last consulted 25/07/2012.

³⁴⁸ <http://www.cecluxembourg.lu/online/www/content/9/14/ENG/index.html> last consulted 23/07/2012.

2.12.17.9 Refund of an authorised and executed transaction

The consumer association of Luxembourg criticised in regard to the refund of authorised and executed transactions that the conditions and the process are often unknown to consumers.

2.12.17.10 Liability of payment service providers for unauthorised payments and their refund

In absence of information and feedback of consumers they did not express their opinion.

2.12.17.11 Execution times & value dates

The consumer association of Luxembourg did not answer this question.

2.12.18 LATVIA

The questionnaire received from Latvia comes from

- the Latvian National Association for Consumer Protection (PIAA) and
- the Consumer Rights Protection Centre of Latvia, Financial Services surveillance unit (PTAC).

2.12.18.1 Quality of responses

The respondents Latvian National Association for Consumer Protection (further LNACP) and Consumer Rights Protection Centre of Latvia are listed in the European Commission's list of associations and networks as national consumer organisations.³⁴⁹

According to the website ptac.gov.lv, the Consumer Rights Protection Centre of Latvia (CRPC) is a civil authority which is under surveillance of the Ministry of Economics and enforces the protection of consumer rights and interests, based on The Consumer Rights Protection Law.³⁵⁰

We estimate - based on the quality of other answers - the knowledge of financial services and of payment services of the respondent Consumer Rights Protection Centre of Latvia as low. However, the estimated importance of payment services is based on the specialisation of this organisation high.

According to the European Commission's country profiles, the Latvian Consumer's Protection Association consists of 10 regional organisations - eight consumer protection clubs and two landlords' and tenants' associations. The respondent Latvian National Association for Consumer Protection declared to have a good knowledge of financial services and of payment services.

The Consumer Rights Protection Centre of Latvia answered the short questionnaire where only general questions were asked. But the Latvian National Association for Consumer Protection responded the long questionnaire and as a result provided more information about several of the following aspects.

³⁴⁹ http://ec.europa.eu/consumers/empowerment/cons_networks_en.htm, last consulted 25/07/2012.

³⁵⁰ <http://www.ptac.gov.lv/page/251> last consulted 24/07/2012.

2.12.18.2 One-leg transactions

In absence of information the Latvian National Association for Consumer Protection did not express their opinion to the question, but the Consumer Rights Protection Centre of Latvia said: “probably” the inclusion of one-leg transactions in the scope of the PSD would be good.

2.12.18.3 Currencies

The Consumer Rights Protection Centre of Latvia reported that they do not have enough information concerning this problem so that we interpret their answer as “no opinion”. The Latvian National Association for Consumer Protection pointed out that in Latvia currencies of third countries (e.g. Russian rubles) are used which should be also included in the scope of the PSD.

2.12.18.4 Negative scope

The Consumer Rights Protection Centre of Latvia mentioned third party ATM, mobile payments and IT purchases which should be included in the scope of the PSD. Furthermore the Latvian National Association for Consumer Protection expressed that they would welcome to include in the scope of the PSD payment transactions between a parent undertaking and its subsidiary or between subsidiaries of the same parent undertaking, which take place without any intermediary intervention by a payment service provider (Article 3.n). Additionally they reported on the current legal situation in Latvia that many conditions do not apply for the branch undertaking.

2.12.18.5 Positive scope (Definitions & PSD-Annex)

The Consumer Rights Protection Centre of Latvia PTAC is satisfied with the definitions in the PSD, their clarity and completeness. But the Latvian National Association for Consumer Protection would favour to improve the definitions of “payer” and “reference interest rate” of the Article 4 of the PSD as follows:

- “payer”: a natural or legal person who holds a payment account and allows a payment order from that payment account, or, where there is no payment account, a natural or legal person who gives a written payment order;
- “reference interest rate”: the interest rate which is used as the basis for calculating any interest and which comes from a publicly available source which can be verified and compared by both parties of a payment service contract.

2.12.18.6 Authorisation & Passporting

2.12.18.6.1 Authorisation

In the absence of information and received complaints both Latvian consumer associations did not express their opinion to the question about authorisation.

2.12.18.6.2 Passporting

Also to the question about passporting the Consumer Rights Protection Centre PTAC did not express their opinion, but in contrast the Latvian National Association for Consumer Protection reported on different payment institutions, which operate in Latvia and use the passporting. They assume that Latvian consumers are not aware of the difference between nationally authorised

payment institutions and those which received their license abroad. Also the association mentioned that they did not observe disadvantages of passporting for consumers, so that we judged their point of view as neutral.

2.12.18.7 Transparency and information requirements

The Latvian National Association for Consumer Protection (PIAA) answered the short questionnaire, so that their response is abbreviated and more general concerning the aspects information and transparency.

They reported on received consumer complaints about not adequately given information (e.g. if a banking account was closed due to internal regulations or for the execution time of a transaction). Indeed information on fees, charges and their increase are available in the internet and in the bank branch, but the influence on consumer is low or not noticeable. For this reason we judged their answer as negation of the question whether the consumers are due to the information able to shop around.

Furthermore they pointed out the consequence that due to the absence of written information the consumers can not provide any evidences.

The Consumer Rights Protection Centre of Latvia responded the long questionnaire and gave the following responses to the questions on transparency and information.

2.12.18.7.1 Free information principle

In absence of information the Consumer Rights Protection Centre PTAC did not express their opinion to the free information principle and the question about charges in line with actual costs. But they added that usually the agreed prices are in accordance with the price list so that the customers are not surprised.

2.12.18.7.2 Pre-contractual information on single transactions

The Consumer Rights Protection Centre of Latvia is satisfied with the current practice of pre-contractual information for single payments: "Usually payment service users receive the relevant information." But they pointed out that the information is given by referring to "the price list rather than verbally explain" which is insufficient and not clear and comprehensible for the consumers.

2.12.18.7.3 Framework contracts

a) Pre-contractual information for framework contracts

In regard to pre-contractual information for framework contracts the Consumer Rights Protection Centre of Latvia reported that they did not receive any complaints so that we judged their answer as "no opinion". But later on they affirmed the question about the duly information and gave the examples of brochures and homepages as information channel. However they pointed out that consumer "have to ask for the contract terms".

b) Contractual information for framework contracts and changing of conditions

In absence of information the Consumer Rights Protection Centre of Latvia did not express their opinion to the question about the two month period for the changing of conditions. Furthermore they cited consumer complaints because PSPs do not explain clearly the legal consequence of the silence on their part or their right of termination the contract.

Additionally they pointed out the discrepancy that the silence of consumers leads to their binding on the contract and the duty to pay the annual fees although they often do not use their credit cards.

c) Termination of framework contracts

The Consumer Rights Protection Centre of Latvia affirmed the receipt of complaints of consumer about their right to terminate the framework contract and the fact that silence on their part (e.g. after the changing of conditions) will bind them to the new contract.

As an example they cited the annual credit card fees which are taken from the credit amount, although the consumers did not use their credit cards for years.

2.12.18.8 Surcharging & Rebates

In Latvia surcharges are forbidden.

The Latvian respondent PIAA indicated that no information was available on this aspect. In absence of researches on this matter also the Consumer Rights Protection Centre PTAC did not express their opinion.

2.12.18.9 Refund of an authorised and executed transaction

In absence of information the Consumer Rights Protection Centre of Latvia did not express their opinion in regard to this question.

The second consumer association of Latvia, PIAA, reported that they did not receive complaints in the regard of refund rights for

- Unauthorised debits
- Overcharging or
- Incorrect processing.

Against this background we judged their answer as “no” problems reported.

2.12.18.10 Liability of payment service providers for unauthorised payments and their refund

The Consumer Rights Protection Centre of Latvia reported on problems in regard to the liability for unauthorised payments, especially that they receive consumer complaints about a too long time for refunding.

The second consumer association of Latvia, PIAA, seemed to be satisfied with the current practice of refunding in regard to unauthorised payments and could not report on problems.

2.12.18.11 Execution times & value dates

The Consumer Rights Protection Centre PTAC reported that they did not receive complaints about execution times so that we judged their answer as “no problem”.

The second consumer association of Latvia, PIAA, described the national practice of payment transactions: the execution time within the same bank branches is “swift (1 day) while transactions from one bank to another bank take around 2 days.” Because this practice of payment transaction with 2 execution days does not observe the rule of the PSD that demands one business day as execution time for a transaction to a payment account in euros (or in the currency of a MS), we judged their answer as “yes”, there are some problems reported.

2.12.19 MALTA

The short questionnaire received from Malta comes from the Consumers’ Association of Malta, I-Ghaqdda tal-Konsumaturi.

2.12.19.1 Quality of responses

The questionnaire was filled in by one of the contributors of the Consumers’ Association of Malta.³⁵¹ This association is the only consumers’ association on the Island. It is recognised under the Consumers’ Affairs Act of 1994.³⁵² The respondent declared that the Consumers’ Association of Malta had good knowledge of financial services but limited knowledge of payment services. The consumer association of Malta answered the short questionnaire where only general questions (e.g. concerning transparency and information requirements) were asked.

2.12.19.2 One-leg transactions

The consumer association of Malta supports the extension of the scope of the PSD on one-leg transactions.

2.12.19.3 Currencies

The consumer association of Malta supports the extension of the scope of the PSD to foreign currencies because this would provide a higher level and consistency of consumer protection in this regard.

2.12.19.4 Negative scope

The Consumer Association of Malta expressed the need to amend the negative scope of the PSD. As an example they cite the elderly who still make use of cash and paper-based transactions (especially cheques), which are currently excluded from the PSD. Especially these more vulnerable consumers should be under the protection of the PSD.

2.12.19.5 Positive scope (Definitions & PSD-Annex)

The consumer association of Malta expressed that the following elements of the PSD should be clearer defined:

³⁵¹ Mr. Paul Edgar Micallef, consulted 23/07/2012.

³⁵² <http://www.camalta.org/about.html> last consulted 23/07/2012.

- Payment instrument
- Payment account

2.12.19.6 Authorisation & Passporting

2.12.19.6.1 Authorisation

The Maltese consumer association reported that rogue payment institutions are currently not known. Furthermore they suggested for more certainty to clarify “the circumstances when each of the three methods of calculating one’s fund should be applied” rather than leaving it up to the regulatory to decide the case.

2.12.19.6.2 Passporting

In regard to the question about passporting the Maltese consumer association expressed their impression that consumers “are not ... sufficiently aware” of the differences between nationally authorised payment institutions and institutions which use passporting. But in the absence of any further information they could not mention their experiences and the positive or negative impacts of passporting on Maltese customers.

2.12.19.7 Transparency and information requirements

The Maltese consumer association criticised that most of the customers are so mis-informed that they are “unaware of their rights and obligations.” Furthermore they expressed, that “to date very little has been done to promote more awareness among consumers”. Rather in the absence of information and knowledge on payment services, the customers do not shop around and thereupon as a consequence: the Maltese consumer association reported that they received “practically no complaints by consumers”.

2.12.19.8 Surcharging & Rebates

Surcharging is not forbidden or limited in Malta. In absence of information the respondent explained that it was difficult to tell if there had been an impact of the rules on surcharging in Malta. It further continued saying that for consumers there was an issue with their lack of awareness and this meant that it could have an impact on consumers’ motivation to seek better deals.

2.12.19.9 Refund of an authorised and executed transaction

The respondent could not report on problems of the banking practice in regard to the refund of authorised and executed payments. But they also pointed out the fact that this refund right “is not necessarily beneficial” for providers and merchants because “contracts do not normally enable the user to claim a refund”.

2.12.19.10 Liability of payment service providers for unauthorised payments and their refund

The Maltese respondent is not aware of problems relating to the liability of PSP’s.

2.12.19.11 Execution times & value dates

For IGtK, the information available to consumers on the length of time for the execution of payment transactions is very limited. However, the respondent was unaware of complaints relating to specifically unjustified delays so that we judged their answer as “no problems reported”.

2.12.20 NETHERLANDS

The questionnaires received from the Netherlands come from

- the organisation Nibud and
- the Consumentenbond.

2.12.20.1 Quality of responses

According to the European Commission’s country profiles for consumer associations and networks, Consumentenbond is the biggest (580,000 members) consumer organisation.³⁵³ The respondent Consumentenbond declared to have an excellent knowledge of financial services and of payment services. The respondent Nibud declared to have a good knowledge of financial services and of payment services.

2.12.20.2 One-leg transactions

The organisation Nibud answered: “don’t know” so that we judge this response to the question about one-leg transaction as “maybe”. The organisation “Consumentenbond” does not see a need for the extension.

2.12.20.3 Currencies

The organisation Nibud answered that they have not formed an opinion regarding this question. However the Consumentenbond supports the extension of the scope of the PSD to foreign currencies although these cross-border transactions are rare so there will arise only a slight benefit for consumers.

2.12.20.4 Negative scope

The organisation Nibud did not express their opinion to this question but the second consumer association of the Netherlands, the Consumentenbond, would like to extend the scope of the PSD to all currently excluded services with exception of cheques.

2.12.20.5 Positive scope (Definitions & PSD-Annex)

The consumer association Consumentenbond did not respond to this question and the organisation Nibud explained only the legal situation without expressing their opinion.

³⁵³ http://ec.europa.eu/consumers/overview/country_profile/NL_web_country_profile.pdf last consulted 24/07/2012.

2.12.20.6 Authorisation & Passporting

2.12.20.6.1 Authorisation

Neither respondents from the Netherlands expressed any doubts on the effectivity and the stability of the authorisation system to protect the consumers. They “are not aware of any rogue payment services.”

2.12.20.6.2 Passporting

In contrast to Consumentenbond, the organisation Nibud expressed their opinion and information about passporting in the Netherlands. They referred to the public register of their national bank and raised concerns whether these registered institutions “actually offer services”. Furthermore the association reported on payment institutions from otherMS which use e.g. the license for “banks or credit issuing”. They expressed the difficulties of some consumers to be aware of the difference between nationally authorised payment institutions and institutions that use passporting because only “some of them advertise their foreignness (like Deutsche Bank), the other “only show it in the contract (like PayPal).”

2.12.20.7 Transparency and information requirements

2.12.20.7.1 Free information principle

Both consumer associations did not directly express their opinion to the questions about the free information principle and the charges for additional information. Merely the Consumentenbond affirmed that charges for additional information are agreed beforehand and do not come as a surprise to consumers.

2.12.20.7.2 Pre-contractual information on single transactions

The consumer association Consumentenbond did not answer this question the organisation Nibud, said: “Don’t know”.

2.12.20.7.3 Framework contracts

a) Pre-contractual information for framework contracts

The consumer association Consumentenbond affirmed the question whether pre-contractual information for framework contracts is given before the conclusion of a contract. Furthermore they confirmed that this information is clear and comprehensible as well as easily available (via internet or displayed in hardcopy form in the bank branches). The organisation Nibud did not express their opinion to this topic.

b) Contractual information for framework contracts and changing of conditions

The consumer association Consumentenbond could not report on problems in regard of the respecting of the two month notice period for the changing of conditions of framework contracts. Furthermore they consider this period as sufficiently long for consumers. Also the organisation Nibud considers the two month period as adequate, but did not report on their experiences in regard to this question so that we judged their response as “no opinion”.

c) Termination of framework contracts

The consumer association Consumentenbond could not report on “structural problems” in regard to the communication of the consumers' right to terminate or the fact that silence on their part will bind them to the new contract. In contrast, the second consumer association Nibud expressed their fears in regard to raising costs for withdrawing. Nevertheless they welcome the continuance of the contract in the event of remaining silent of the consumers because “it would be more troublesome if consumers explicitly would have to agree with the new agreement. A lot of people will forget that, which may lead to blocking payments or losing money.”

2.12.20.8 Surcharging & Rebates

In the Netherlands surcharges are allowed. The consumer association Consumentenbond reported that surcharges are widely despised, the organisation Nibud reported on “a quite widespread practice of surcharging, especially for payments via internet.” Furthermore Nibud expressed their concerns that surcharges are used to hide the total price of a product because the advertised prices are shown without these extra costs of surcharges.

2.12.20.9 Refund of an authorised and executed transaction

The consumer association Consumentenbond could not report on problems in this regard.

The organisation Nibud, said “don't know” so that we judged their answer as "no opinion".

2.12.20.10 Liability of payment service providers for unauthorised payments and their refund

The consumer association Consumentenbond could not report on problems in regard to the liability for unauthorised payments, but the second consumer association of the Netherlands, Nibud, reported that banks often claim that the payment was not really unauthorised.

2.12.20.11 Execution times & value dates

The consumer association Consumentenbond indicated that electronic payments were done within 1 business day already before the implementation of the PSD. Against this background they seemed to be satisfied with the current practice of payment transactions and did not report on problems of execution times. The organisation Nibud, did not express their opinion in regard to this question.

2.12.21 POLAND

The short questionnaire received from Poland comes from the Polish Consumer Federation.

2.12.21.1 Quality of responses

According to the European Commission's country profiles for consumer associations and networks, the Polish Consumer Federation is an independent NGO whose main goal is to protect individual consumers in Poland. The Federation operates across the whole country through 48 regional

branches and uses volunteer work.³⁵⁴ The respondent Polish Consumer Federation declared to have a very good knowledge of financial services and of payment services.

2.12.21.2 One-leg transactions

The consumer association of Poland answered to this question that they would prefer the extension of the scope of the PSD to one-leg transaction because a lot of PSP's are located outside the EU (especially in the US).

2.12.21.3 Currencies

The Polish Consumer Federation supports an extension of the scope of the Directive to foreign currencies because "it would strengthen the consumer protection" and "make the payment services market more coherent". But they several times pointed out that in Poland the PSD was implemented at the end of 2011 so they did not have enough time for the receipt of cases and experiences.

2.12.21.4 Negative scope

The Polish consumer association argued for an amendment of the negative scope. Services, which should be included, are:

- Third party ATM
- Mobile payments
- IT purchases

2.12.21.5 Positive scope (Definitions & PSD-Annex)

The Polish consumer association considers the definitions of the PSD as sufficiently clear and comprehensive.

2.12.21.6 Authorisation & Passporting

2.12.21.6.1 Authorisation

The Polish consumer association expressed difficulties to judge the impacts of the authorisation regime on consumers because the implementation act of the PSD is not long in force. But they are expecting positive effects and "safety of consumer's money" because prudential requirements imposed before in other sectors (e.g. banking sector) worked well.

2.12.21.6.2 Passporting

In regard to the question about passporting the Polish consumer association negated that they are aware of new PSPs in their country which use passporting. Therefore they could also not mention their experiences and the positive or negative impacts of passporting on national consumers.

³⁵⁴ http://ec.europa.eu/consumers/empowerment/docs/PL_web_country_profile.pdf last consulted 24/07/2012.

2.12.21.7 Transparency and information requirements

The Polish consumer association answered the short questionnaire where only general questions about transparency and information requirements were asked.

The Polish consumer association reported that PSPs “still try to provide ... as less information as possible” so that the information of customers are neither adequate nor helpful to shop around. Additionally they expressed the problematic situation in practice that customers confirm to be familiar with all terms and conditions of the payment service “even if they have never seen information in this regard”. Therefore it is difficult to prove the responsibility of providers for misinformation. As a consequence the association demanded that every document, which has impacts on terms and conditions of the payment service, should be signed by the consumer.

2.12.21.8 Surcharging & Rebates

In absence of information and experiences the Polish consumer association did not express their opinion.

2.12.21.9 Refund of an authorised and executed transaction

The consumer association of Poland could not report on problems in regard to the refund of authorised and executed transactions, they did not receive complaints in this matter.

2.12.21.10 Liability of payment service providers for unauthorised payments and their refund

The consumer association of Poland could not report on problems in this regard because they did not receive complaints.

2.12.21.11 Execution times & value dates

The Polish consumer association reported on their experience that payment institutions do not stipulate in the terms and conditions of the contract a “specified execution time of the payment transactions”. Furthermore they indicated the consequences: the most consumers are not aware of the provider’s duties so that they do not expect or demand fast execution times.

Because the consumer association only criticised this lack of information about execution times but did not report on a violation of the rules of the PSD in this regard, we judged their answer as “no opinion”.

2.12.22 PORTUGAL

The questionnaire received from Portugal comes from the organisation DECO.

2.12.22.1 Quality of responses

The respondent Associação Portuguesa para a Defesa do Consumidor (DECO) is a Consumer Association of general interest and national scope that is listed in the European Commission’s list of associations and networks as a national consumer organisation.³⁵⁵ DECO works with about 400,000 associated members and advises the consumers on payment systems: for example credit

³⁵⁵ http://ec.europa.eu/consumers/empowerment/cons_networks_en.htm, last consulted 25/07/2012.

cards.³⁵⁶ Based on the quality of other responses the respondent DECO has a good knowledge of financial services and of payment services.

2.12.22.2 One-leg transactions

DECO did not answer this question.

2.12.22.3 Currencies

DECO did not answer this question.

2.12.22.4 Negative scope

The consumer association of Portugal argued for the extension of the scope of the PSD to the following services:

- Cheques
- Traveller's cheques

2.12.22.5 Positive scope (Definitions & PSD-Annex)

The consumer association of Portugal did not respond to this question.

2.12.22.6 Authorisation & Passporting

The consumer association of Portugal did not answer these both questions.

2.12.22.7 Transparency and information requirements

2.12.22.7.1 Free information principle

The consumer association only described the national legal situation on this matter but did not express their opinion.

2.12.22.7.2 Pre-contractual information on single transactions

The consumer association only described the national legal situation on this matter but did not express their opinion.

2.12.22.7.3 Framework contracts

DECO did not answer these questions on the framework contract.

2.12.22.8 Surcharging & Rebates

Although in Portugal surcharges are forbidden, the consumer association reported on some surcharging practices which still exist. They cited the example of surcharges for payments with credit cards at petrol stations which leads to the consequence that consumers try to avoid this extra fee with their paying behaviour.

³⁵⁶ <http://www.deco.proteste.pt/dinheiro/cartoes-credito> last consulted 24/07/2012.

2.12.22.9 Refund of an authorised and executed transaction

The respondent did not answer this question.

2.12.22.10 Liability of payment service providers for unauthorised payments and their refund

The consumer association of Portugal only described the national legal situation and the maximum cap limit of 150 euros for refunding, but did not express their opinion in regard to this question.

2.12.22.11 Execution times & value dates

The consumer association described the national banking practice and the legal situation of Portugal in regard to execution times, but did not express their opinion to this question. So they amplify: "In our legal system there is a rule in which the applicant's payment of services provider must guarantee that the amount, object of the operation, is credited in the beneficiary's payment of services provider until the end of the following 1st working day. This term could be extended by one more working day in case of payment orders that are issued in paper. If the consumer makes a cash deposit in one payment account with the payment of services provider and in the same currency that the one of the payment account, the payment of services provider must ensure that the amount is immediately available after the time of receipt of funds and value date coincides with the moment. In turn, in the internal transfers, and in the absence of another stipulation, the sums of money should be credit to the beneficiary on the same day, if the transfer takes place between accounts located in the same provider of the payment services, and the value date and the date of availability of credit are up to the moment. As for the value date assigned to credit the account for payment of the beneficiary the amount of the payment transaction should be credited on the account of the service provider's payment beneficiary on the following working day. Also, the service provider of the beneficiary must ensure that the amount of the payment transaction is available to the recipient immediately after have been credited to the payment provider services."

2.12.23 ROMANIA

The questionnaire received from Romania comes from the Romanian consumer association Conso.

2.12.23.1 Quality of responses

According to its website,³⁵⁷ Conso.ro is the leading financial information portal for consumers, given the Conso Media Group SRL. Conso advises consumers for example on the field of credit card³⁵⁸ and payment.³⁵⁹ Based on the quality of other responses, the respondent DECO has an excellent knowledge of financial services and of payment services.

2.12.23.2 One-leg transactions

Conso.ro supports the inclusion of one-leg transactions in the scope of the PSD, because the extension would be an advantage for often used transactions to Moldova, US and Canada.

³⁵⁷ <http://www.conso.ro/despre-noi> last consulted 24/07/2012.

³⁵⁸ <http://www.conso.ro/carduri> last consulted 24/07/2012.

³⁵⁹ <http://www.conso.ro/plati> last consulted 24/07/2012.

2.12.23.3 Currencies

Conso.ro supports an extension of the scope of the Directive to foreign currencies so that the advantages of the titles III and IV of the PSD would be perceptible for consumers.

2.12.23.4 Negative scope

Conso.ro answered to this question that they would welcome the enhancement of the consumer protection and for this reason the extension of the scope of the PSD to the following services:

- Mobile payments
- IT purchases
- Third party ATM

2.12.23.5 Positive scope (Definitions & PSD-Annex)

Conso.ro is currently satisfied with the definitions in the PSD, their clarity and completeness. But they expressed the need to review the stipulations of the PSD and adapt them to the appearance of new products or in the case of arising disadvantages for consumers (flexibility).

2.12.23.6 Authorisation & Passporting

2.12.23.6.1 Authorisation

Conso.ro reported that they do not have bad experiences on rogue payment institutions. But they conceded that the “Romanian payments market is still young” and “the range of provided payment services is not very wide. Most of the consumers have just started to use payment orders, internet banking, direct debits or payments of utilities at merchants’ point of sales.” Nevertheless the Romanian consumer association would welcome the raise of the thresholds for initial capital or own fund.

2.12.23.6.2 Passporting

Concerning passporting Conso.ro mentioned 100 PSPs which received their authorisation abroad. However new payment institutions are predominant unknown on the local market therefore consumers are not aware of providers operating under a passport. For this reason most of the consumers are using “the services provided before the PSD by the Western Union and Money Gram.”

2.12.23.7 Transparency and information requirements

2.12.23.7.1 Free information principle

Conso.ro reported that generally the free information principle is respected for the “basic features or costs of a transaction”. In regard to the charges for additional information they gave different examples: inter alia if the customers want to investigate the status of a payment order. Sometimes a fee of almost 20-30 euros is charged for this information, especially if it is a cross-border transaction. Also they mentioned the charges for receiving a duplicate of an account statement and expressed their doubts whether these charges are in line with the actual cost of PSPs because there are enormous differences between these charges demanded by banks. Furthermore they

criticised: “there is no transparency on the actual costs of the bank for issuing, printing and delivering this information.” Against the background of this answer we assumed that in absence of transparency the costumers are not aware of charges which come as a surprise.

Thereupon they suggested capping the costs for additional information by a maximum fee.

2.12.23.7.2 Pre-contractual information on single transactions

Concerning the pre-contractual information on single transaction Conso.ro expressed that consumers receive rarely the relevant information which is neither clear nor comprehensible moreover. They explained this problem with: “there are no specifications on how the pre-contractual information must be delivered.” Therefore they suggested introducing a standard sheet with the basic information (similar to ESIS introduced by 2008/48/CE) that has to be provided before the execution of a transaction and must be signed by the customer. In regard to internet banking or ATM transactions this requirements could contain the obligation to tick a box where personalised data of the payment (e.g. costs, execution time, etc.) have to be indicated.

2.12.23.7.3 Framework contracts

a) Pre-contractual information for framework contracts

Conso.ro negated the questions whether the pre-contractual information for framework contracts is clear and comprehensible for consumers and whether they are duly informed by PSPs. They criticised the absence of standardisation of terms which could enable consumers to compare different offers: “For example, there are differences in naming fees.” For this reason they suggest determining definitions and standards for a framework contract as well as a list of incorrect or improper provisions. Furthermore they demanded an example of the contract which should be made available before the conclusion of a contract via distance communication (e.g. internet purchases).

In a final step they discussed the national legal situation (according to Article 97 OUG 113) which allows PSPs to reduce the period of 15 days for the pre-contractual information. In practice consumers sign all the documents of the contract including this agreement which eliminates the 15 days rule. This clears the way “for abuses and misleading of the consumer” and contradicts the provisions of the pre-contractual information of the PSD.

b) Contractual information for framework contracts and changing of conditions

Conso.ro is satisfied with the two month period for the changing of conditions: “The period is sufficiently long for consumers.” But they reported on problems with the communication of the right to terminate the contract in case of changing conditions. Concerning this problem see the following clause.

c) Termination of framework contracts

Conso.ro considers allowing framework agreements to bind consumers if they remain silent as problematic. In practice consumers often do not know “what they have to do if they do not want to accept the changes”. Especially they are not aware of their right to terminate the framework contract.

Against this background we interpret the answer of the Romanian consumer association that there are problems with the communication of the rule for changing conditions.

2.12.23.8 Surcharging & Rebates

In Romania surcharging is forbidden. According to Article 117 OUG 113 payees - including merchants - are not allowed to charge different prices depending on the means of payment. Subsequent, payees cannot demand a supplementary fee from consumer for using a certain means of payment.

Despite this prohibition of surcharging there still exist some surcharging practices for card payments and bank transfers, especially in the sectors of airlines (e.g. WizzAir, see: <http://www.conso.ro/citeste-comentariu/63/card/Wizz-Air-si-Blue-Air-ii-taxeaza-abuziv-pe-cei-care-platesc-cu-cardul.html>) and internet purchases. Furthermore a few credit card suppliers offer reductions (up to 5%) for paying with those cards at merchants' POS. Rebates are seen in a positive way and "with beneficial effects for the consumers and for the businesses".

Additionally and in contrast to the prohibition of surcharging there was issued a Romanian government decision (HG 1235/2010) which allowed fees charged by PSPs. The Romanian consumer association took action against this decision and is now waiting for the consequences: the agreed changes to the current form of this government decision.

2.12.23.9 Refund of an authorised and executed transaction

Conso.ro could not explicitly report on problems in regard to the banking practice of refunding, but they emphasised that consumers "are generally not aware of their right to request such a refund." Furthermore they criticised that some terms of the PSD in regard to refund rights are not clearly defined and could cause problems. They mentioned as example: "exceeded the amount the consumer could reasonably have expected taking into account his previous spending pattern, the conditions in his framework contract and relevant circumstances of the case". For this reasons the Romanian consumer association demands more clarification of these expressions and finally the extension of the scope in order to give the payers comprehensive refund rights. Against this background we judged their answer as "yes", there are problems reported.

2.12.23.10 Liability of payment service providers for unauthorised payments and their refund

Conso.ro reported on different problems in regard to the liability. They cited as problems a very long time for refunding of unauthorised transactions (more than 3 working days) and pointed out the problem that the "negligence of the consumer" is not clearly defined so that the banks often claim this argument.

Furthermore they explained the national legal situation: the "Romanian authorities implemented the 150 euros limit for payer's liability in case of stolen or lost cards and in case of not keeping safe PIN number (art 130 OUG 113)." This limit is reduced to EUR 50, if the payer did not acted fraudulently, he violated, without intention, obligations for the use of payment instruments or did not notify the institution in case of theft or loss (Article 133 OUG 113).

2.12.23.11 Execution times & value dates

Conso.ro expressed that payments in national currency respect the statutory stipulations. But they criticised the current practice of euro payments emphatically: “banks in Romania use a system based on correspondent banks”. These correspondent banks sometimes delay the payment up to several days. Furthermore the Romanian consumer association reported on surcharges up to EUR 50 for payments “in D or D+1” (e.g. see page 5 of the list of Raiffeisen Bank fees for consumers: <http://www.raiffeisen.ro/persoane-fizice>).

2.12.24 SWEDEN

The questionnaire received from Sweden comes from the Swedish Consumer Agency.

2.12.24.1 Quality of responses

According to the European Commission’s country profiles for consumer associations and networks, the Swedish Consumer Agency is an independent, non-partisan cooperative organisation which consists of 28 member organisations.³⁶⁰ The respondent Swedish Consumer Agency declared to have a good knowledge³⁶¹ of financial services and of payment services.

2.12.24.2 One-leg transactions

The consumer association of Sweden did not respond to this question.

2.12.24.3 Currencies

The Swedish consumer association did not answer this question.

2.12.24.4 Negative scope

The Swedish consumer association did not respond to this question.

2.12.24.5 Positive scope (Definitions & PSD-Annex)

The Swedish consumer association did not respond to this question.

2.12.24.6 Authorisation & Passporting

The Swedish consumer association did not answer these questions.

2.12.24.7 Transparency and information requirements

2.12.24.7.1 Free information principle

The Swedish consumer association affirmed the question whether the free information principle is respected. But they did not answer the question about the rule of the PSD that charges should be in line with the PSP’s actual costs.

³⁶⁰ http://ec.europa.eu/consumers/empowerment/docs/SV_web_country_profile.pdf last consulted 24/07/2012.

³⁶¹ Swedish Consumer Agency declared having a level of knowledge: (3-4), our estimation is 3.5.

2.12.24.7.2 Pre-contractual information on single transactions

The consumer association of Sweden did not give any comments on this topic.

2.12.24.7.3 Framework contracts

No answers were provided on this issue.

2.12.24.8 Surcharging & Rebates

Although in Sweden surcharges are prohibited, the Swedish consumer association reported on extra fees if consumers pay with credit cards. In contrast, there is no practice of given rebates.

2.12.24.9 Refund of an authorised and executed transaction

The Swedish consumer association did not answer this question.

2.12.24.10 Liability of payment service providers for unauthorised payments and their refund

The Swedish consumer association expressed their satisfaction in regard to the practice of refunding for unauthorised payments: "The consumers receive generally immediate refund if there has been an unauthorised transaction." Furthermore they explained the legal situation in Sweden: the compensation is limited to 120 euros which they consider as "suitable".

2.12.24.11 Execution times & value dates

The Swedish consumer association did not answer this question.

2.12.25 SLOVENIA

The questionnaire received from Slovenia comes from the Slovene Consumers Association ZPS.

2.12.25.1 Quality of responses

According to the European Commission's country profiles for consumer associations and networks, the SCA is an independent, non-profit, internationally acknowledged organisation which deals with consumer information and lobbying on behalf of consumers.³⁶² It advises consumers on financial affairs.³⁶³ Based on the quality of other responses, we estimate the knowledge of financial services and of payment services of the Slovene Consumers Association ZPS as good.

2.12.25.2 One-leg transactions

The consumer association of Slovenia mentioned regarding this question the receipt of many consumer complaints about prices of these cross-border transactions. They would appreciate the applicability of the rules of price discrimination and of charges in line with PSP's actual costs so that we interpret their answer as support of the inclusion of one-leg transactions in the scope of the PSD.

³⁶² http://ec.europa.eu/consumers/overview/country_profile/SL_web_country_profile.pdf last consulted 24/07/2012.

³⁶³ <http://www.zps.si/osebne-finance/2.html?Itemid=674> last consulted 24/07/2012.

2.12.25.3 Currencies

The Slovene Consumers Association ZPS referred in their answer to the response of the question on one-leg transactions so that we assume that they support the extension of the scope of the Directive to foreign currencies.

2.12.25.4 Negative scope

The Slovene Consumers Association ZPS did not response this question so that no table is shown.

2.12.25.5 Positive scope (Definitions & PSD-Annex)

The Slovene Consumers Association ZPS did not respond to this question.

2.12.25.6 Authorisation & Passporting

The Slovenian consumer association did not answer both questions.

2.12.25.7 Transparency and information requirements

2.12.25.7.1 Free information principle

The Slovene consumer association did not respond directly to the question about the free information principle but gave important notes on the topic of charges for additional information. They expressed their doubts on the observation of the rule that charges have to be in line with the PSP's actual costs. They gave the example of payment orders: "while the execution costs of a payment order for the bank are between 5-10 cents, the consumers pay between 20-40 cents for each online transaction." Especially the charges rise if the consumer does not use e-banking (and has 6 regular and two automatic payment transactions per month, then the costs per year are between EUR 44 and EUR 214). They pointed out the consequence that these high fees of offline banking lead to an exclusion of poor consumers, especially "in rural areas and smaller towns where the choice of banks is not very high". Against this background the municipalities offer in some cities a fee-free service for consumers to pay their bills (for electricity, gas, water) in cash.

They suggested urgently providing rules against bundling of extra services and creating unnecessary or disproportional costs. Also they demanded that the recommendations of a basic bank account should be included in the scope of the PSD.

2.12.25.7.2 Pre-contractual information on single transactions

The consumer association of Slovenia did not answer this question.

2.12.25.7.3 Framework contracts

a) Pre-contractual information for framework contracts

The Slovenian consumer association did not give any comments on this topic.

b) Contractual information for framework contracts and changing of conditions

The Slovenian consumer association did not give any comments on this topic.

c) Termination of framework contracts

The Slovenian consumer association did not directly answer this question. They criticised that the rule which demands a termination of the framework contract free of charge “sometimes gets circumvented”.

2.12.25.8 Surcharging & Rebates

The Slovenian consumer association did not respond to this question.

2.12.25.9 Refund of an authorised and executed transaction

The Slovenian consumer association did not answer this question.

2.12.25.10 Liability of payment service providers for unauthorised payments and their refund

The Slovenian consumer association reported on serious problems in regard to the liability for unauthorised payments in the sectors of e-banking and credit cards. They criticised the long time for refund. Furthermore pointed out that the burden of proof is an obstacle for the consumers to claim their refund rights and concluded that consumers are not enough protected against accusations of malpractice and negligence which the PSP's reproach.

Furthermore the Slovenian consumer association described the national legal situation and banking practice. The limit of refunding is set up to EUR 150. They demand to give up this limit to improve the motivation of the providers “to ensure high safety standards of their services”, e.g. to improve the authorisation/authentication procedures for e-banking because not all ATMs have been equipped with EMV technology and other protective measures such as camera surveillance.

2.12.25.11 Execution times & value dates

The Slovenian consumer association criticised that after the implementation of the PSD the Slovenian stipulations are less strict than before. Therefore the execution times of the transactions slow down.

2.12.26 SLOVAKIA

The short questionnaire received from Slovakia comes from the Association of Slovak Consumers.

2.12.26.1 Quality of responses

According to the European Commission's country profiles for consumer associations and networks, the Association of Slovak Consumers (ZSS) is a member of different international organisations (CI, BEUC and ANEC) and provides consumer consulting services via a network of regional consumer consulting centres. Its members consist of 482 individual and 5 legal persons.³⁶⁴ The respondent ZSS declared to have a low knowledge of financial services and of payment services.

2.12.26.2 One-leg transactions

The consumer association did not answer this question.

³⁶⁴ http://ec.europa.eu/consumers/overview/country_profile/SK_web_country_profile.pdf last consulted 24/07/2012.

2.12.26.3 Currencies

The consumer association of Slovakia reported regarding this question that “most of the financial transactions are performed in euro, so other currencies are not a big deal”. We interpret this response as a pre-disposition to: in absence of enough cases there is “no” need to extend the scope of the PSD to foreign currencies

2.12.26.4 Negative scope

The consumer association of Slovakia does not see the need to amend the negative scope of the PSD.

2.12.26.5 Positive scope (Definitions & PSD-Annex)

The respondent consumer association considers the definitions of the PSD as sufficiently clear and comprehensive.

2.12.26.6 Authorisation & Passporting

The consumer association of Slovakia did not express their opinion to these questions.

2.12.26.7 Transparency and information requirements

The consumer association ZSS answered the short questionnaire where only general questions about transparency and information requirements were asked.

The consumer association of Slovakia mentioned that they did not receive consumer complaints about this topic so that they consider the information requirements as sufficient to shop around.

2.12.26.8 Surcharging & Rebates

In absence of information the Slovak consumer association did not express their opinion to this question.

2.12.26.9 Refund of an authorised and executed transaction

In absence of experiences in this regard the consumer association of Slovakia did not express their opinion.

2.12.26.10 Liability of payment service providers for unauthorised payments and their refund

The consumer association of Slovakia could not report on any bad experience in regard to refunding.

2.12.26.11 Execution times & value dates

The Slovak consumer association complimented the shorter execution times after the implementation of the PSD. Nevertheless they criticised the cash transfer between accounts of the same bank: one account was debited, but the target account was credited only after some hours. Despite this criticism the execution time of payment transactions in Slovakia observes the stipulations of the PSD so that no cases and problems of non-compliance are reported.

2.12.27 UNITED KINGDOM

The short questionnaire received from the United Kingdom comes from Which?

2.12.27.1 Quality of responses

According to the European Commission's country profiles for consumer associations and networks, Which? has around 700,000 members in the UK and is the largest consumer organisation in Europe.³⁶⁵ It gives consumers advice in the financial field, for example credit cards and loan.³⁶⁶ The respondent Which? declared to have a good knowledge of financial services and of payment services.

2.12.27.2 One-leg transactions

Currently the UK does not cover one-leg transactions. The consumer association of the UK supports the inclusion of one-leg transactions in the scope of the PSD under reference to the report of Financial Services Ombudsman 2011/2012. They received many consumer complaints concerning payments to international destinations which went astray or about wrong and imperfect information. As an example for the need of the extension the consumer association cited the payment transactions of immigrants who send money abroad to support their families.

2.12.27.3 Currencies

The consumer association of the UK supports an extension of the scope of the Directive to foreign currencies because many people use these cross-border transactions to send money to their families abroad. Especially they refer to the fact that "France, Spain, Germany and the UK have one of the largest volumes of remittances in the EU (total value of more than 3 billion euro 2004) of which 75% are sent outside the EU (EC, 2007)."

2.12.27.4 Negative scope

The respondent of the UK expressed that online banking, mobile payments, IT purchases and funds, which are held in virtual accounts, should be in the scope of the PSD. They pointed the consumer perspective out, that customers "are not able to tell the difference" between the several ways and accesses to purchase. "Consumers should enjoy the same protections regardless of what they decide to purchase." They cited the following services to include in the scope of the PSD:

- Mobile payments
- IT purchases

Furthermore they cited online banking as a problem of the scope of the PSD. We will refer to this response in our explanation under the next headline.

2.12.27.5 Positive scope (Definitions & PSD-Annex)

The respondent pointed out the need to extend the 'positive' scope of the PSD on the following services and to regulate the following problems:

³⁶⁵ http://ec.europa.eu/consumers/empowerment/docs/UK_web_country_profile.pdf last consulted 24/07/2012.

³⁶⁶ <http://www.which.co.uk/money/> last consulted 24/07/2012.

- Pre-paid cards
- Overlay services
- Online-banking (OBeP)

Especially concerning prepaid cards they reported the development that increasingly consumers on low incomes use them to pay bills, buy goods or receive their salaries, although the charged fees are very high, only because they do not have an access to a banking account. Furthermore they expressed their reservation concerning virtual accounts and e-money (i.e. as a cloud service) which is not “equally protected”.

2.12.27.6 Authorisation & Passporting

The consumer association did not answer the question about authorisation but gave important notes on passporting. They reported that “most of big banks and telecom providers offering payment services are registered in the UK”, but especially in the field of e-money, these institutions use passporting (e.g. O2 Money, offering O2 Wallet, that is registered in Gibraltar and PayPal, which is registered in Luxembourg). The association assumes that consumers are not aware of the difference between nationally authorised payment institutions and those that use passporting. But on this basis they reasoned that it should also not “be necessary for consumers to know where the registered offices of the payment services provider are located” because “consumers should be able to expect the same level of protection from native payment services providers than from those who passport their services into the UK”. However subsequently the consumer association underlined their concerns about the impacts of passporting on the protection of consumers in the UK because the “supervisory system elsewhere could potentially be less effective and less well-resourced”. To avoid forum shopping the consumer association “is in favour of the regulator in host nations to be given supervisory powers over passporting payment service providers.”

2.12.27.7 Transparency and information requirements

The consumer association Which? answered the short questionnaire where only general questions about transparency and information requirements were asked.

The consumer association of the UK expressed clearly that the granted transparency and information requirements are inadequate to comply with the criteria clarity, comprehensibility and comparability of the terms and conditions of payment services. They cited different examples of their negative experiences and investigations: e.g. they asked 12 members to see if they could calculate the cost of an authorised overdraft for four different banks. Only 7 - out of the 48 requested - calculations were right. Additionally they referred to a report of the UK Office of Fair Trading about withdrawn from overseas cash machines which also shows that customers are charged with high fees enormously and moreover without their knowledge.

The consumer association demanded a clear and comparable declaration of any charges and fees with regard to the pre-contractual information as well as to the marketing/advertising materials (especially on the provider’s website). Otherwise – like at the moment – customers are not able to shop around on a truly competitive market.

2.12.27.8 Surcharging & Rebates

The respondent explained that the UK did not implement a prohibition on surcharges. The practice of surcharging is neither forbidden nor limited. As a result, Which? reported that ‘such payment surcharges are very common in the UK. They are especially common when booking travel or entertainment online’. Indeed, according to the respondent, ‘the UK Office of Fair Trading estimates UK consumers spent £300 million on payment surcharges during 2009 in the airline sector alone’.

However, Which? reported that it had launched a super-complaint about surcharging and that as a result, the UK Government has indicated that it will implement the provisions in the Consumer Rights Directive which ban “excessive” surcharges by the end of 2012.

The respondent continued explaining: ‘If the Commission is serious about increasing cross-border trade in the EU, then consumers must be able to compare goods easily and quickly. Surcharging, either incidentally or purposefully, obfuscates the prices of goods and services, making price comparisons more difficult and weakening price competition. Furthermore, the levels of surcharging exceed reasonable costs and it is very difficult to establish these costs given the confidential nature of the business agreement from card schemes.

For these reasons, the European Commission should use the review of the PSD to investigate:

- the evidence of whether and in what circumstances surcharges by traders to individuals has made payment systems more efficient and whether this has been at an acceptable or efficient cost to consumers or the wider economy; and
- the constraints to imposing surcharges on consumers for different forms of payment method, reflecting the frictional costs of moving to different payment methods, consumers purchasing habits and information asymmetry of costs of different payment systems.

In light of the findings of the OFT following the Which? super complaint, there is a compelling case to introduce a non-optional full ban on surcharges in the revised PSD, given the known harm to consumers and absence of any evidence that surcharging supports adoption of efficient payment methods. Please find our full super complaint and supporting documents here which outlines the problems which consumers face in detail.³⁶⁷

2.12.27.9 Refund of an authorised and executed transaction

The consumer association Which? reported on 1,459 received complaints during the last 2 years which deal with the refund rights in regard to authorised and executed transactions for holidays, trades, electronic goods and goods purchased online. In the majority of cases the consumers complain about “lengthy procedures to get refunds” or that refunds are refused so that protracted disputes are the result.

2.12.27.10 Liability of payment service providers for unauthorised payments and their refund

The consumer association Which? reported on serious problems in regard to the liability for unauthorised payments, especially the long time for refunding. Although the rules of the FSA

³⁶⁷ See: <http://www.which.co.uk/documents/pdf/payment-method-surcharges-which-super-complaint-249225.pdf>.

require the immediate refund of disputed transactions to the customer, PSPs often need longer than 10 days. Furthermore they referred to “the wealth of complaints” and their experiences as well as their researches from the UK Financial Services Consumer Panel which show “that around half of those responding who had reported unauthorised transactions on their bank accounts had some difficulty in obtaining a refund (see p. 15: http://www.fscp.org.uk/publications/pdf/panel_position_pap).”

2.12.27.11 Execution times & value dates

The consumer association Which? reported on problems with the execution times of international money transfers and gave examples by referring to an abridgement of the annual review of the Financial Ombudsman Service’s 2011/12.³⁶⁸

“we continued to receive complaints about the costs, time scales and procedures involved in international money transfers. When problems occur with these transfers, a regular source of confusion for many consumers is the use by their UK bank of an overseas intermediary bank – or so-called “correspondent” bank – for arranging payment to a foreign “beneficiary” bank, with which the UK bank had no direct business relationship. In many of the complaints we see, these arrangements have not been clearly.

2.13 Summary and conclusion

Consumer associations see a lot of **positive impacts** of the PSD for their national markets and also for cross-border payments. The highlights in this regard are execution times and transparency which shows that the PSD has achieved some of its major goals. However, less compliance with the goals of the Directive exists for consumer associations in relation to liability in case of loss, fraud and safety.

There is support from consumer associations to extend the scope of the PSD to one-leg transactions. This support is present whether the consumer association is located in a MS where some provisions already exist to bring **one-leg transactions** within the scope of the national implementation or not. In those MS where the implementation already includes some aspect of protection for one-leg transactions, consumer associations tend to call for an extension of the protection already offered.

There is support from consumer associations to **extend the scope** of the PSD to all currencies, although it is slightly lower than it is for one-leg transactions. As both issues are linked it is apparent that consumer associations overall are concerned by protecting consumer without discriminations based on currencies or origin and/or destination of payment transactions.

There is support to **amend the negative scope and to either clarify certain definitions** and/or to add further payment services within the scope of the PSD. The rationale for such support is to ensure the best protection for consumers and avoid payment services providers circumventing the protective legal regime in place. The two key payment services where consumer associations felt revisions were needed included mobile payments and use of third party ATMs. For the future, new services such as pre-paid cards and overlay services were also mentioned by consumer associations as needing attention in the MS where innovation was perhaps most advanced.

³⁶⁸ See: <http://www.financialombudsman.org.uk/publications/ar12/ar12.pdf>.

Consumer associations did not report any problems with the creation of new PSPs. They however reported that the **number of new institution is not very high** and that in any event, those new institutions were not much used by consumers, suggesting that the impact on competition in the wake of the PSD is limited.

The consumer associations were **broadly satisfied with the current system of authorisation** although they warned of a few risks concerning e-money and overlay services. They also welcomed a review of “initial capital” and “own fund” requirements as the market develops. On **passporting**, the consumer associations confirmed that consumers had little to no awareness of the regime under which services are provided. This is however only rhetorical since consumers ought to be protected in the same way regardless of the regime applied to their providers. Consumer associations perceived some dangers in the current passporting regime, in particular concerning the difficulties national regulators face to stop providers on a passport that does not play by the rules in their MS. A potential solution suggested to alleviate those risks is the concept of a “driving licence” to replace the passporting system.

The views of consumer associations illustrate that the PSD has had an impact on the way **consumers are informed, but it seems this impact does not yet go far enough**. Indeed, consumers are not always receiving the information they should and, when they do, often struggle to make sense of it. This may have an impact on the ability consumers have to shop around. Further, in instances where providers are able to charge for additional information, the consumer associations reported potential problems concerning charges not in line with actual costs and worse, excessive charges for information.

Although taken from a reduced sample, the results show that the **information** received by consumers on single transactions **is not always adequate**. The main point of concern is the fact that information received is not clear and comprehensible to consumers. Anecdotal, yet compelling evidence, also points towards the possibility that the information on single transaction is not timely in the way it is communicated to consumers (in ATM transactions in particular). The information received on the execution of single transaction seems to be more satisfactory, although some problems have also been noted at national level.

In framework contracts, the issue of **lack of clarity** appears to be a major obstacle for consumers to be able to digest relevant information and make informed choices. Respondents seem to strongly point towards a lack of clear and comprehensible information and made suggestions for further harmonisation and regulation concerning the way information ought to be disclosed.

Our survey indicated that consumers were **not always well informed about changes** to the framework contract. Whereas consumer associations did not report any major problems about the two-month notice period providers need to give, some problems were recorded about its application in practice. Consumer associations were also concerned by the possibility for the payment service provider to include in their terms and conditions a clause specifying that the consumer will be deemed to have accepted future changes unless he notifies the PSP before the proposed date of entry into force of the new conditions. The vast majority of consumer associations thought that the rule was not well respected and that consumer encountered problems regarding their information concerning the right to terminate a contract or the fact that their silence would bind them into a new framework contract.

Consumer associations have **concerns about** consumers obtaining an **immediate refund** for unauthorised transactions. It seems overall that while refunds do occur consumers have to wait longer than they should to obtain them or have to show persistence in order to obtain such a refund as banks raise obstacles to the refund. Similar problems were observed concerning refunds for authorised payments.

Surcharges are affecting consumers in Member States where surcharges are allowed as well as in Member States where they are banned. The main retail sector identified as problematic is the airline sector but others seem to emerge. It seems unlikely that consumers will be fully protected even after the implementation of the Directive on consumer rights.

Complaints about execution times from consumer associations **were seldom** possibly indicating that this is an area of the PSD that has had a positive impact. Indeed, in another part of our survey, execution times were highlighted as one of the main benefit from the PSD by consumer associations confirming this analysis. However, some minor problems still subsist in particular concerning cut-off times that are being interpreted differently in Member States and by individual providers at the expense of payment services user.

From the point of view of consumer associations the **awareness of consumers of the possibility to complain** to competent authorities **is in many Member States low**, with the exceptions of the United Kingdom and Ireland. The main criticisms however did not concern low awareness levels but rather, the outcome of the out-of-court procedures. The main issues seem to be in relation to **efficiency and independence** of the complaint boards. Beyond that, some consumer associations noted that in their Member State dispute settlement schemes **do not work in practice** at the moment. It is noteworthy that consumer associations themselves did not use authorities for their own complaints (although we found an exception in France). It seems therefore that there is a need to address the right for complaints by consumer associations and its allied procedure more precisely. None of the consumer associations reported any concrete penalties and several consumer associations doubted that penalties in their Member State, if even they exist, are effective, proportionate or dissuasive.

According to consumer associations, the main principle of Regulation 924/2009, the principle of equality of charges, is working well inside the eurozone and/or inside a Member State with its own currency. Nevertheless, higher charges for payments from and into the EU Member States were seen as problematic for consumers inside the European Union and extremely high fees and in-transparency were reported. Therefore, a widening of the scope of Regulation 924/2009 for at least all payments in the eurozone seemed a welcomed move for a number of consumer associations.

3 Annex Review of Complaint Boards

This Annex was prepared by Achim Tiffe.

3.1 Reported complaints related to payment services

The complaint boards which were surveyed as part of this study are listed below:

Table 3: Complaint boards responses to questionnaires			
MS	Complaint board	Type	Coding
AT	Gemeinsame Schlichtungsstelle der Österreichischen Kreditwirtschaft	T	Schlicht. (AT)
BE	SPF Economie Belgium	Q	SPF (BE)
	Service de médiation Banques – Crédit – Placements	E	Service (BE)
BG	Bulgarian National Bank	Q	BNB (BG)
	Conciliation Committee for Payment Disputes	Q	CPD (BG)
CY	Central Bank of Cyprus	Q	CBC (CY)
CZ	Czech National Bank	E	CNB (CZ)
	Financial's Arbitrator Office	E	FAO (CZ)
DE	Bundesverband der Deutschen Volksbanken und Raiffeisenbanken	Q	BVR (DE)
	Bundesverband Öffentlicher Banken	Q	VOEB (DE)
	Federal Financial Supervisory Authority	Q	BaFin (DE)
	Deutsche Bundesbank	Q	DBB (DE)
DK	The Danish Financial Supervisory Authority	Q	DFSA (DK)
	The Danish Complaint Board for Banking Services	Q	DCB (DK)
EE	Central Bank of Estonia	Q	CBE (EE)
	Estonian Financial Supervision Authority	E	EFSA (EE)
	Consumer Protection Board	E	CPB (EE)
	Consumer Complaint Committee in Estonia	E	CCC (EE)
ES	Banco de España	Q	BDE (ES)
HU	Hungarian Financial Supervisory Authority	Q	HFSA (HU)
LT	The State Consumer Rights Protection Authority	Q	SCR (LT)
LU	Commission de surveillance du secteur financier	Q	CSSF (LU)
LV	Consumer Rights Protection Centre of Latvia	E	CRPC (LV)
NL	Authority for the Financial Markets	Q	AFM (NL)
PL	National Bank of Poland	E	KNF (PL)
PT	Lisbon Arbitration Centre for Consumer Complaints	Q	CACC (PT)
RO	National Authority for Consumer Protection	E	ANCP (RO)
	National Bank of Romania	Q	NBR (RO)
	Romanian Financial Guard	Q	RFG (RO)
SE	The National Board for Consumer Disputes	Q	ARN (SE)
	Finansinspektionen	Q	FIN (SE)
SI	Banka Slovenije	Q	BSI (SI)
SK	National Bank of Slovakia	Q	NBS (SK)
UK	Office of Fair Trading	Q	OFT (UK)

iff, London Economics and PaySys

STUDY ON THE IMPACT OF DIRECTIVE 2007/64/EC ON PAYMENT SERVICES IN THE INTERNAL MARKET AND ON THE APPLICATION OF REGULATION (EC) NO 924/2009 ON CROSS-BORDER PAYMENTS IN THE COMMUNITY



The complaints received by complaint boards on the subject of payment services ranged from zero complaints up to 39,186 complaints in the same year. All four complaint boards, whose competence related only to the access of providers to payment service systems (Article 28 of the PSD), reported that they hadn't received any complaints in the last two years.³⁶⁹ None of the complaint boards reported complaints in relation to Article 28 of the PSD. Therefore, the four complaint boards with limited competence only to Article 28 of the PSD were excluded from the next table.

Two authorities, which are also complaint boards, remarked that they are not a body for individual dispute settlement and that their focus is mainly supervision (BaFin (DE), HSFA (HU)). Nevertheless, they also receive complaints from users and confront the providers with the complaints. However, the number of complaints received was smaller than what other complaint boards receive in their Member State. Therefore, the complaints of these two complaint boards receive reflect only a part of all complaints of this Member State. Not all complaint boards have answered the questionnaire or gave information. In some Member States individual complaint boards of providers are much more important than the official complaint boards. Therefore the following tables can give only an impression about differences of received complaints and is not excluding.

³⁶⁹ Finansinspektionen (Sweden), Office of Fair Trading (United Kingdom), National Bank of Poland (Poland), Central Bank of Estonia (Estonia). See for self-declared competences of the complaint boards: Table 142, chapter 8.1.

Table 4: Reported complaints in relation to payment services				
Member State and Organisation		Inhabitants	2010	2011
SI	Banka Slovenije	2.1	n. k.	n. k.
NL	Authority for the Financial Markets	16.7	0	0
EE	Estonian Financial Supervisory Division	1.3	29	44
EE	Consumer Protection Board		0	0
EE	Consumer Complaint Committee		0	0
LT	The State Consumer Rights Protection Authority	3.2	30	36
RO	National Bank of Romania	21.4	0	0
RO	Romanian Financial Guard		0	0
RO	National Authority for Consumer Protection*		71	71
CY	Central Bank of Cyprus	0.8	5	2
PT	Lisbon Arbitration Centre for Consumer Complaints	10.6	21	16
DK	The Danish Financial Supervisory Authority	5.6	1	1
DK	The Danish Complaint Board for Banking Services		26	40
AT	Gemeinsame Schlichtungsst. der Österreichischen Kreditwirtschaft*	8.4	n. k.	50-60
CZ	Czech National Bank*	10.5	67	67
CZ	Financial's Arbitrator Office		80	92
SE	The National Board for Consumer Disputes	9.4	18	69
BG	Bulgarian National Bank	7.5	47	77
BG	Conciliation Committee for Payment Disputes		60	94
BE	Ombudsfin – Mediation Service Banks – Credit – Investments	11,0	182	148
BE	SPF Economie Belgium		18	24
HU	Hungarian Financial Supervisory Authority	10.0	265	140
LU	Commission de surveillance du secteur financier	0.5	250	200
FI	The Finnish Financial Ombudsman Bureau**	5.4	372	318
IT	Banca d'Italia**	60.6	1.459	n. k.
DE	Schlichtungsstelle Deutsche Bundesbank	81.8	2	3
DE	Bundesverband Öffentlicher Banken		48	36
DE	Bundesverband der Deutschen Volksbanken und Raiffeisenbanken**		349	n. k.
DE	Federal Financial Supervisory Authority*		450	450
DE	Bundesverband deutscher Banken**		1.462	1373
DE	Deutscher Sparkassen- und Giroverband**		296	333
IE	Financial Services Ombudsman**		4,5	n. k.
ES	Banco de España	46.2	2.803	2.622
UK	Financial Ombudsman Service**	62.5	39.186	35.705

Note: n.k. = not known, numbers were not given for each year: = approximation (*)

Sources: Answers of complaint boards or information based on published reports (3xDE, FI, IE, IT, UK = **), calendar years except UK (fiscal year from April to the following March).

There is no common **overall trend** visible to explain the differences from the year 2010 to 2011. An increase in complaints starting with very low numbers could show increasing awareness of a mostly unknown institution by users of payment services, but it could also reflect increasing problems. A decreasing number of complaints could be an indicator of better functioning of the market and more service oriented providers but it could be also a result of the transposition: in the

first years of the transposition of new European law into national law there is always a need for information about the new legal situation – e.g. new execution times, changes of terms and conditions by providers.

Reasons for differences between the numbers of complaints per year and Member States could be (1) a lack of awareness of the complaint board by users, (2) low user expectation (whether true or perceived) that the act of complaining to the board will actually not solve the problem experienced,³⁷⁰ (3) low competence of the complaint board to settle problems,³⁷¹ (4) existence of other more efficient complaint boards in the same Member State, (5) other more efficient procedures for users to seek and obtain redress, (6) different level of establishment,³⁷² institutionalisation and usage of out-of-court procedures in the Member States in general and (7) different extent of market transparency and efficiency that reduce the occurrence of problems and thus make complaints unnecessary.

A current study about dispute settlement schemes in Europe for the World Bank highlights independence and efficiency as **core elements** for alternative dispute resolution bodies for out-of-court redress (ADR) as a necessity. “Otherwise, consumer confidence will be undermined” (Thomas/Frizon 2012a, 7). Accessibility, transparency and accountability are additional elements for dispute settlement bodies, which includes common knowledge about the dispute settlement bodies among the users of financial services and the publication of an annual report with adequate statistics.³⁷³ Thomas/Frizon describes in this study a **lack of standards for dispute settlement bodies** in Eastern Europe,³⁷⁴ which should change with the proposed EU-directive for dispute settlement bodies,³⁷⁵ and which could explain the lower number of complaints related to payment services concerning Eastern Europe. The authors see also a general transition from ADRs covering only specific sectors of financial services towards a single ADR covering all financial sectors in one Member State. **Consolidation** of out-of-court settlement schemes could help to achieve **greater awareness**. The British Financial Ombudsman Service is an example of an out-of-court settlement institution which has covered all financial services for more than ten years and has a high number of complaints. It has also a long history, starting as one of the first ombudsman in Europe in the early 1980s (Thomas/Frizon 2012a, 25). The Financial Ombudsman Service in the United Kingdom has the highest level of complaints related to payment services.

³⁷⁰ No. 1 and no. 2 were reported for Cyprus by one consumer association.

³⁷¹ The German Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), for example, is a complaint board but has no out-of-court settlement procedures. The main goal is to get information from users about the market and to give consumers feedback on whether providers are acting in line with the legal requirements or not. The BaFin also confronts the provider with the facts, but often it has no information about the final result of the case because it does not have its own settlement procedure as other German complaint boards have.

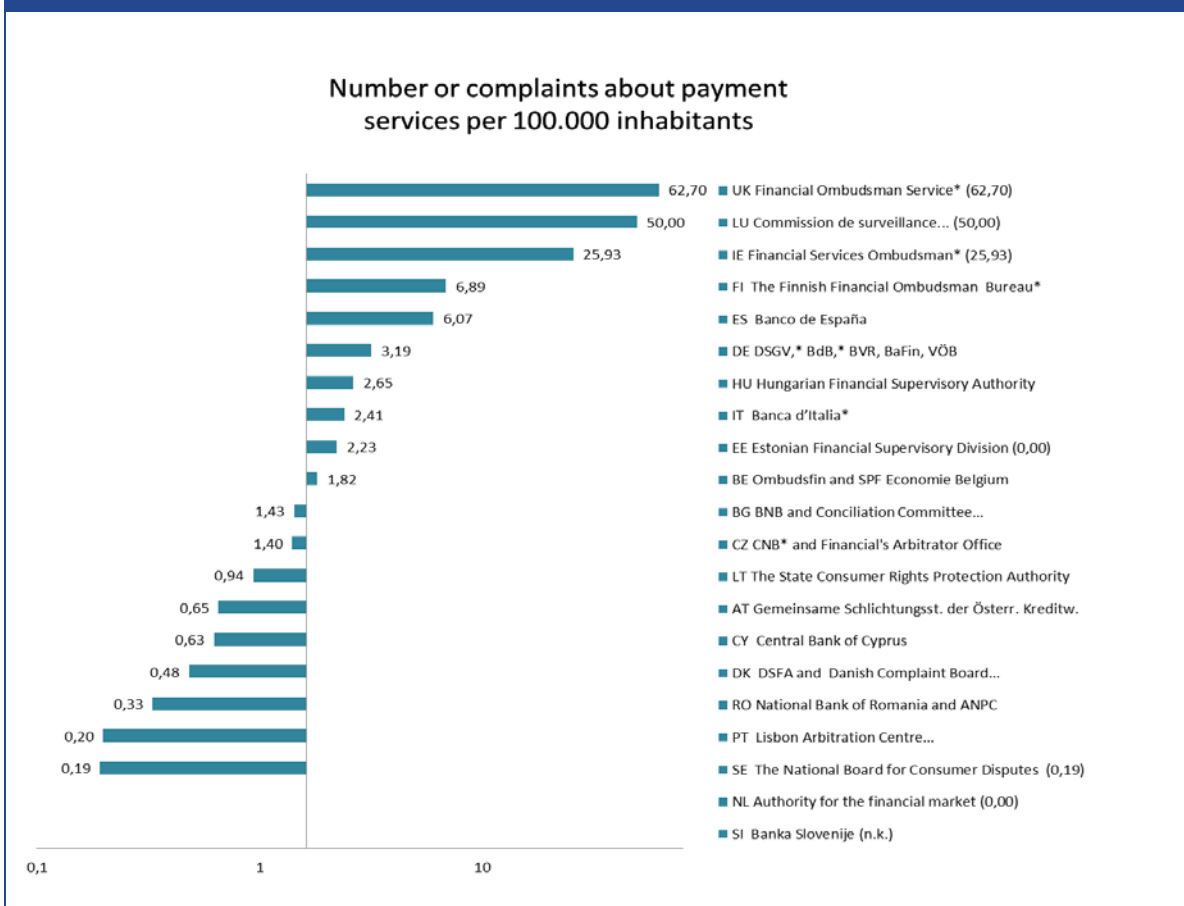
³⁷² For the current situation of dispute settlement bodies in Eastern Europe (Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia (the CEE 11)) in relation to financial services see Thomas/Frizon (2012b). In Latvia and Slovakia, for example, the establishment of out-of-court procedures is only developed at a very basic level. In Bulgaria the institutionalisation of dispute settlement bodies has just started: “in 2011 the only dedicated ADR in financial services was the legally-established Conciliation Commission for Payment Disputes. This provides non-binding recommendations in disputes about credit cards, loans, payment services and electronic money.” (Thomas/Frizon 2012a, p. 62).

³⁷³ “Financial ombudsmen should publish a report at least yearly, explaining the work that they have done. They should provide appropriate statistics about the disputes they have handled and the way in which they have handled them (including the arrangements for quality-control).” (Thomas/Frizon 2012a, p. 8).

³⁷⁴ “There are currently significant gaps in coverage – both by country and by sector. And a number of the ombudsmen/ADR that exist do not appear to comply with recognised European Union standards for out-of-court redress bodies.” (Thomas/Frizon 2012b, p. 3).

³⁷⁵ Proposal for an EU directive on alternative dispute resolution for consumer disputes and amending Regulation from 29.11.2011, COM (2011) 793 final.

Figure 4: Complaints reported per 100,000 inhabitants



Note: n.k. = not known, median = 1,63, basis: year 2010, for Ireland and Austria year 2011.

Sources: own answers in the questionnaire or information based on published reports (*)

A **high number of complaints** does not mean in principle that this Member State experiences more problems than in other Member States. In fact it is also an **indicator of a good working dispute settlement scheme**, while a low level of complaints is mostly an indicator for lack of awareness and/or lack of confidence by users. In all Member States with a high number of complaints about payment services (per 100,000 inhabitants), consumers feel better protected by existing consumer protection measures in relation to other Member States and use the complaint boards in a more self-confident way – see United Kingdom, Luxembourg and Germany in the following chart.

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Figure 5: Consumer confidence and preparedness to complain

The percentage scores (against a potential maximum of 100%) were –

<i>Consumers who feel adequately protected by existing consumer protection measures:</i>		<i>Consumers who felt they had a reason to complain but did not complain:</i>	
United Kingdom	80%	Austria	5%
Austria	79%	Luxembourg	6%
Ireland	79%	Denmark	9%
Denmark	72%	Sweden	10%
Luxembourg	71%	Germany	11%
Germany	69%	Italy	13%
Netherlands	69%	Netherlands	13%
Finland	68%	Belgium	16%
Italy	61%	Portugal	16%
Sweden	61%	Malta	17%
EU average	57%	United Kingdom	17%
Belgium	53%	Spain	18%
Portugal	53%	Finland	20%
Hungary	51%	France	20%
Slovakia	51%	Slovenia	22%
Malta	49%	Ireland	23%
Poland	49%	EU average	23%
Czech Republic	47%	Greece	25%
France	47%	Cyprus	26%
Cyprus	44%	Czech Republic	32%
Spain	44%	Hungary	32%
Estonia	43%	Slovakia	38%
Slovenia	39%	Poland	40%
Latvia	38%	Lithuania	43%
Romania	34%	Latvia	50%
Lithuania	33%	Bulgaria	52%
Greece	30%	Estonia	55%
Bulgaria	27%	Romania	57%

Note: n.k. = not known

Sources: Thomas/Frizon 2012b, p. 13, based on the European Consumer Conditions Scoreboard 5th edition, March 2011.

The number of complaints related to payment services by Member State also **correlates with complaint behaviour of consumers in other fields** like cross-border purchase. At the very low-complaints end we find, beginning with the lowest number of absolute complaints, only Eastern European Member States plus Cyprus and Greece and at the high-complaints end, with the highest number of absolute complaints, we find the UK but also smaller Member States like Austria, Belgium and the Netherlands. Due to its size Luxembourg is in the centre span but in relation to its inhabitants the complaint rate is also high.

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Table 5: Correlation with absolute level of other complaints e.g. cross-border purchase		
low level	centre span	high level
CY, EE, RO, SK, EL, HU, LV, CZ, SI	DK, MT, BG, LT, PT, PL, SE, LU, IE	IT, NL, FI, BE, DE, ES, FR, AT, UK

Note: in order of absolute complaints based on ECC and CPC cross-border complaints as consumers and traders in the year 2010.

Sources: *Consumer Conditions Scoreboard: Consumers at home in the single market 5th edition – March 2011, p. 17.*

Different out-of-court-procedures could confuse payment service users. The authors Thomas/Frizon plead therefore, especially in relation to payment services, for a **single out-of-court procedure**, because consumers often do not understand the differences between different products (credit-/debit-/charge-cards/electronic purse) and different providers (credit institutions, payment institutions):

Box 22: Problem of consumers with different dispute settlement bodies

“So, consumers are unlikely to know whether or not they are covered (and where to go if they have a problem) unless the financial ombudsman or ‘banking’ ombudsman covers all deposit-taking, lending (credit), electronic money and payment services – even if not provided by a bank.” (Thomas/Frizon 2012a, 39)

The **level of reporting** and evaluation was very different: only 9 out of 34 complaint boards reported that they had published a report where received complaints about payment services are mentioned explicitly while 19 complaint boards said³⁷⁶ that they had not published a report in the last two years about these issues.³⁷⁷ Besides that fact, a number of complaint boards which did not answer the questionnaire publish regular annual reports about the complaints, which include detailed information about complaints in relation to payment services³⁷⁸ and which were also used for the study. Where complaint boards compiled an annual report with specific data about complaints in relation to payment services (Germany, Spain, United Kingdom), the average number of the complaints about payment services was 23 % of all complaints about financial services.³⁷⁹ Therefore, complaints about payment services are in general an important part of all complaints about financial services.

³⁷⁶ Question: “Reports: Have you published a report about received complaints in the years 2010 or 2011 in relation to payment services? (If yes please add document as PDF/Link)”, 28 answers in total (24 filled out questionnaires, 4 additional answers about reporting by e-mail and phone).

³⁷⁷ The number of reports from complaint boards is higher, but there is no data available about the number of cases and the focus of complaints in relation to payment services. A common standard for the reports does not exist and the reports and the data presented differ from one report to the other: no categories, different categories etc. The new proposal of an EU directive on alternative dispute resolution for consumer disputes and amending Regulation from 29.11.2011, COM (2011) 793 final, will not solve this problems, if “the types of complaints to which they related” which should be reported, are not defined for all ADR/Ombudsman in the same way. See Article 7 no. 2 a) and b) of the proposal.

³⁷⁸ This is the case, for example, in Germany (Bundesverband der Deutschen Volksbanken und Raiffeisenbanken, Bundesverband deutscher Banken, Deutscher Sparkassen- und Giroverband, in Spain (Banco de España) and in the United Kingdom.

³⁷⁹ See examples from dispute settlement bodies with a wide focus: 25.2 per cent (DE) Bundesverband der Deutschen Volksbanken und Raiffeisenbanken, 29.0 per cent (DE) Deutscher Sparkassen- und Giroverband, 22.5 per cent (DE) Bundesverband deutscher Banken, 19.0 per cent (ES) Banco de España, 19.0 per cent (UK) Financial Ombudsman Service (all data from 2010, for UK 2010/2011).

3.2 Main focus of complaints

The complaint boards were asked about the main focus of the complaints they received relating to payment services. 13 complaint boards (BE, BG, DE (2x), CZ, DK, HU, ES, LT, LU, PT, SE, SL) gave information about the most important issues and for six complaint boards the most important issues were found in their annual reports (BE, EL, FI, IE, NL, RO). For 19 complaint boards the main focus of complaints related to payment services could be identified.

Table 6: Main focus of received complaints (in the last two years)		
Focus of complaints	Number of complaint boards	Member States
Unauthorised payment transactions in relation to debit /credit cards - whether or not it was authorised by the consumer (DK) - internet fraudulent operations (ES)	11	BG, BE (2x), CZ, DE, DK, ES, FI, NL, SE, SL
Charges - excessive/not discriminated costs for cash transfer (PT) - account maintenance fees /annuities (PT) - charges for credit transfer (AT) - international money transfers, ATM, bank card service fees (LT)	9	AT, BE, CZ, DE, EL, ES, LT, PT, RO
Credit transfer - order execution (HU) - non-execution of payment orders (mainly due to insufficient reserve on the consumer's account) or incorrect references (BE) - execution time (DE), (AT)	6	AT, BE, CZ, DE, ES, HU
Blocking of the payment instrument	2	LU, RO
Lack of information - lack of information about conditions and costs, form and mode of payment etc. in relation to credit cards (PT) - fees without notifying the customers the appearance of fees (RO)	2	PT, RO
Cash transfer - delay in transfer (PT)	1	PT
Withdrawals from ATM	1	CZ
Value dates	1	BE
Refusal of payment orders	1	ES
Notification with undue delay of unauthorised transactions in relation to direct debits	1	DE
Quality of service	1	HU
Administrative errors	1	HU
Money mules: Parents complain that banks accuse their children of being an accomplice in fraud (people offering money for debit of credit cards from children).	1	NL

Note: (AT) = named by Österreichische Finanzmarktaufsicht, report 2011, (DE) = most frequently reported cases by BaFin.

Sources: *iff complaint boards survey*

For the majority of the complaint boards (11 out of 19) reported problems with unauthorised payment transactions mostly in relation to debit and credit cards followed by complaints about charges. Other issues reported by more than one complaint board were problems with credit transfers (misleading transactions and execution time), blocking payment instruments and lack of information.

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3.3 Handling of complaints

All complaint boards were asked about published reports and the outcome of the complaints in relation to different issues. Only nine complaint boards stated that they have a report with information about complaints in relation to payment services while 19 denied it.³⁸⁰ Statistics about the outcome of the complaints were in general only documented by the complaint boards in relation to all financial services and not in relation to payment services in detail.³⁸¹ The information on the outcome of complaints was also very limited in cases where the body has no competence for out-of-court settlements, like the German authority BaFin. This complaint board has no competence and no established procedure for making decisions. The focus of the authority is the functioning of the market. Complaints are welcome to get more information about the market and the providers but not to handle complaints in the way of arbitration of out-of-court settlements.

If the numbers of decisions and dispute settlements were named in the reports, the number of decisions in favour of the complainant and in favour of the provider was equal.³⁸² Nevertheless, the percentage of decisions finding in favour of consumers were often less than 50% in total, based on the fact that in more than half of the cases the complaint board was not in charge, the information was incomplete or it was not possible for the complaint board to hear witnesses etc. and the complaint was therefore rejected formally or referred to another institution. Several complaint boards also reported that in many cases they just explained the legal situation to users.

3.4 One-leg transactions

In relation to payments from/to outside the EU only one complaint board - the Spanish complaint board Banco de España - reported that they have received complaints related to one-leg transactions, "specifically about transfers (information, charges, value dates)."³⁸³

3.5 Currencies other than the euro or the currency of a MS

Only one complaint board (ES) has reported complaints about payment services in currencies other than the euro. Whereas under the Spanish Law payment services in other currencies than the euro follow the same legal rules,³⁸⁴

³⁸⁰ Question: "Have you published a report about received complaints in the years 2010 or 2011 in relation to payment services?"

³⁸¹ See for detailed statistics for example: (DE) Bundesverband der Deutschen Volksbanken und Raiffeisenbanken (2011) and (ES) Banco de España (2011).

³⁸² See for example: (ES) Banco de España report (2011): pleading in favour to the complainant 18.2 per cent pleading in favour to the provider 18.2 per cent, 63.6 per cent others (incomplete documents, relegation etc.); (DE) Bundesverband deutscher Banken report (2011): 26 per cent pleading in favour to the provider, 16 per cent pleading in favour to the provider, 58 per cent others (complaints out of range of the complaint board, complaints which were no longer pursued by the customer).

³⁸³ Banco de España: "Some parts of the Spanish Law on Payment Services apply also to "one leg transactions" to third countries... The complaints were resolved in accordance with the Spanish Law on Payment Services, the Ministerial Order EHA/1608/2012, 14 of June, that develops the transparency and information requirements of the Law on Payment Services, and the good banking practices."

³⁸⁴ "exempt from distribution of expenses (Article 52 PSD, Section 2 Chapter 3 of Title IV PSD, and Article 67 PSD)", Banco de España.

3.6 Negative scope: Excluded activities (non-regulated services)

Only one complaint was reported by complaint boards related to negative scope; this came from Denmark, where the Danish authority received a complaint about a payment card used for transportation – similar to the Oyster Card in the UK. The complaint was about a card which did not register the current journey correctly and therefore the costs were not adequate. No other complaints were reported by complaint boards.

3.7 Authorisation and passporting

A few cases were reported by complaint boards in relation to authorisation. The German authority reported several complaints in relation to passporting, which they solved by referring the users to the authority which was responsible. One case was also reported by the Danish Financial Supervisory Authority in relation to a payment provider with a limited permission to carry out payment services in Denmark. The Hungarian Authority noted “unauthorised activity” in relation to derogations for low value payments (Article 53 of the PSD) and the Banka Slovenije reported complaints in matters of Article 9 of the PSD with the following decision:

Box 23: Complaints in relation to authorisation and passporting – An example

“A payment institution did not properly safeguard funds which the payment institution received from the payment service users or through another payment service provider for the execution of payment transactions. Because of the specific business model (three party scheme), payment institution considered safeguarding requirements to only apply when the funds are actually received from the payment service users and not in cases when the payer's credit line has been debited for the amount of the transaction but the funds from this credit obligation will be paid only later. Banka Slovenije imposed a fine on a payment institution due to the violation of safeguarding requirements – it did not safeguard all the funds received from payment service users in such a manner that they would be insulated in the event of insolvency.”

3.8 Information and transparency

3.8.1 Free information principle

The Spanish complaint board Banco de España has reported about complaints related to the free information principle: payment service providers charged their clients for sending information by mail. The Lithuanian complaint board reported one case where a consumer was charged by a provider for information (100 Lt.). The authority decided that the additional fee was against the law.

3.8.2 Information concerning single payments and their execution

Complaints in relation to pre-contractual information with single payment transactions were reported from five Member States (BE, ES, EE, HU and LT). The Spanish complaint board has received a number of complaints concerning single payment transactions related to

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- the absence of information for the payer about expenses, date of receipt of the order etc.,
- the lack of information about the payment order being communicated after the receipt of the order to the payer,
- the absence of information about expenses for the payee, especially the exact amount of money received and the date of receipt of the order.

In Estonia the EFSA reported many occasions where PSPs have given misleading information about the prices of services within the Member State. From the Lithuanian complaint board a problem was also seen if the user had not enough time for the pre-contractual information before agreeing with conditions and consumers found the provided information often unclear and not understandable and from Belgium there was just one single case reported without any broader relevance.

Complaints about missing pre-contractual information in relation to single payment transactions were mentioned by the Spanish, the Lithuanian and the Hungarian complaint board.

3.8.3 Information concerning framework contracts and their execution

Different complaints were reported related to framework contracts from Denmark, Estonia, Hungary, Spain and Bulgaria: The Spanish complaint board reported about “a number of complaints of single operations executed under a framework contract, without giving all information to the user about the payment transactions in line with the PSD.”

Complaints in relation to changing interest rates and exchange rates were reported from Spain, Estonia, Lithuania and Hungary, especially changing interest rates without proper information of the consumer. A single case was reported by the Danish Financial Supervisory Authority relating to closing “a complainant’s account, while there still was approx. 50 euro on it, without any notice.”

Problems with information about changes were reported from Estonia, Lithuania and Bulgaria. In Estonia a PSP had changed its fees without prior information for the consumer and in Bulgaria several PSPs used to announce new conditions and fees only at the internet and not in a written individual form. Both issues were seen not in line with the PSD and the national law from the complaint boards.

A particular problem was reported from Bulgaria. The Bulgarian National Bank mentioned several complaints concerning the opening and closing of payment accounts, in which third parties had opened an account on their behalf. “The cases concerning the closing of a payment account were related to customers of PSPs complaining about the procedures that one should go through to cease the contract with the PSP.” The Bulgarian National Bank has also received several complaints by PSPs’ customers “about automatic rollover of payment service contracts which they claim they were not aware of.” The Bulgarian complaint board declared that “the cases received with regard to the procedure for termination of a contract and closing of a payment account were solved in a timely manner and charged fees for the following period were solved in such a manner that the PSPs were closing the payment accounts and reversing the charged amounts. In good faith, after communication with the BNB, PSPs terminate the contracts and reverse the charged fees, even though it is clearly negotiated in the contract that the contract can be renewed automatically.”

3.8.4 Contractual information for framework contracts

Complaint boards from DE, ES, HU, LU and SE reported complaints related to framework contracts (termination of framework contracts and notice period with two month notice by PSP in advance (DE), charges for periods after cancellation of the framework contract by the user (BU, LU), changing interest rates and exchange rates (ES), pre-contractual information (ES, SE) and information during the framework contract (ES, SE).

Changing conditions of framework contracts were reasons for claims in four Member States (DE, ES, HU, SE) with a large number reported by Banco de España. From Germany it was reported that not the notice period was a motive for complaints but changes of the terms and conditions themselves as a consequence of the implementation of the PSD into national law.

3.8.5 Other topics in relation to information and transparency

Complaints about information were reported also in relation to **information on additional charges** imposed by PSPs and third parties (Article 50.2 of the PSD) and in relation to information on additional charges and reductions imposed by the payee (Article 50.1 of the PSD) from the Hungarian and the Spanish complaint board.

The Spanish complaint board reported complaints related to **burden of proof** of provision of required information (Article 33 of the PSD). The Banco de España declared that PSPs have to prove information when users deny its receipt “in cases of unilateral modification of the clauses, prior information in case of expenses, prior termination...”.

The Office of Fair Trading (OFT) in the United Kingdom considers that Article 47 of the PSD is problematic with regard to **ATM transactions in foreign currencies** and sees potential to improve this rule for the benefit of consumers:

Box 24: Complaint of OFT about information related to ATM transactions in foreign currencies

“The OFT investigated the travel money market in 2011 and as part of our investigation considered the use of credit and debit cards abroad. The OFT found that card issuers in the UK effectively charge consumers in the exchange rate provided to the payer by adjusting the exchange rate used by the payment network for the transaction. This charge by the card issuer is typically in the range 2.75% to 2.99% of the amount of the transaction. It is often in addition to other more transparent charges imposed for card use abroad. As it stands, Article 49 of the PSD requires that the payer be provided with information on 'where applicable, the exchange rate used in the payment transaction by the payer's payment service provider, and the amount of the payment transaction after that currency conversion.' This may allow the card issuer to adjust the exchange rate used for the transaction by the payment network and provide the consumer with this adjusted exchange rate on the statement that the consumer receives when they return from abroad. The consumer may never know that they have been charged by their bank or other card issuer in the exchange rate that they see on their statement. The OFT considers that any charges made by card issuers in the exchange rate used should be fully transparent to consumers and should, for instance, be shown as a charge on account statements in addition to other charges that may be applied for card use abroad. This should be in addition to the provision of the exchange rate used by the card issuer. It is important to note that when using a

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card at point of sale consumers are not in a position to shop around on the exchange rate. Further, when reviewing their statement after returning from abroad they may not consider whether the exchange rate that they see on their statement was competitive.”

The OFT (UK) also noted that it has concerns about payment transactions connected with **currency conversions** overall:

Box 25: Complaint of OFT about information related to currency conversions

“The OFT's investigation in 2011 into the travel money market did not include consideration of currency conversions. Nonetheless some stakeholders that we spoke with raised concerns with us regarding the information provided to UK consumers at point of sale on currency conversions outside the UK. It appears that consumers may not be in a position at point of sale to make an informed choice on whether or not to use the currency conversion facility offered. In particular consumers at point of sale may be making a snap decision on whether or not to pay in their home currency and may not consider the exchange rate used in the currency conversion option – indeed, they may assume that paying in their home currency is the cheaper option for them. The OFT considers that consumers may not be fully aware of the charges or the implications of accepting a currency conversion at point of sale.”

3.9 Rights and obligations

From three complaint boards several complaints about **execution time** of payment transactions were reported (DE, HU, ES), while 15% of all complaints the German authority BaFin received related to this issue. The German authority BaFin reported that the high number of complaints were due to the new rules in the first months of the implementation. Complaints were also reported from the Spanish and German complaint board in relation to **cut-off times** of the business day, which has an effect on the receipt of payment.

Both institutions also reported complaints related to **value date and availability of funds** (Article 73), **cash placed on payment account** (Article 71) and **revocability of payment transactions**.

A large number of complaints reported from the Spanish complaint board related to the obligation to **transfer the full amount of a payment transaction** and refrain from deducting charges if they apply, unless the PSP of the payee has an agreement to charge the payee itself (Article 67).

From the Bulgarian National Bank complaints were reported linked to **currency conversion** (Article 49): “We have received several complaints about payment orders channelled through correspondent banking, which resulted in a double conversion where it wasn't clear whether the sending bank has agreed the currency conversion with the sender. This resulted in complaint by the final beneficiary of the transfer that the amount received is less than the amount ordered.”

From the German complaint board several complaints were reported related to problems with **sending payment instruments** (Article 57.2). The typical case was that users had not received the payment instrument.

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Claims related to **unsolicited sending of payment instrument** were reported from the Bulgarian and to a lesser extent from the Spanish complaint board. The focus of the Bulgarian National Bank was in these cases the termination of the obtruded contracts for the future (see chapter about charges).

3.10 Charges

3.10.1 Charges in general

Complaints about charges of PSPs were mentioned from several complaint boards:

- charges for payment transactions (CY),
- rate of commission, costs and charges (HU),
- charges for one-leg transactions (ES),
- charges for information sent by e-mail to users (ES),
- charges in line with PSP's actual costs (ES),
- transactions in currencies other than euro or MS (LU),
- charges for framework contracts for periods after cancellation through the user (BG, LU),
- charges for the termination of a payment account that had been opened more than 12 months ago (LU).

Meanwhile complaints about charges for information in accordance with Article 52 of the PSD were just mentioned by the Spanish complaint board.

Complaints about **charges for notification** in the case of refusal of direct debits (Article 65) were reported by the German complaint board BaFin. The complaint board explained the legal situation to the users in Germany and referred to a decision of the Federal German supreme court (BGH v. 22.05.2012, AZ. XI ZR 290/11) that judged that it is not allowed under German law *“to charge for a notification about the refusal of a payment order initiated by the payee”*, in contrast to Article 65.1 of the PSD.³⁸⁵

The Bulgarian complaint board reported about **unsolicited sending of payment instrument** to users who had signed a leasing contract. Even after end of the leasing contract the PSP charged the users for the payment instrument. After intervention of the Bulgarian National Bank PSPs reversed *“the charged fees and terminate[d] the contract for the payment card for the period after the full repayment of the loan.”*

3.10.2 Sharing of costs as a default rule (pricing options)

In relation to the general principle sharing of costs (Article 52.2), two complaint boards (CY, ES) reported complaints. After one reported complaint in Cyprus, which was obviously not in line with

³⁸⁵ There has been confusion among the existing German complaint boards over recent years: while the German Authority (BaFin) declared that it referred to the court decision (mentioned above) of the Bundesgerichtshof, the complaint board of the savings bank explained to the complainants (up to the court decision of the highest civil court) that it cannot decide these cases due to a pending court procedure and in the absence of a decision from the highest civil court. In contrast, the complaint board of the German credit unions decided every time against the complainants, see annual reports of the different German complaint boards from 2011. For direct debits under the new law of the PSD the highest civil court remarked explicitly in the above decision that charges for notification will be possible in the future for direct debits under regime of the PSD.

Article 52.2 of the PSD, the Central Bank of Cyprus “required from all payment service providers to fully comply with the provisions of this Directive.”

3.10.3 Surcharging and rebates

From two complaint boards cases were reported in relation to surcharging (HU, LU). One case related to surcharging and rebates (LU): “A claimant was of the opinion that pursuant to the PSD a PSP could not prevent him from asking his buyers to pay a charge (“surcharge”). The CSSF informed the claimant that the Luxembourg Law of 11 November 2009 which implemented the PSD had made use of the possibility offered by Article 52.3 of the PSD to forbid the payee to request a charge from the payer for the use of a given payment instrument.”

3.11 Authorisation of payment transactions

Three complaint boards reported a number of complaints in relation to **authorisation of payment transactions** (DE, DK, ES). The main focus was whether or not a payment transaction was authorised.

Complaints about **blocking payment instruments** were reported from complaint boards of six Member States (BE, BG, DE, ES, LT, LU). In Luxembourg most of all complaints were about this issue (Article 55.2 of the PSD). The Bulgarian National Bank explained to the users that these actions are part of the risk prevention procedures of the PSPs and therefore “are in line with the contracts between the users and the PSPs”. The German authority reported that in most cases the behaviour of the PSPs was legitimated. The Spanish Banco de España reported also cases in which “the payer is not able to assume his obligations”. The Luxembourgian CSSF reported diverse results: “Depending on the case, the PSP lifts the blocking following the intervention of the CSSF or duly explains why it wants the payment instrument to remain blocked.”

The major focus of complaints seems to be liability in the case of unauthorised payments with credit and debit cards. Nine complaint boards reported about complaints related to **unauthorised payment transactions with payment cards** (BG, DK, DE, ES, FI, HU, LU, SE, SL) but the handling of the cases is quite different from one Member State to the other as reported by the complaint boards. The Bulgarian National Bank, for example, stated that the user is in general not liable and doesn’t even have to pay EUR 150 because PSP has the general burden of proof:

Box 26: Liability of unauthorised payment transactions with payment cards – Bulgaria

“After a communication with the BNB, PSPs refund the payers account to the state it was before the unauthorised transaction(s). In some cases PSPs state that the users did not keep their personalised security features safe and so the user bears losses for the amount of up to EUR 150. In relation to that, PSPs are always reminded by the BNB that they bear the burden to prove either that the payment transaction was authorised by the payer or that the payer acted fraudulently or failed with intent or gross negligence to fulfil one or more of his obligations under Article 56 and that they should refund the user with the full amount.”

In Slovenia the complaint board gives only a statement and delegates the case to the bank associations: “Banka Slovenije usually issues its opinion regarding liability of either a payment

service provider or payment service user and directs consumers to Bank Association of Slovenia where out-of-court body carries out complaint and redress procedures.”

In Spain “the PSP provider has to restore the debited payment account to the state it was before the unauthorised transaction. Only after that may the PSP perform the corresponding investigations to prove that the operation was authenticated, accurately recorded and not affected by any deficiency.”

Quite contrary is the situation in Germany. In Germany the national jurisdiction has established a prima facie evidence for PSPs in relation to unauthorised payments with payment instruments before the transposition of the PSD into national law. Therefore the report of the complaint board of the association of German banks from 2011 said clearly that in practice a user cannot, as a rule, disprove the prima facie evidence in favour of the PSPs.³⁸⁶ Therefore, in Germany users are in general responsible for the whole loss and the German complaint boards usually explain the current legal situation to the users, which means that the user is responsible for the whole loss under German law based on prima facie evidence unless he can prove the opposite, which is in general not possible.

Similar responses came from the Danish and the Swedish complaint boards: from Denmark it was reported that a lot of cases deal with these issues and the interpretation of “gross negligence”, while the Swedish complaint board reported that most of the claims relating to unauthorised payments were refused (refused: 64, approved 16, others 7).

Banco de España reported also a large number of complaints specifically related to **defective execution** (Article 75).

A large number of complaints that were received also related to problems with **incorrect Unique Identifiers** (Article 74) by Banco de España. The Bulgarian National Bank reported that in cases of incorrect Unique Identifiers PSPs could always recover the funds “*and all cases are resolved positively for the complaining users.*” The Luxembourgian CSSF mentioned several claims “*where the claimants who were victims of alleged frauds pretended that the PSP was negligent because it did not check if the unique identifier matched the apparent beneficiary of the payment order.*” Most of the cases were not yet closed by the Luxembourgian CSSF. Complaints were also reported from Hungary.

Problems with **notification of unauthorised or incorrect payment transactions** without undue delay were reported from several complaint boards (CY, DK, DE, ES, SE) – Article 58 of the PSD. In Germany 16% of the received cases (148) by BaFin were related to this issue, usually connected with direct debits. In Denmark the Danish Complaint Board for Banking Services “*has ruled that the period of time “undue delay” starts when the consumer becomes aware of the unauthorised transaction (and not when the payment provider forwards information, which reveals the transaction in question).*”

³⁸⁶ “Im Regelfall kann der Beweis des ersten Anscheins, der nach ständiger Rechtsprechung ...für einen grobfahrlässigen Umgang mit der Girocard bzw. Der PIN spricht, nicht erschüttert werden, so dass die Bank zu einer Ersatzleistung nicht verpflichtet werden kann.“ Ombudsmann der privaten Banken: Tätigkeitsbericht 2010, August 2011, p. 82.

3.12 Regulation 924/2009

16 complaint boards indicated that they are a competent authority as defined by Article 10 of the PSD and/or a complaint board in relation to Article 11 of Regulation 924/2009. All of them reported a low level of complaints related to the provisions of the Regulation (32 cases BaFin (DE), « hardly any complaints » (ES), 2 cases (LU), « no complaints » (BG)). The reported cases of complaints were about different charges between national and cross-border payments. The complainants especially did not expect that the general rule of Regulation 924/2009 was not applicable in certain cases:

- payments above EUR 50,000,
- payments other than those for payments in the same currency within a Member State (e.g. payment in British Pounds in MS with euro currency),
- payments to a payee in a country outside the scope of the Regulation,
- cross-border payments without using BIC and IBAN,
- The main work of the complaint boards seemed to be to explain the limited scope of the Regulation 924/2009 to users and the right of providers to charge more than for national payments, see the following example from Luxembourg.

Box 27: Example for handling complaints – explanation of limited scope of Regulation 924/2009

“A claimant who had made a cross-border payment in excess of EUR 50,000 wondered why the PSP charged a fee that was higher than the fee charged for national payments. The CSSF explained to the claimant that the Regulation did not apply to payments in excess of EUR 50,000 and closed the case.” (LU)

3.13 Out of court redress

Complaint boards were not asked about these issues because of its own focus (conflict of interest).

3.14 Penalties

Only the Hungarian authority HSFSA reported about fines in relation to payment services:

Box 28: Penalties reported by the Hungarian Financial Services Authority

Case 1: After a “client has entered into a bank account contract, gaining also for a bank card, its PIN code was sent to incorrect address two times by the financial institution. The HFSA ordered the cessation of the infringement and imposed HUF 500,000 [about EUR 1,700] consumer protection fine.”

Case 2: The client entered into a contract for student loan, but the bank statement was not sent to the client and the client was not informed about the quality of the disbursement. The HFSA ordered the cessation of the infringement and imposed HUF 250,000 [about EUR 850] consumer

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protection fine.

Case 3: The client had a bank account. In January and February 2010 the client checked the transactions through netbank, but incorrect data was given. The HFSA ordered the cessation of the infringement and imposed HUF 100,000 [about EUR 350] consumer protection fine.

Case 3: The client entered into the contract with a bank card and co-bankcard. The transaction's limit was HUF 20,000, but the client got a mail about the transfer of HUF 91,000. Later at the settlement the client's bank account was discounted HUF 73,433. The HFSA ordered the cessation of the infringement and imposed HUF 100,000 [about EUR 350] consumer protection fine.

Case 4: The client was empowered to act for the transfer of the repurchased securities and the value of the bank books. The bank has not accepted the proxy and restored the original state. The HFSA ordered the cessation of the infringement and imposed HUF 100,000 [about EUR 350] consumer protection fine.

3.15 Summary and conclusion

The competences of complaint boards, the number of received complaints in the last two years and the handling of complaints are very diverse among the existing complaint boards in the Member States. Most of the complaint boards had problems simply presenting the number of complaints relating to payment services and annual reports with detailed information are still rare.

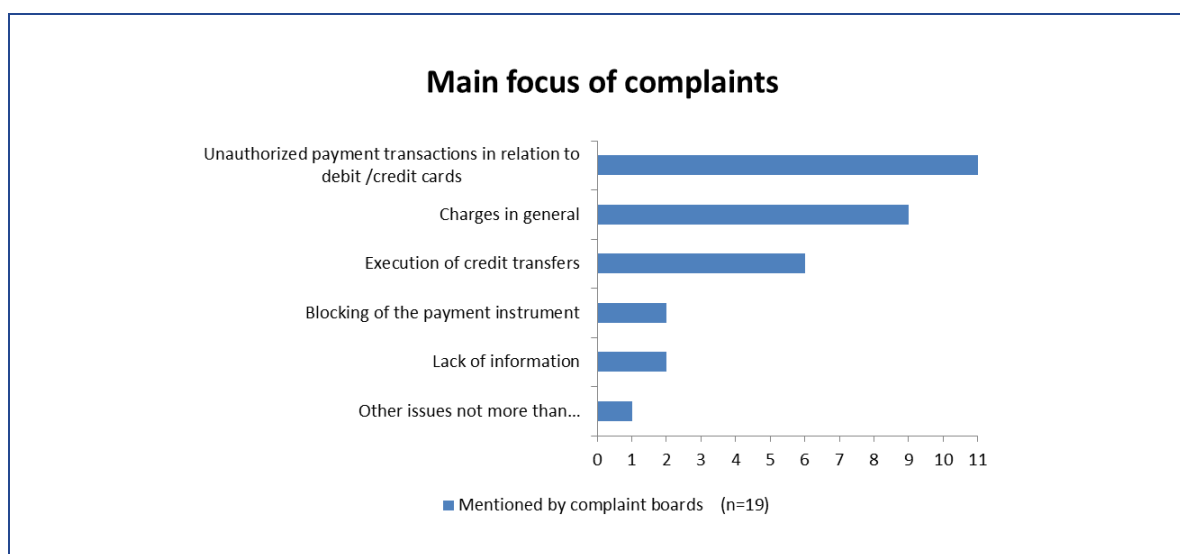
The number of reported complaints in different Member States from 0 up to 39,186 cases gives cause to assume that the different complaint boards are not established on the same level in all Member States and the awareness and the trust of the users concerning the out-of-court procedures are in some Member States significantly lower than in others. Reasons are non-existing trust in the institutions, which is based on the core elements of independence and efficiency of dispute settlement bodies, but also awareness by payment users and familiarity of out-of-court procedures. Consumer confidence, willingness and trust in complaint boards and the number of reported complaints seem to correlate with each other. A very low number of cases is also an indicator of lack of awareness and trust. The main focus of the complaints received by the complaint boards whose results we analysed were (in order of importance):

Figure 6: Main focus of complaints mentioned by complaint boards

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Source: iff complaint boards survey

Overall, we noticed a number of issues relating to those areas where complaint boards reported they had intervened in cases that had caused problems:

- In general, we gathered from the reports of the complaint boards that it seems difficult for users to understand and to accept that other legal rules exist for payment services in euro or the currency of the Member State in relation to foreign currencies, with the possibility of higher charges in these cases. This includes also so-called **one-leg transactions** and **currency conversions**.
- **Authorisation and passporting** of PSPs were a rare area of complaints and complaint boards with a competence relating to the access of providers to payment service systems did not report any complaints in relation to Article 28 of the PSD. Therefore, access for providers to the technical infrastructure of payment systems seems has not been a problem so far.
- Absence of **information** was reported for single payment transactions as well as for framework contracts. Complaints about framework contracts occurred in relation to termination, notice periods and charges for periods after cancellation. Blocking payment instruments were also a reason for complaints in several Member States.
- Complaints about **charges** were not only focussed on information on charges but also on charges themselves (e.g. for information, for notification, in the case of currency conversion and one-leg transactions etc.). Fewer complaints were reported in relation to **sharing of costs principle** and **surcharging**.
- In the case of **liability for loss or misuse of payment instruments**, the complaint boards reacted quite differently. We think this is because of divergences in national law and a potential different understanding of Articles 58–61 of the PSD. For example, in some Member States³⁸⁷ users³⁸⁸ in general do not have to bear the loss even up to EUR 150, while in others they have to bear the full loss.³⁸⁹

³⁸⁷ See the comment of the Bulgarian National Bank.

³⁸⁸ Focus of Title IV, Chapter 1, of the PSD which includes the payer's liability for unauthorised payment transactions in Article 61 are consumers, see scope Article 51.

³⁸⁹ See the comment of the German complaint board Bundesverband deutscher Banken.

- Complaints related to the provisions of the **Regulation 924/2009** were in general rare.

Where the pressure is very high for users – losing money in case of loss and fraud, blocking payment instruments, problems due to payment services not executed in time with the payee, unexpected charges – more complaints were received than for other issues like passporting and authorisation of PSPs. But that cannot explain all the differences. Obviously, the legal framework for liability of the users in case of loss or fraud does not work in every Member State in the same way and sometimes users always have to bear the whole loss, which does not seem to be in line with the concept of the PSD.

Other issues of complaints were caused by the transposition of the PSD into national law (execution time, sharing of costs etc.). It is too early to say if the different complaints in the years 2010 and 2011 arose only because of problems during the phase of introduction in first years and the higher demand for information in this phase, or if they are part of an ongoing and unsolved problem for users.

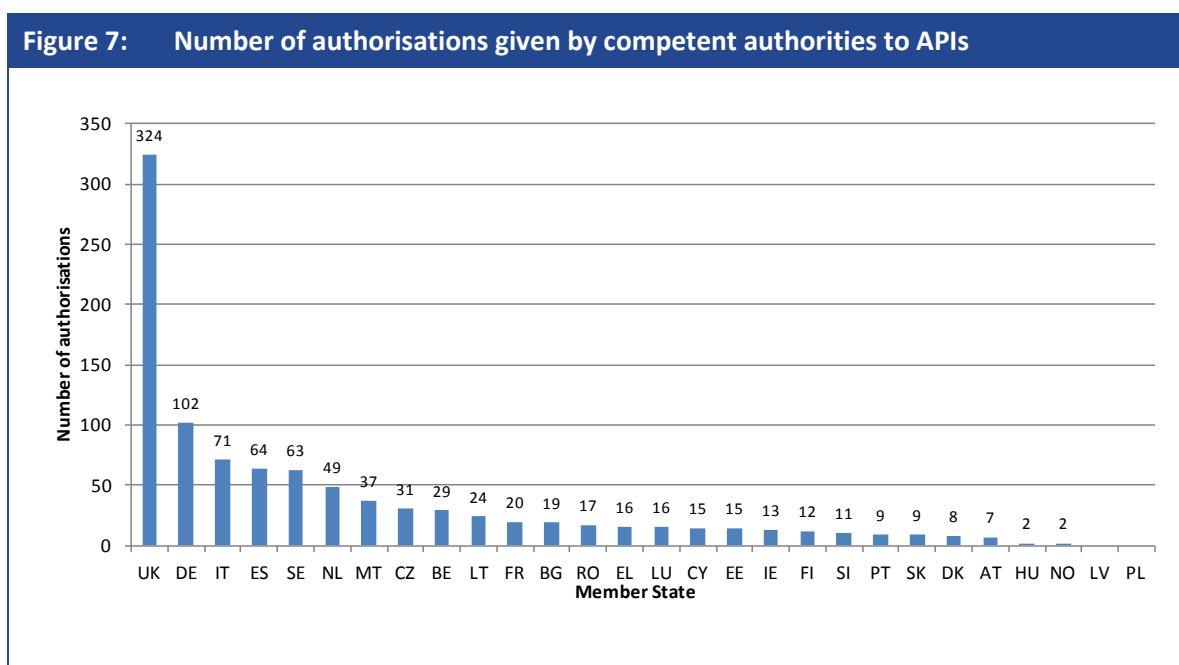
If out-of-court procedures should be available for users in all Member States on the same basis, it must be ensured that payment service users are generally aware of the complaint boards that they get a satisfactory answer in time and they have trust in the out-of-court procedure itself, which means a positive approach to the outcome.

Statements about the general outcome of complaints in relation to single problems were not possible. Most complaint boards did not have data about it. What is obviously missing is a standardised system to provide information about current complaints and the outcome in relation to payment services, which is also not defined in the current proposal for an EU-directive on ADR. Out-of-court procedures were established without having a system to reflect the incoming complaints on a European level, for example in form of equal annual reports.

4 Annex Authorised Payment Institutions: Detailed Information

4.1 Number of APIs and authorisations

As a group, the 568 APIs in the EEA have received 985 authorisations to provide various payment services. The UK group of APIs leads with (324 authorisations) and is followed distantly by Germany (102 authorisations), Italy (71 authorisations), Spain (64 authorisations) and Sweden (63 authorisations) (see figure below).



Note: There are no APIs in Latvia and Poland.

Source: *London Economics analysis of PI registers and additional information provided by competent authorities*

The next table shows the percentage of payment service authorisations given in each EEA State for a particular type of payment service in the total number of payment service authorisations.

A few points are worth noting:

- The “money remittance” payment service accounts for a clear majority of authorisations in Greece, Ireland, Lithuania, Portugal, Spain and the UK
- The “issuing and acquiring of payments instruments” accounts for a majority or close to a majority of authorisations in Austria, Denmark, Hungary and Norway.
- In the other EEA states, the authorisations are more evenly spread across the various types of payment services

Table 7: Number of authorised payment institutions by individual activity type and EEA country							
Home country	Activity 1	Activity 2	Activity 3	Activity 4	Activity 5	Activity 6	Activity 7
AT	14.3%	14.3%	14.3%	0.0%	42.9%	0.0%	14.3%
BE	0.0%	10.3%	20.7%	20.7%	20.7%	10.3%	17.2%
BG	10.5%	10.5%	10.5%	21.1%	21.1%	26.3%	0.0%
CY	6.7%	20.0%	6.7%	6.7%	20.0%	40.0%	0.0%
CZ	6.5%	12.9%	12.9%	16.1%	32.3%	19.4%	0.0%
DE	12.7%	12.7%	21.6%	0.0%	20.6%	26.5%	5.9%
DK	0.0%	0.0%	25.0%	12.5%	62.5%	0.0%	0.0%
EE	6.7%	13.3%	13.3%	13.3%	6.7%	46.7%	0.0%
EL	6.3%	0.0%	6.3%	0.0%	6.3%	68.8%	12.5%
ES	3.1%	3.1%	6.3%	7.8%	10.9%	62.5%	6.3%
FI	8.3%	8.3%	33.3%	33.3%	16.7%	0.0%	0.0%
FR	0.0%	10.0%	40.0%	0.0%	30.0%	20.0%	0.0%
HU	0.0%	0.0%	50.0%	0.0%	50.0%	0.0%	0.0%
IE	0.0%	0.0%	15.4%	0.0%	15.4%	53.8%	15.4%
IT	2.8%	2.8%	16.9%	19.7%	28.2%	28.2%	1.4%
LT	4.2%	4.2%	4.2%	0.0%	4.2%	83.3%	0.0%
LU	0.0%	0.0%	25.0%	18.8%	25.0%	6.3%	25.0%
LV							
MT	5.4%	16.2%	5.4%	27.0%	24.3%	2.7%	18.9%
NL	0.0%	4.1%	34.7%	4.1%	36.7%	20.4%	0.0%
NO	0.0%	0.0%	0.0%	0.0%	50.0%	50.0%	0.0%
PL							
PT	0.0%	0.0%	0.0%	0.0%	33.3%	66.7%	0.0%
RO	0.0%	23.5%	11.8%	23.5%	23.5%	17.6%	0.0%
SE	17.5%	0.0%	33.3%	3.2%	34.9%	7.9%	3.2%
SI	0.0%	0.0%	0.0%	36.4%	36.4%	0.0%	27.3%
SK	0.0%	0.0%	22.2%	33.3%	33.3%	11.1%	0.0%
UK	7.1%	4.6%	8.3%	6.2%	8.0%	63.6%	2.2%
Total	6.4%	6.4%	15.0%	9.1%	19.0%	39.6%	4.5%

Note: There are no APIs in Latvia and Poland

Source: *London Economics analysis of PI registers and additional information provided by competent authorities*

In terms of the geographical distribution of the authorisations by type of payment services, the UK is typically the Member State which accounts for the largest share of authorisations for a given payment service (see table overleaf).

Germany and Sweden are two countries which also account for a relatively large of authorisations across a large number of payment services.

Finally, Italy, Malta and Spain also figure occasionally among the top 3 countries in terms of authorisations for a given payment service.

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Table 8: Share of authorisations accounted for by a EEA country in the total number of EEA authorisations for a particular payment service

Activity 1		Activity 2		Activity 3		Activity 4		Activity 5		Activity 6		Activity 7	
UK	36.5%	UK	23.8%	UK	18.2%	UK	22.2%	UK	13.9%	UK	52.8%	MT	15.9%
DE	20.6%	DE	20.6%	DE	14.9%	IT	15.6%	SE	11.8%	ES	10.3%	UK	15.9%
SE	17.5%	MT	9.5%	SE	14.2%	MT	11.1%	DE	11.2%	DE	6.9%	DE	13.6%
BG	3.2%	CZ	6.3%	NL	11.5%	BE	6.7%	IT	10.7%	IT	5.1%	BE	11.4%
CZ	3.2%	RO	6.3%	IT	8.1%	CZ	5.6%	NL	9.6%	LT	5.1%	ES	9.1%
ES	3.2%	BE	4.8%	FR	5.4%	ES	5.6%	CZ	5.3%	EL	2.8%	LU	9.1%
IT	3.2%	CY	4.8%	BE	4.1%	BG	4.4%	MT	4.8%	NL	2.6%	SI	6.8%
MT	3.2%	BG	3.2%	CZ	2.7%	FI	4.4%	ES	3.7%	EE	1.8%	EL	4.5%
AT	1.6%	EE	3.2%	ES	2.7%	RO	4.4%	BE	3.2%	IE	1.8%	IE	4.5%
CY	1.6%	ES	3.2%	FI	2.7%	SI	4.4%	FR	3.2%	CY	1.5%	SE	4.5%
EE	1.6%	FR	3.2%	LU	2.7%	LU	3.3%	DK	2.7%	CZ	1.5%	AT	2.3%
EL	1.6%	IT	3.2%	BG	1.4%	SK	3.3%	BG	2.1%	PT	1.5%	IT	2.3%
FI	1.6%	NL	3.2%	DK	1.4%	EE	2.2%	LU	2.1%	BG	1.3%		
		AT	1.6%	EE	1.4%	NL	2.2%	RO	2.1%	SE	1.3%		
		FI	1.6%	IE	1.4%	SE	2.2%	SI	2.1%	FR	1.0%		
				MT	1.4%	CY	1.1%	AT	1.6%	BE	0.8%		
				RO	1.4%	DK	1.1%	CY	1.6%	RO	0.8%		
				SK	1.4%			PT	1.6%	LU	0.3%		
				AT	0.7%			SK	1.6%	MT	0.3%		
				CY	0.7%			FI	1.1%	NO	0.3%		
				EL	0.7%			IE	1.1%	SK	0.3%		
				HU	0.7%			EE	0.5%				
				LT	0.7%			EL	0.5%				
								HU	0.5%				
								LT	0.5%				
								NO	0.5%				

Source: London Economics analysis of PI registers and additional information provided by competent authorities

4.2 Estimation of the size of the API sector

For APIs undertaking money remittance, transfers and retail foreign exchange activities, estimates of the volume and value of transactions are based on information provided in confidence by the three largest companies operating in this field and estimates for the smaller institutions based on their turnover (reflecting fees and commission). The information on the turnover of these companies was sourced from Orbis, a Bureau Van Dijk database providing economic and financial information on companies throughout the world and national company registers. The estimate of the value of the transfers and remittances of these smaller companies is based on the average margin between the value of transfers and reported revenues available from the published accounts of a few remitters and the average value of a transfer/remittance available from a few APIs.

The value of transactions undertaken by foreign exchange brokers is sourced directly from their annual reports filed with Companies House. No information on the number of transactions is provided in the annual reports filed with Companies House as such information is not legally required.

The value and volume of transactions by card acquirers (MasterCard and Visa) and the three-party card schemes is sourced from the Nilson Report Largest Payment Card Issuers and Merchant Acquirers Worldwide 2012. This report provides detailed information on the largest 80 merchant acquirers in Europe.

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Finally, for the service providers (internet and non-internet) information on the turnover of these companies was collected. As the range of activities undertaken by such APIs is highly varied and, there exists no information on the transactions they undertake, if any, only an aggregate turnover figure is provided.

No value/volume information is provided for the other APIs as the payment services they provide are typically ancillary to their main activities and their annual accounts/reports do not break out payment service related activities from their other activities.

5 Annex Payment Fees and Charges

5.1 Objective of the analysis

The analysis presented in this report addresses the issue of the fees and charges for various domestic and cross-border payment transactions. It addresses the various points specified in the terms of reference presented below.

The terms of reference specified that:

“The study should in particular gather data on whether market integration driven by the PSD has helped to lower the costs of payment systems/services and generally provided the basis for the development of more efficient payment services within the EU.

Against the background of large differences in the efficiency and costs of payment services in the Single Market (with price variation corresponding to a ratio of as much as 1 to 8 between different EU Member States) in the past, it should examine to what extent the Directive has helped to bring about price and performance convergence between EU Member States. The study should also assess to what extent the Directive has promoted lower prices for consumers, improved service performance (e.g. execution times) and promoted payment product innovation.

5.2 Research task

The study should collect information on charges for payment services in the Member States (below and above EUR 50 000). As a minimum, the study should cover charges for cross-border credit transfers, direct debits, card payments (with differentiation between debit and credit cards) and ATM withdrawals in euro in the euro area Member States plus charges for euro credit transfers in the non-euro area Member States. Information on charges for both sent and received credit transfers should be collected. The study should also gather information on the extent to which charges for credit transfers, card payments and ATM withdrawals in different Member States are based on the value of the payment, in particular where such charges are set as a percentage of the amount transferred or withdrawn. The study should analyse the results, highlighting existing differences between Member States as well between euro and non-euro area countries”.

5.3 Methodology

The present chapter discusses how the project team addressed the problem of collecting and analysing the fees and charges of credit and payment institutions across the European Union.

5.4 Credit Institutions

5.4.1 Selection of Credit Institutions

In the case of credit institutions, a three step approach was used in order to select the sample used for this study. The ECB, in its end-of-May 2012 list of credit institutions, shows that, at that time, there existed 8003 credit institutions in total in the EU-27. Some of these credit institutions

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are very large banks with extensive branch networks; some are very small institutions such as local saving banks or local credit unions. Moreover, a number of the credit institutions on the ECB's list have no retail activities.

In a first step, a sample of 446 credit institutions (5.6% of the total) is used and the number of credit institutions from which the fee information is to be collected in each Member State is the average of the Member State's shares of a) population in the EU and b) credit institutions on the ECB list.

The resulting figures are subjected to further 3 filters: 1) 5 credit institutions are to be sampled in Member States where the allocation approach described above results in less than 5 credit institutions; 2) an upper limit of 50 credit institutions per Member State is imposed; and 3) the number of credit institutions resulting from the allocation approach is rounded off to the closest multiple of 5. The results of this initial sample allocation approach are shown in the figure below.

Figure 8: Number of credit institutions to be sampled in each Member State –first stage

	Number of CI - ECB May 2012	Population share	Number of CIs based on population and sample size	Number of CIs based on ECB number of CIs and sample size	Number of CIs based on average of previous 2 columns	Final number
AT	765	2.2%	10	43	26	25
BE	107	1.5%	7	6	6	10
BG	31	1.5%	7	2	4	5
CY	140	0.2%	1	8	4	5
CZ	57	2.1%	9	3	6	10
DE	1893	16.3%	73	106	89	50
DK	161	1.1%	5	9	7	10
EE	17	0.3%	1	1	1	5
EL	54	2.3%	10	3	7	10
ES	334	9.2%	41	19	30	30
FI	318	1.1%	5	18	11	10
FR	656	12.9%	58	37	47	50
HU	189	2.0%	9	11	10	10
IE	478	0.9%	4	27	15	15
IT	737	12.1%	54	41	47	50
LT	92	0.6%	3	5	4	5
LU	141	0.1%	0	8	4	5
LV	29	0.4%	2	2	2	5
MT	26	0.1%	0	1	1	5
NL	282	3.3%	15	16	15	15
PL	698	7.6%	34	39	36	35
PT	154	2.1%	9	9	9	10
RO	41	4.3%	19	2	11	10
SE	175	1.9%	8	10	9	10
SL	25	0.4%	2	1	2	5
SK	30	1.1%	5	2	3	5
UK	373	12.4%	56	21	38	40
Total	8003	99.8%	446	447	446	445

Source: London Economics

In a second step, information from iff, experts, market research firms and the market share information in the study for EC DG Sanco on the prices of current accounts (see EC DG Health and

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Consumers, 2009) were used to establish the actual sample of credit institutions from which the fee and charges information is collected.

In countries with many smaller institutions (i.e. with many local credit unions, savings banks or cooperative banks), it often proved impossible to collect the required information from the website of these institutions as the information is not available and phone calls proved unsuccessful.

Therefore, we had to reduce the sample to 243 credit institutions and the list of credit institutions for which the information has been collected is shown in the table overleaf.

Table 9: List of banks from which data on fees and charges are collected by Member State	
Austria	Bank Austria
	Bankhaus Schelhammer
	BAWAG PSK
	easybank
	Erste Bank
	Generali Bank
	Oberbank
	Postsparkasse
	Raiffeisen Kleinmuenchen/Linz
	Sparkasse Bludenz
	VKB Bank
	Volksbank Wien
	WSK Bank
Belgium	BNP-ParisBas Fortis
	Argenta
	Axa Banque
	Banque de la Poste
	BKCP
	CBC
	Citibank
	Europabank
	ING
	KBC
Bulgaria	DSK Bank
	Eurobank EFG
	Raiffeisenbank Bulgaria
	UniCredit Bulbank
	United Bulgarian Bank
Czech Republic	Ceska Sporitelna
	Ceskoslovenska Obchodni Banka – CSOB
	Komerčni Banka
	Raiffeisen stavební spořitelna a. s.
	UniCredit Bank Czech Republic a. s.
Cyprus	Alpha Bank Cyprus
	Bank of Cyprus
	EuroBank EFG Cyprus
	Hellenic Bank
	Marfin Popular Bank

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Denmark	Danske Bank
	Jyske Bank A/S
	Nordea Bank Danmark A/S
	Nykredit
	Sydbank A/S
Estonia	Krediidipank
	Nordea Bank
	Sampo
	SEB Bank
	Swedbank
Finland	Aktia Sparbank
	Nordea Bank Finland
	OP-Pohjola
	Sampo Bank
	Stäästöpankki
France	Axa Banque
	Banque de Savoie
	Banque Française
	Banque Palatine
	Banque Populaire du Nord
	Banque Populaire Loire et Lyonnais
	Banque Populaire Lorraine Champagne
	Banque Privee Europeenne
	Barclays
	BNP ParisBas
	Boursorama
	BRED
	Caisse d'Epargne et de Prévoyance Côte d'Azur
	Caisse d'Epargne et de Prévoyance d'Alsace
	Caisse d'Epargne et de Prevoyance Nord France Europe
	Caisse d'Epargne et de Prévoyance Provence-Alpes-Corse
	Caisse Régionale De Crédit Agricole Mutuel Alsace Vosges
	Caisse Regionale de Crédit Agricole Mutuel du Languedoc
	Caisse Régionale de Crédit Agricole Mutuel du Nord Est
	Caisse Régionale de Crédit Agricole Mutuel Sud Rhône Alpes
	CIC Est
	CIC Lyonnaise de Banque
	Credit Mutuel
	Fortunoe
	HSBC
	LA Banque Postale
LCL (Credit Lyonnais)	
Societe Generale	
Germany	comdirect
	Commerzbank
	DAB bank
	Deutsche Bank
	Deutsche Postbank
	Flessabank
	Heidelberger Volksbank
	ING DiBa

	Kreis und Stadtsparkasse Erding
	Kreissparkasse Börde
	Kreissparkasse Hildburghausen
	Kreissparkasse Limburg
	Kreissparkasse Saalfeld-Rudolstadt
	Kreissparkasse Schongau
	Kreissparkasse Stendal
	MLP Finanzdienstleistungen
	Muenchner Bank
	Nassauische Sparkasse
	Norderstedter Bank
	Nord-Ostsee-Sparkasse
	Norisbank
	Raiffeisen Rheinbach Voreifel
	Raiffeisen Volksbank Saale-Orla
	Raiffeisenbank Travemünde
	Raiffeisenbank Vordere Alb
	RB Frankenhardt Stimpfach
	Santander Consumer Bank
	Sparda-Bank Berlin
	Sparda-Bank Nürnberg
	Sparda-Bank West
	Sparkasse Altenburger Land
	Sparkasse Gera-Greiz
	Sparkasse LeerWittmund
	Sparkasse Osnabrück
	Sparkasse Solingen
	Sparkasse Wemelskirchen
	Sparkasse Worms-Alzey-Ried
	Stadt- u. Kreissparkasse Leipzig
	Stelyer Bank
	SÜDWESTBANK
	Volksbank Höchst
	Volkswagen Bank
	Von Essen Bankgesellschaft
Greece	Agricultural Bank of Greece
	Alpha Bank
	Emporiki Bank of Greece
	Eurobank EFG
	National Bank of Greece
Hungary	Budapest Hitel- es Fejlesztési Bank Nyrt.
	CIB Bank Zrt.
	Citibank Magyarország
	Kereskedelmi es Hitelbank Zrt.
	Magyarországi Volksbank Zrt.
	MKB Bank Zrt.
	OTP Bank Nyrt.
	Raiffeisen Bank Zrt.
	UniCredit Bank Hungary Zrt.
Ireland	Allied Irish Banks
	Bank of Ireland

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	National Irish Bank
	Permanent TSB
	Ulster Bank Ireland
Italy	Banca Monte dei Paschi di Siena
	Banca Nazionale del Lavoro
	Banca Popolare dell'Emilia Romagna
	Banco di Sardegna
	Credito Emiliano - Credem
	Gruppo Banca Carige
	Gruppo Banca Etruria
	Gruppo Banca Popolare di Sondrio
	Gruppo Banca Sella
	Gruppo Bancario Banca delle Marche
	Gruppo Bancario Cariparma Credit Agricole
	Gruppo Bancario IBL Banca.
	Gruppo Bancario Mediobanca
	Gruppo Bancario Veneto Banca
	Gruppo Bancario Veneto Banca
	Gruppo Banco Popolare
	Gruppo BPM - Banca Popolare di Milano
	Gruppo Mediolanum
	Gruppo Unicredit
	Gruppo Unione di Banche Italiane
Latvia	ABLV Bank
	dnB Nord Banka
	Nordea Bank Latvia
	SEB Banka
	Swedbank
Lithuania	Danske Bankas
	dnB Nord Bankas
	Nordea Bank Lithuania
	SEB
	Swedbank
Luxembourg	Banque et Caisse d'Epargne de l'Etat
	Banque Internationale a Luxembourg
	Banque Raiffeisen
	ING Luxembourg
Malta	APS Bank
	Bank of Valletta
	HSBC Bank Malta
Netherlands	ABN Amro
	ASN Bank
	Friesland Bank
	ING Bank
	Rabo Bank
	Regio Bank
	SNS Bank
Poland	Bank Gospodarki Zywnosciowej – Bank BGZ
	Bank Handlowy w Warszawie
	Bank Millennium
	Bank Pekao – Bank Polska Kasa Opieki

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	Bank Zachodni WBK
	BRE Bank – multibank
	ING Bank Slaski
	Kredyt Bank
	Powszechna Kasa Oszczednosci Bank Polski – PKO BP
Portugal	Banco BPI
	Banco Espirito Santo – BES
	Banco Santander Totta
	Bank Millennium bcp
	Caixa Economica Montepio Geral
	Caixa Geral de Depositos
	Credito Agricola Mutuo – CCCAM
Romania	Alpha Bank
	Banca Comerciala Romana (
	Banca Romana de Dezvoltare
	Banca Transilvania
	Bankpost
	CEC Bank
	ING Romania
	Raiffeisen Bank
	UniCredit Tirioc Bank
	Volksbank
Slovakia	Ceskoslovenska obchodna banka CSOB
	Tatra Banka
	UniCredit Bank Slovakia
	Vseobecna Uverova Banka
	Vseobecna Uverova Banka
Slovenia	Banka Koper
	Hypo Alpe-Adria-Bank
	Nova Kreditna Banka Maribor
	Nova Ljubljanska Banka – NLB
	SKB Banka
Sweden	Danske Bank Sweden
	Handelsbanken
	Nordea Bank
	SEB
	Swedbank
Spain	Banco Popular espanol
	Banco Sabadell
	Banesto
	Bankia
	BBVA
	Catalunya Caixa
	La Ciixa
	Novacaixagalicia
	Santader
	Unicaja
United Kingdom	Bank of Scotland
	Barclays Bank
	Citibank
	Clysdale Bank

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	HSBC Bank
	Nationwide
	Royal Bank of Scotland
	Santander UK
	The Co-operative Bank
	Yorkshire Building Society

Sources: London Economics

5.4.2 Types of transactions considered

The list of hypothetical transactions for which payment fees were calculated is given in the table below. Wherever appropriate, the fees of both sending and receiving a particular transaction were recorded.

The transactions in this list were selected such that:

1. they represent typical transactions for consumers in the European Union
2. they include a wide range of transactions, including some in excess of EUR 50,000

Figure 9: Hypothetical Transactions - Credit Institutions

Hypothetical Transactions – Credit Institutions				
No.	Issue	Amount	Typical for	Credit sent / credit received*
Credit transfers – small, medium, very large				
1a	within euro area domestic credit transfer (costs for payer / costs for payee) e.g. EUR 10	EUR 10.00	small purchase B2C or C2C	✓
1b	within euro area domestic credit transfer (costs for payer / costs for payee) e.g. EUR 100	EUR 100.00	first payment of vacation	✓
1c	within euro area cross-border credit transfer (costs for payer / costs for payee) e.g. EUR 10	EUR 10.00	small purchase B2C or C2C	✓
1d	within euro area cross-border credit transfer (costs for payer / costs for payee) e.g. EUR 100	EUR 100.00	first payment of vacation	✓
1e	within non euro area EEA domestic credit transfer (costs for payer / costs for payee), e.g. equivalent of EUR 10	equivalent of EUR 10.00	small purchase B2C or C2C	✓
1f	from EEA to euro area cross-border credit transfer (costs for payer / costs for payee) e.g. EUR 10	EUR 10.00	small purchase B2C or C2C	✓
1g	within non euro area EEA domestic credit transfer (costs for payer / costs for payee), e.g. equivalent of EUR 100	equivalent of EUR 100.00	first payment of vacation	✓

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1h	from EEA to euro area cross-border credit transfer (costs for payer / costs for payee) e.g. EUR 100 (costs for payer / costs for payee)	EUR 100.00	first payment of vacation	✓
1i	within non euro area EEA domestic credit transfer in euro (cost for payer / cost for payee)	EUR 10.00	small purchase B2C or C2C	✓
1j	within non euro area EEA domestic credit transfer in euro (cost for payer / cost for payee)	EUR 100.00	first payment of vacation	✓
2a	within euro area domestic credit transfer of EUR 75,000 by consumer (costs for payer / costs for payee)	EUR 75,000.00	financing apartment	✓
2b	within euro area cross-border credit of EUR 75,000 by consumer (costs for payer / costs for payee)	EUR 75,000.00	financing apartment abroad	✓
2c	within non euro area EEA domestic credit transfer of equivalent of EUR 75,000 by consumer (costs for payer / costs for payee)	equivalent of EUR 75,000.00	financing apartment	✓
2d	within non euro area EEA domestic credit transfer of EUR 75,000 in euro (cost for payer / cost for payee)	EUR 75,000.00	financing apartment	✓
2e	from non euro area EEA to euro area cross-border credit transfer of EUR 75,000 by consumer (costs for payer / costs for payee)	EUR 75,000.00	financing apartment abroad	✓
Direct debit				
3a	domestic direct debit	EUR 50.00	payment of gas, electricity	
3b	within euro area cross-border direct debit	EUR 50.00	payment of gas, electricity abroad	
Credit card and debit card				
4a	domestic debit card payment (in euro) in euro area (own provider)	EUR 50.00	Restaurant 2 persons, clothes	
4b	cross-border debit card payment (in euro) in euro area	EUR 50.00	Restaurant 2 persons, clothes	
4c	domestic debit card payment in national currency in non-euro area EEA domestic	equivalent of EUR 50.00	Restaurant 2 persons, clothes	
4d	cross-border debit card payment (in euro) from non-euro area EEA into euro area	EUR 50.00	Restaurant 2 persons, clothes	
4e	domestic credit card payment (in euro) in euro area (own provider)	EUR 50.00	Restaurant 2 persons, clothes	
4f	cross-border credit card payment (in euro) in euro area	EUR 50.00	Restaurant 2 persons, clothes	
4g	domestic credit card payment in national currency in non-euro area EEA	equivalent of EUR 50.00	Restaurant 2 persons, clothes	
4h	cross-border credit card payment (in euro) from non-euro area EEA into euro area	EUR 50.00	Restaurant 2 persons, clothes	

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ATM withdrawal credit and debit card				
5a	domestic debit card ATM withdrawal (in euro) in euro area (own provider)	EUR 100.00	weekly cash	
5b	domestic debit card ATM withdrawal (in euro) in euro area (not own provider)	EUR 100.00	weekly cash	
5c	cross-border debit card ATM withdrawal (in euro) in euro area	EUR 100.00	weekly cash	
5d	domestic debit card ATM withdrawal in national currency in non-euro area EEA (own provider)	equivalent of EUR 100.00€	weekly cash	
5e	domestic debit card ATM withdrawal in national currency in non-euro area EEA (not own provider)	equivalent of EUR 100.00	weekly cash	
5f	cross-border debit card ATM withdrawal (in euro) from non-euro area EEA into euro area	EUR 100.00	weekly cash	
5g	domestic credit card ATM withdrawal (in euro) in euro area domestic (own provider)	EUR 100.00	weekly cash	
5h	domestic credit card ATM withdrawal (in euro) in euro area domestic (not own provider)	EUR 100.00	weekly cash	
5i	cross-border credit card ATM withdrawal (in euro) in euro area	EUR 100.00	weekly cash	
5j	domestic credit card ATM withdrawal in national currency in non-euro area EEA (own provider)	equivalent of EUR 100.00	weekly cash	
5k	domestic credit card ATM withdrawal in national currency in non-euro area EEA (not own provider)	equivalent of EUR 100.00	weekly cash	
5l	cross-border credit card ATM withdrawal (in euro) from non-euro area EEA into euro area	EUR 100.00	weekly cash	

Note: A “v” in the right hand side column means that the analysis is undertaken for both credit sent and credit received.

Source: London Economics

5.4.3 The data collection approach

As a first step, the information on fees and charges was collected from the payment service providers’ websites. Not all payment service providers list all fees necessary to calculate the cost of each of the above transactions. Notably, the cost of cross-border direct debits is rarely provided. In this case, only the available information was recorded. For more information on this see Section 5.13.1 on incompleteness of data.

In order to be able to compare domestic and cross border transactions, the country averages produced in this document were calculated based only on credit institutions which displayed both, fees for a domestic and the corresponding cross-border transfer. For example, if one institution lists the fees for sending funds domestically, but not the fees for sending funds cross-border, then data for neither transaction was used for calculating the country average. The drawback of this approach is that the sample size for some transactions shrinks considerably, for example, in the

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case of direct debits where only very few institutions listed the cross-border direct debit. The tables in Sections 5.17 to 5.20 clearly state how many institutions were used for each transaction.

Information on prices was collected separately for debit cards, credit cards and where applicable also deferred debit cards. In practice it was not always feasible to distinguish between credit cards and deferred debit cards since many countries refer to deferred debit cards as “credit cards”. The analysis will therefore look at credit cards and deferred debit cards jointly and contrast this with true debit cards.

5.4.4 Calculation of marginal and average cost of transactions

A number of issues arose in the context of computing the cost of the above transactions, each of which we will look closely in this section.

5.4.4.1 Different current accounts

The first issue that presented itself was that many credit institutions offer more than one current account from which these transactions can be made. Excluded from the analysis were all accounts which are limited to a particular demographic or social group, such as student accounts, young people’s accounts or accounts for unemployed individuals. Often this still leaves a substantial choice of current accounts, many of which are associated with different costs for the transactions of interest.

Instead of sampling every account, we collected, from each credit institution, the account with the highest transaction costs and the account with the lowest transaction costs. This allows us to compute the range of charges account holders from the sampled institutions face.

5.4.4.2 Marginal cost versus average cost

In a number of cases, a periodic fee (monthly, quarterly or annual) is charged for a bank account or a payment card (debit and/or credit). If full information on the typical or average use of a bank account or a payment card were available (including the use of overdrafts), it would be possible to allocate the fixed cost of the account/card to the various transactions effected through the account or with the card. However, such information is not available. Therefore, for the most part, we follow the practice of the French Observatory of Banking Charges which focuses on the marginal cost of a particular payment transaction (i.e. ignores the fixed cost) (see Comité Consultatif du Secteur Financier (2011)).

However, comparison of the marginal cost can also be misleading since some accounts are associated with high fixed fees and low transaction fees, while other accounts are associated with low fixed fees and high transaction fees.

Acknowledging this shortcoming of the comparison of marginal costs, we also compute average monthly banking fees calculated based on a banking profile outlined in greater detail below. It should be noted that this profile is not based on reliable cross-country data on consumer banking behaviour, but rather on incomplete survey responses.

It is important to note that, while the ECB Bluebook provides considerable information on the overall number and value of various types of payment transactions, it does not distinguish between payment transactions of consumers and non-consumers (i.e. businesses, public sector

institutions, and non-MFI financial institutions). Therefore, the average number and value of transactions in a Member State is likely to be very heavily impacted by the non-consumers' transactions. Moreover, for certain transactions, the data do not distinguish between domestic and cross-border transactions. Therefore, in our view, it is not possible to use the Bluebook data for creating the payments profile of a typical consumer in the EU.

We have asked national banking associations to provide any information they have on the typical payment usage profile of a consumer in their country. However, the information we obtained from the national banking associations was also highly incomplete and many associations simply were not able to submit any numbers. Hence, the estimated profile at which we arrived should not be interpreted as the banking profile of the average European consumer. Rather, it should be seen as a 'reasonable' profile based on which the calculations in this report are made.

Since this banking profile is not a representative profile, either for the average EU citizen, or for the average citizen of any of the Member States (as each Member State is likely to have a different average banking profile) the marginal cost of transaction should be seen as the most reliable source of cross country comparison.

Table 10: Profile of transfers per month (euro area)			
Sending		Receiving	
Domestic transfers, EUR 10	3	Domestic transfers, EUR 100	3
Domestic transfers, EUR 100	7		
Cross-border transfers, EUR 100	1	Cross-border transfers EUR 100	1
Direct debits, EUR 50	5		

Source: London Economics

Table 11: Profile of debit card payments per month (euro area)			
Domestic card use		Cross border card use	
Card payments, EUR 50	20	Card payments EUR 50	0
Own provider ATM withdrawal, EUR 100	4	Other provider ATM withdrawal EUR 100	0
Other provider ATM withdrawal, EUR 100	1		

Source: London Economics

Table 12: Profile of credit card payments per month (euro area)			
Domestic card use		Cross border card use	
Card payments, EUR 50	10	Card payments EUR 50	0
Own provider ATM withdrawal, EUR 100	0	Other provider ATM withdrawal EUR 100	0
Other provider ATM withdrawal, EUR 100	0		

Source: London Economics

For those Member States which have not yet adopted the common currency, a different profile had to be assumed, as we have different transactions in our dataset. The following two tables outline the profile of a typical consumer in the non-euro area.

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Table 13: Profile of transfers per month (non-euro area)

Sending		Receiving	
Domestic transfers, equivalent of EUR 10	3	Domestic transfers, equivalent of EUR 100	3
Domestic transfers, equivalent of EUR 100	7		
Cross-border transfers, equivalent of EUR 100	1	Cross-border transfers	-
Direct debits, equivalent of EUR 50	5		

Note: No cross-border receiving transactions are considered outside the euro area since data on these transactions was not gathered.

Source: *London Economics*

Table 14: Profile of card payments per month (non-euro area)

Domestic card use		Cross border card use	
Card payments, equivalent of EUR 50	20	Card payments, equivalent of EUR 50	0
Own provider ATM withdrawal, equivalent of EUR 100	4	Other provider ATM withdrawal, equivalent of EUR 100	0
Other provider ATM withdrawal, equivalent of EUR 100	1		

Source: *London Economics*

Table 15: Profile of credit card payments per month (non-euro area)

Domestic card use		Cross border card use	
Card payments, EUR 50	10	Card payments EUR 50	0
Own provider ATM withdrawal, EUR 100	0	Other provider ATM withdrawal EUR 100	0
Other provider ATM withdrawal, EUR 100	0		

Source: *London Economics*

5.4.4.3 Non-linear fee structures

An additional complication is that the marginal cost of transactions often exhibits discrete jumps. For example, in some cases, the first ten credit transfers are free during a given period and any additional transfers incur a charge of say EUR 0.05. In other credit institutions the exact opposite can be the case, such that the first ten transactions during a certain period are charged at EUR 0.05 and any additional transactions are free of charge.

In order to calculate the marginal cost of transactions we therefore had to use the same banking profile outlined above. However, as will be shown in greater detail later (also see Section 5.15), the difference in marginal cost resulting from differences in profiles is extremely small. The difference in marginal costs generated by active and inactive banking profiles is very small, indicating that the particular profile chosen is of little to no importance to the question at hand.

Another type of a non-linear fee-structure was found in Hungary: the marginal cost of transferring funds domestically depends on the average monthly balance kept in the account. For accounts with an average balance above this limit the transaction fee is 0.5% and for accounts below this limit the fee is 0.10%. This was an isolated case and we selected the higher transaction fee of 0.10% since the limit of EUR 5,264 is high.

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5.4.4.4 Different methods of transaction

For credit transfers, the fee charged may vary depending on whether the payment instruction is given through on-line banking, a visit at a branch, by post using a paper form, etc.

This study will compare two different transaction methods:

1. The cheapest method available (often online)
2. Over-the-counter transactions

The advantage to the first metric is that it provides a clear comparison between Member States. By comparing the cheapest way of transferring credit available, we do not have to make any assumptions about which method is most commonly used in which Member State and whether or not two methods are directly comparable.

The obvious shortcoming to this approach is that there are very different penetration rates of online banking across different Member States and the cheapest fee is most of the time the cost of sending credit using internet banking.

In order to have a second metric, we also analyse over-the-counter fees charged by banks when customers want to make credit transfers in the branch. Again, this is not ideal for cross country comparisons since this is likely less common in some countries than in others. In the Netherlands for example, only three out of seven credit institutions in our sample even offered a non-online transfer. One of these only allows express payments to be made offline and the other charges an equally high fee for the service of making offline payments.

In combination, the two metrics allow us to get a good sense of how fees differ across Member States.

5.4.4.5 Exchange Rates

Exchange rates were taken on the day of data collection which spanned from 4 July 2012 to 20 July 2012 and are shown in Table 16 below.

Table 16: Exchange rates used and date of data collection		
Country	Exchange rate	Date
Bulgaria	1.96	16.07.2012
Czech Republic	25.57	11.07.2012
Denmark	7.44	11.07.2012
Hungary	288.8	11.07.2012
Latvia	0.7	20.07.2012
Lithuania	3.45	04.07.2012
Poland	4.16	17.07.2012
Romania	4.6	20.07.2012
Sweden	8.58	12.07.2012
UK	0.8	03.07.2012

Source: <http://www.xe.com>

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5.4.5 Limitations

It should be noted that the fees and charges collected are just the *reported* costs and do not necessarily correspond exactly to what would actually be charged. We document the information exactly as it was presented in the price lists available over the internet.

Similarly, an important limitation is that the present study was only able to record transaction fees associated with the various transactions. Another important component of the fee charged to the consumer is the exchange rate at which funds are transferred. While this is of no concern for the comparison of euro area transfers, it is very important for transfers in and out of the euro area.

5.5 Payment Institutions

In addition to Credit Institutions, information about fees and charges of Payment Institutions were gathered. These costs will be analysed in Section 5.14.

5.5.1 Selection of Payment Institutions

In total there were 479 authorised PIs in the EU-27 in March-April 2012. Through the websites of the national regulating authorities in each Member States, we obtained the lists of all authorised payment institutions. For each payment institution we performed online searches in order to find information on fees and charges. For several reasons not all these Payment Institutions were relevant for the study at hand:

1. A large fraction of authorised payment services institutions do not offer any of the relevant services to consumers.
2. Some authorised payment institutions have no internet presence at all. These were disregarded from the analysis.
3. Some authorised payment institutions have websites, but do not provide information on fees and charges. In some cases these were called in order to obtain the information and in other cases this proved impossible and the payment institution was disregarded as well.
4. Finally, many payment institutions that do provide remittance services are specialised in corridors which are irrelevant to the current study. For example, many specialise in remittance payments to Russia or the Philippines.

5.5.2 Types of transactions considered

The types of transactions considered for PIs is a subset of the transactions considered for credit institutions. Transfers above EUR 50,000 cannot be considered for payment institutions, due to size limits imposed on transactions performed by PIs. Further, only the cost of sending a transfer is considered for PIs and not the cost of receiving.

5.5.3 Calculation of marginal costs

The computation of marginal costs for payment institutions was straightforward since none of the complications found for CIs were relevant for PIs.

5.6 The marginal cost of transaction

This section compares the marginal cost of sending and receiving credit transfers through Credit Institutions and of using credit and debit cards issued by credit institutions.

The country average of all marginal costs can be found in Section 5.17. The current section will go through the results in detail and analyse the data by looking at individual transactions and countries.

Since the transactions under consideration are different for countries which are members of the euro area and those which are not, they will be analysed separately.

Under perfect competition within and across Member States, the cost of making domestic transactions should differ only in as far as the marginal cost of making these transactions differs to the financial service providers. This study only contrasts the differences in fees paid by consumers without comparing the differences in costs to the service providers. It, therefore, is only a partial analysis of the market structure. It does, however, provide an interesting first insight into how banking charges differ across the European Union.

5.6.1 Credit transfers

5.6.1.1 Euro area

5.6.1.2 Sending

Table 17 shows the average costs of transferring EUR 100 domestically in all euro area countries. For each country, both the cost of the cheapest way of sending funds (usually online) and the cost for making the same transfer over-the-counter in a branch is listed. Both of these transactions are further broken down into average minimum cost and average maximum cost. The average minimum cost is the average cost of the account with the cheapest transaction cost offered by a particular credit institution. The average maximum transaction cost, on the contrary, is the transaction cost associated with the account with the highest transaction cost.

In general, prices are very varied across the euro area, both for the cheapest available method of transaction and for over-the-counter transactions. The cheapest transactions range from EUR 2.67 in Cyprus to free in Finland and the Netherlands. Over-the-counter prices vary even more between EUR 0.30 in Ireland and EUR 24 in Malta. It should be noted that several credit institutions offer only online transactions and in some countries, for example the Netherlands, this has led to a significant reduction in sample sizes.

There appears to be a general trend that fees charged by CIs in Southern Europe (with the notable exception of Portugal) are significantly higher than those in Northern Europe. Differences between the average minimum and average maximum fees do not appear to be large, with the possible exception of France.

The costs of transferring EUR 10 domestically are identical to those of transferring EUR 100 in all Member States with the exception of Belgium. In Belgium, one credit institution charges a high transaction fee (EUR 4.54) for small transactions and nothing for larger transactions. This leads to an average cost of transferring EUR 10 which is EUR 0.45 higher than the average cost of transferring EUR 100.

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Table 17: The cost of sending EUR 100 domestically (in euro)

	Cheapest method average min	Cheapest method average max	N	Over-the-counter average min	Over-the-counter average max	N
Austria	EUR 0.11	EUR 0.17	10	EUR 0.89	EUR 0.98	9
Belgium	EUR 0.50	EUR 0.50	10	EUR 0.52	EUR 0.52	9
Cyprus	EUR 2.67	EUR 2.67	3	EUR 5.33	EUR 5.33	3
Estonia	EUR 0.32	EUR 0.32	3	EUR 0.99	EUR 0.99	5
Finland	EUR 0.00	EUR 0.00	5	EUR 2.70	EUR 2.70	5
France	EUR 0.29	EUR 0.96	26	EUR 3.44	EUR 3.44	28
Germany	EUR 0.01	EUR 0.09	36	EUR 0.43	EUR 0.92	32
Greece	EUR 0.53	EUR 0.53	3	EUR 11.75	EUR 11.75	4
Ireland	EUR 0.11	EUR 0.11	5	EUR 0.62	EUR 0.62	5
Italy	EUR 1.39	EUR 1.43	19	EUR 3.85	EUR 5.11	19
Luxembourg	EUR 0.17	EUR 0.17	4	EUR 0.70	EUR 1.20	4
Malta	EUR 0.67	EUR 0.67	3	EUR 24.00	EUR 24.00	3
Netherlands	EUR 0.00	EUR 0.00	7	EUR 6.00	EUR 6.00	3
Portugal	EUR 0.42	EUR 0.42	7	EUR 3.29	EUR 3.29	7
Slovakia	EUR 0.15	EUR 0.15	3	EUR 0.95	EUR 0.95	4
Slovenia	EUR 0.34	EUR 0.34	5	EUR 1.88	EUR 1.88	5
Spain	EUR 2.45	EUR 2.45	6	EUR 2.88	EUR 2.88	8

Note: Sample size of institutions given in column entitled "N". The five most expensive average costs are highlighted both for the cheapest method of transaction and over-the-counter transactions.

Source: London Economics

Looking at the transfer of EUR 75,000 in Table 18 below, these differences in price are even more pronounced. Spain in particular stands out with an average transaction cost of EUR 232 for online transactions and EUR 290 for over-the-counter transactions.³⁹⁰

Overall, the same countries emerge with the highest transaction fees: Spain, Greece, Cyprus, France and Belgium are the top five countries for highest transaction fees.

Ireland interestingly stands out as being one of the Member States with the lowest online transaction fees while at the same time having one of the highest over-the-counter fees.

³⁹⁰ In Spain, transfer costs for three Credit Institutions had to be removed from our sample since the information available on the internet was not clear enough.

Table 18: The cost of sending EUR 75,000 domestically (in euro)

	Cheapest method average min	Cheapest method average max	N	Over-the-counter average Min	Over-the-counter average Max	N
Austria	EUR 0.11	EUR 0.17	10	EUR 0.89	EUR 0.98	9
Belgium	EUR 18.80	EUR 18.80	9	EUR 8.68	EUR 8.68	9
Cyprus	EUR 50.50	EUR 50.50	3	EUR 118.50	EUR 118.50	2
Estonia	EUR 0.32	EUR 0.32	3	EUR 0.99	EUR 0.99	5
Finland	EUR 0.00	EUR 0.00	5	EUR 3.90	EUR 3.90	5
France	EUR 50.60	EUR 51.46	25	EUR 47.1	EUR 50.2	26
Germany	EUR 0.01	EUR 0.10	36	EUR 0.43	EUR 0.92	32
Greece	EUR 26.50	EUR 26.50	4	EUR 123.13	EUR 123.13	4
Ireland	EUR 0.11	EUR 0.11	5	EUR 16.24	EUR 16.24	4
Italy	EUR 1.55	EUR 1.60	17	EUR 3.67	EUR 4.92	19
Luxembourg	EUR 0.17	EUR 0.17	4	EUR 0.7	EUR 1.20	4
Malta	EUR 4.00	EUR 4.00	3	EUR 24.00	EUR 24.00	3
Netherlands	EUR 0.00	EUR 0.00	7	EUR 6.00	EUR 6.00	3
Portugal	EUR 0.39	EUR 0.39	5	EUR 5.56	EUR 5.56	7
Slovakia	EUR 0.15	EUR 0.15	3	EUR 0.95	EUR 0.95	4
Slovenia	EUR 3.85	EUR 3.85	5	EUR 5.65	EUR 5.65	5
Spain	EUR 232.08	EUR 232.08	6	EUR 290.66	EUR 290.66	8

Note: Sample size of institutions given in column entitled "N". The five most expensive average costs are highlighted both for the cheapest method of transaction and over-the-counter transactions.

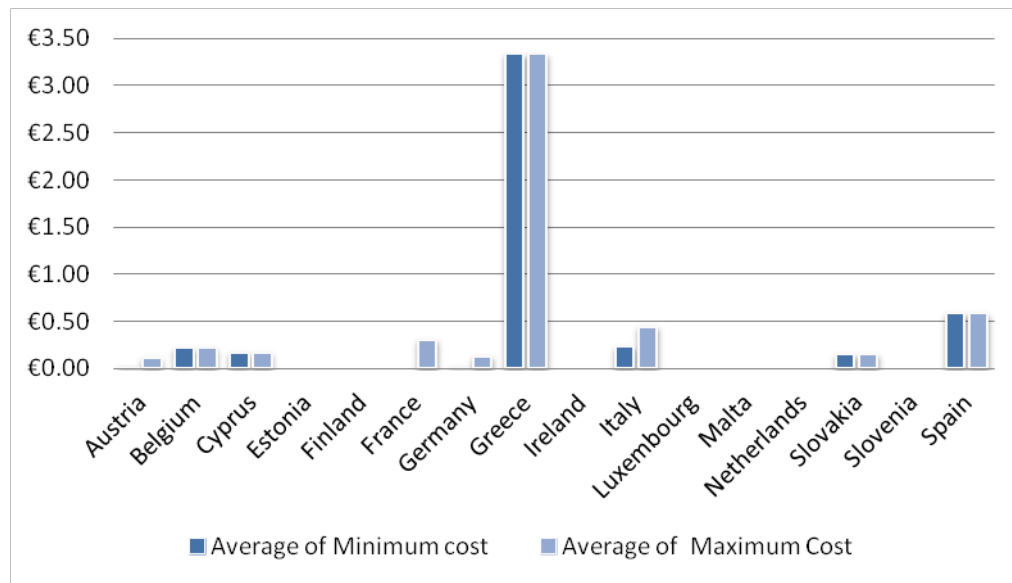
Source: London Economics

As was to be expected, the relative importance of current account selection is much greater for the smaller transfers of EUR 10 and EUR 100 than for the larger transfer of EUR 75,000. For example, in France the type of current account selected made a difference of over 300% between EUR 0.29 and EUR 0.96 for the transfer of EUR 100. This difference was much smaller, relatively speaking, for the EUR 75,000 transfer where some account holders pay EUR 50.58 and the most expensive account would charge EUR 51.44.

5.6.1.3 Receiving

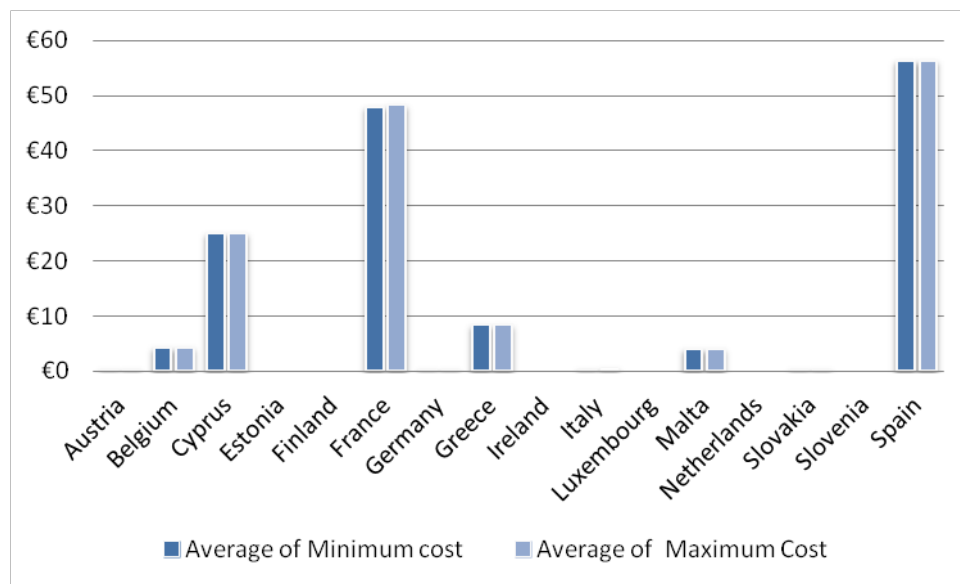
The cost of receiving funds also varies significantly across Member States (EUR 0 - EUR 3.33 for a transfer of EUR 100 and EUR 0 - EUR 56 for a transfer of EUR 75,000) as is shown in Figure 10 and Figure 11. The cost of receiving EUR 100 is the highest in Greece, while the cost of receiving EUR 75,000 is the highest in Spain again.

Figure 10: Cross country comparison of receiving EUR 100 domestically in the euro area (in euro)



Source: London Economics

Figure 11: Cross country comparison of receiving EUR 75,000 domestically in the euro area (in euro)



Source: London Economics

However, it is not necessarily the countries charging the highest prices for receiving funds that are also charging the highest prices for sending funds.

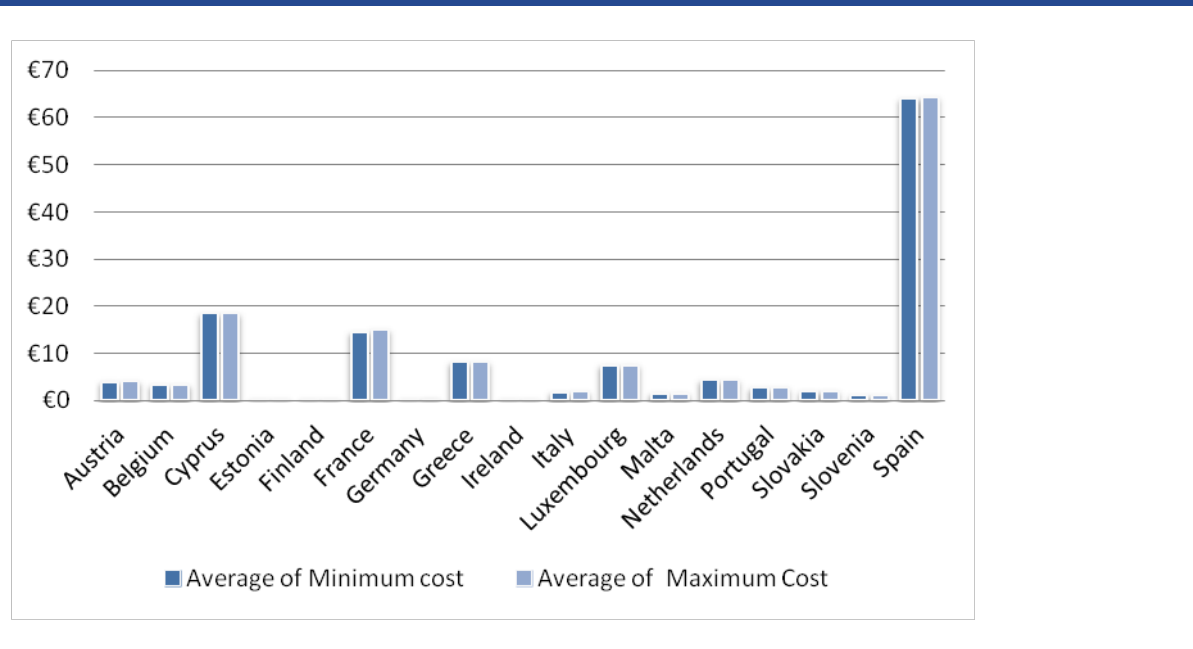
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In order to get a better understanding of which countries are more “expensive” in terms of marginal cost, as a next step, we look at the average price paid by one consumer for all domestic transfers combined. That is, the following figure compares the cost to a consumer who sends and receives all the hypothetical domestic credit transfers considered in this study.

Figure 12: Cross country comparison of the average cost of all domestic transfers, sent and received



Source: London Economics

Figure 12 above shows that consumers in Spain, France and Cyprus pay the most for domestic transactions. However, as mentioned in the methodology section, the mere fact that the marginal cost of transaction is very different across countries implies nothing about the average cost of making such a transaction due to the presence of monthly account fees in some countries and the absence thereof in other countries. Section 5.10 compares the average monthly cost of a typical consumer including the periodic account fees.

5.6.1.4 Non-euro area

5.6.1.5 Sending

First, we compare the cost of transferring the equivalent of EUR 100 in local currency domestically. This hypothetical transaction corresponds directly to transferring EUR 100 domestically within the euro area. Fees for transferring the equivalent of EUR 10 are again identical to those of transferring the equivalent of EUR 100.

Table 19: The cost of transferring the equivalent of EUR 100 domestically, (converted to euro)

	Cheapest method average min	Cheapest method average max	N	Over-the-counter average Min	Over-the-counter average Max	N
Bulgaria	EUR 0.83	EUR 0.83	5	EUR 1.02	EUR 1.02	5
Czech Republic	EUR 0.17	EUR 0.17	5	EUR 2.38	EUR 2.38	5
Denmark	EUR 0.07	EUR 0.07	5	EUR 3.19	EUR 3.19	4
Hungary	EUR 0.19	EUR 0.63	10	EUR 2.09	EUR 17.26	10
Latvia	EUR 0.29	EUR 0.34	5	EUR 1.64	EUR 1.64	4
Lithuania	EUR 0.41	EUR 0.41	3	EUR 0.99	EUR 1.10	5
Poland	EUR 0.00	EUR 0.06	9	EUR 0.37	EUR 1.93	9
Romania	EUR 0.66	EUR 0.66	10	EUR 1.03	EUR 1.03	10
Sweden	EUR 0.23	EUR 0.23	5	EUR 6.77	EUR 8.17	5
United Kingdom	EUR 0.00	EUR 0.00	6	EUR 8.75	EUR 8.75	7

Note: Sample size of institutions given in column entitled "N". The three most expensive average costs are highlighted both for the cheapest method of transaction and over-the-counter transactions.

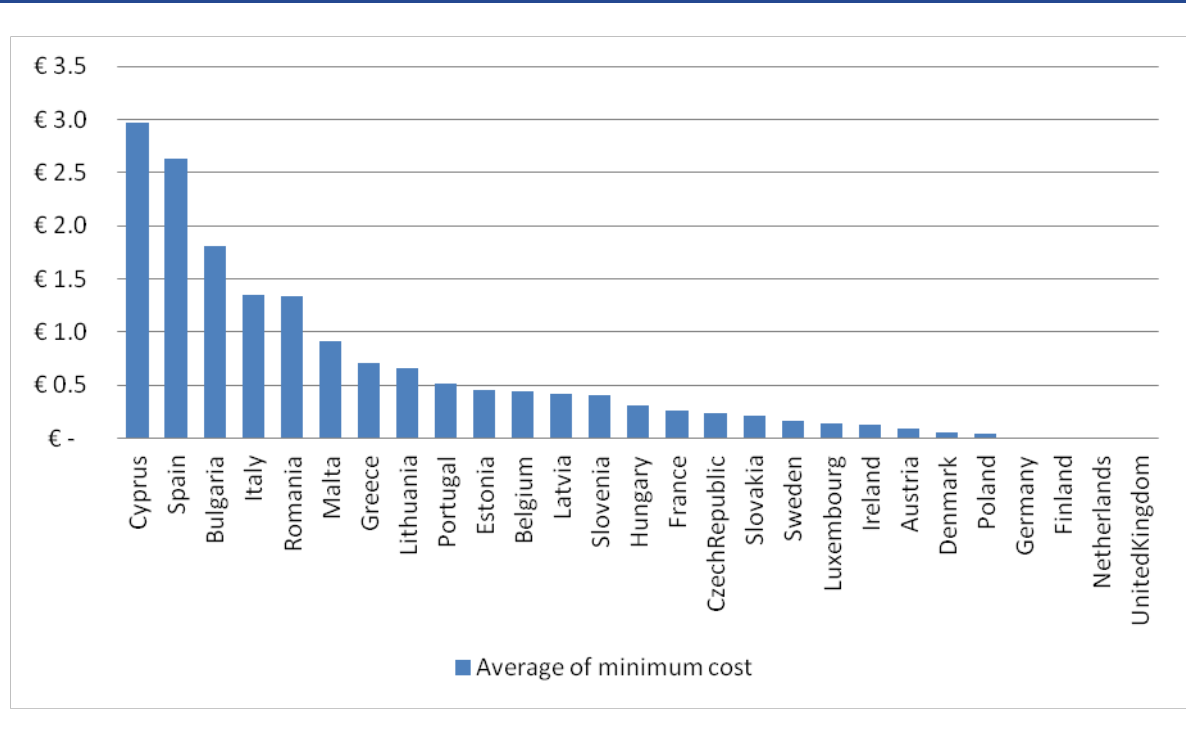
Source: London Economics

While there is again a lot of variability between the countries, even the highest fees are significantly lower than many of the fees paid by countries in the euro area. However, these fees do not account for differences in purchasing power in the various Member States and this has the potential to distort the findings.

Figure 13, therefore, converts the cheapest transaction fee (online) to purchasing power adjusted euros and compares the same transaction across the EU-27.

While Cyprus and Spain remain the most expensive in terms of sending EUR 100 domestically (in domestic currency), Bulgaria and Romania are now also among the most expensive countries in terms of purchasing power adjusted costs.

Figure 13: Cross-country comparison of the cost of sending the equivalent of EUR 100 domestically using the cheapest method of transaction available (fees converted to PPP adjusted euro)



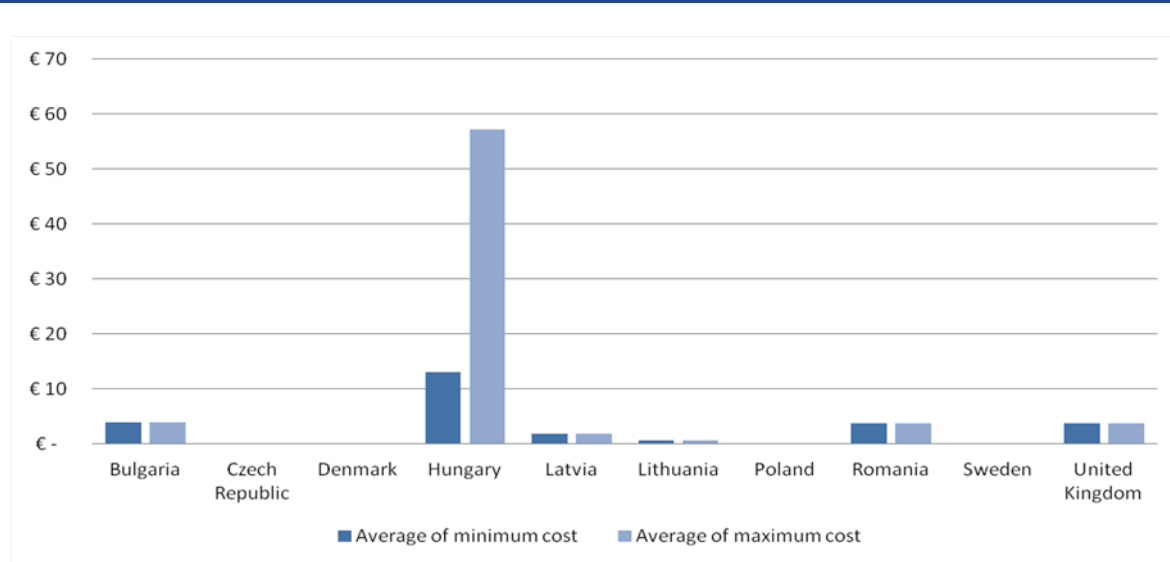
Source: Fee data from London Economics, PPP data from Eurostat

The cost of transferring the equivalent of EUR 75,000 in absolute terms is also significantly lower in the non-euro area than what we saw for the corresponding transfer within euro area countries.

Prices for this transaction vary between EUR 0.02 online in Poland and EUR 7.98/EUR 34.93 online in Hungary, depending on the type of account chosen. Over-the-counter transactions are equally varied with EUR 0.37/EUR 6.69 in Poland and EUR 76/EUR 220 in Hungary, depending on the type of account chosen in either case. Hungary is a clear outlier in this group, although the cost associated with the cheapest account is in line with the rest of the countries.

However, once again in order to meaningfully compare these figures to those obtained from the euro area; we correct for purchasing power differences across Member States and show the result for online transaction fees in. This time, even adjusting for differences in purchasing power, the average fees charged in the non-euro area are significantly lower than those charged in the euro area.

Figure 14: Cross-country comparison of the cost of sending the equivalent of EUR 75,000 domestically using the cheapest method of transaction (fees converted to PPP-adjusted euro)



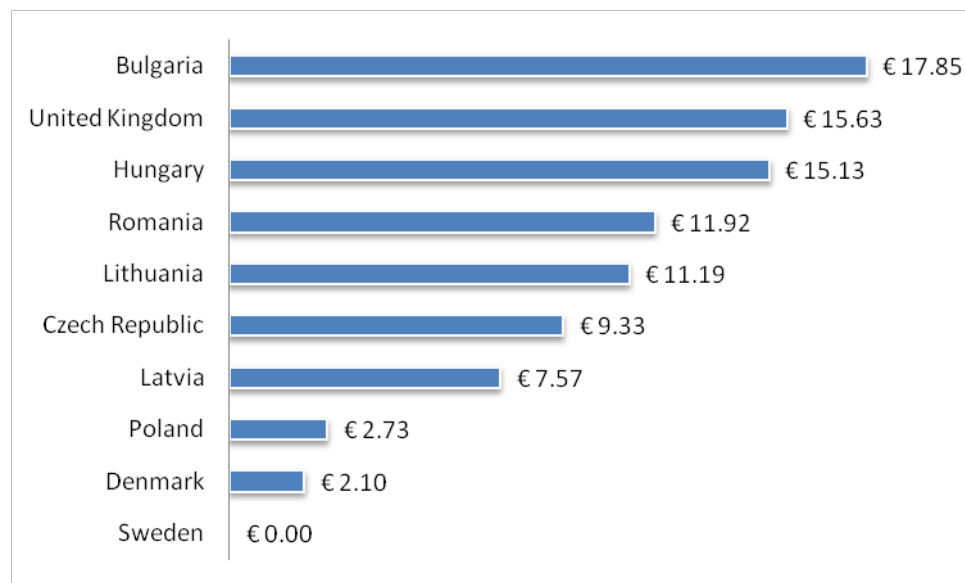
Note: Exchange rates were taken from the website <http://www.xe.com> on the day of data collection.
Source: Fee data from London Economics; PPP data from Eurostat

In the case of non-euro area countries, we also considered separately the cost of making domestic transfers in euros. This is very costly in almost all countries with the exception of Sweden where the average cost of sending EUR 100 is EUR 0.23 which, in fact, is equal to the cost of transferring the equivalent of EUR 100 in local currency.

The fact that for Sweden the difference in cost between either transfer in euros and in local currency is zero is no coincidence, but rather a result of the fact that Sweden has decided to extend the regulation to its domestic currency, the Krona. Romania is planning to do the same, but this has not yet been implemented. As a result, the difference in fees charged remains high in Romania with a difference of EUR 13.42.

For all countries the cost of transferring EUR 100 in euros is higher than, or equal to, the cost of transferring the equivalent of EUR 100 in local currency, shown in the figure below.

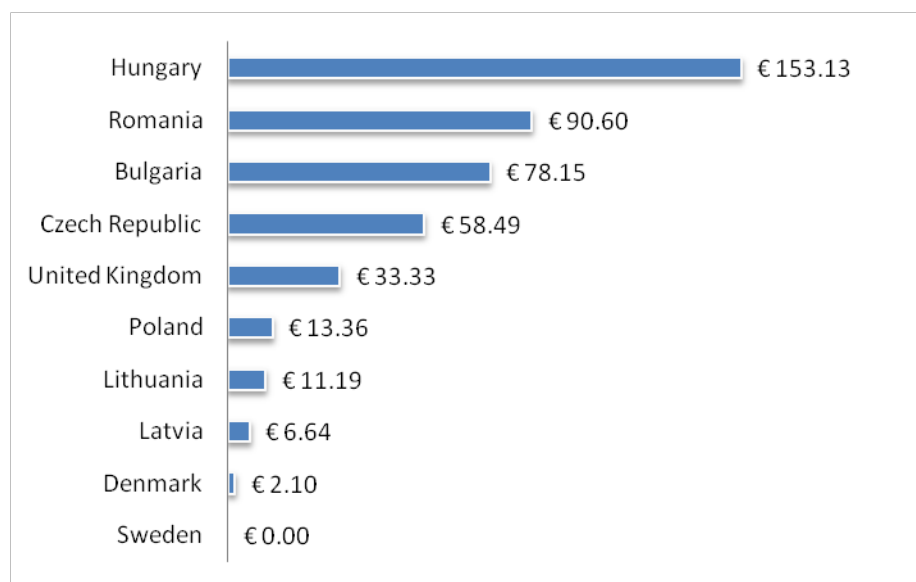
Figure 15: The difference in cost of transferring EUR 100 domestically in euros or in local currency using the cheapest method of transaction (fees converted to euro)



Source: London Economics

This difference is even larger for transfers of the equivalent of EUR 75,000. For the UK, one particularly large outlier was dropped from the analysis in order not to distort the cross-country comparison. One particular credit institution charged 2.75% per transaction in euro, which for a transfer of EUR 75,000 equals EUR 2,062. If this outlier had not been excluded, the average difference between making a transfer of EUR 75,000 in euros or in the local currency equivalent would have been EUR 880.

Figure 16: The difference in cost of transferring EUR 75,000 domestically in euros or local currency (fees converted to euro)



Source: London Economics

5.6.1.6 Receiving

The average cost of receiving the local currency equivalent of EUR 100 domestically in all non-euro area countries is EUR 0.23 and therefore very close to the average of receiving EUR 100 domestically in the euro area which is EUR 0.17. The average cost of receiving the equivalent of EUR 75,000 domestically is significantly lower than it is the corresponding cost of receiving EUR 75,000 amongst members of the euro area (EUR 13.61 in the euro area relative to EUR 2.40 in the non-euro area). The average cost of receiving EUR 75,000 in euros, on the contrary, is EUR 14.31 and hence is slightly above the average cost of receiving EUR 75,000 in the euro area.

The combined cost of sending (using the cheapest available method) and receiving every hypothetical transaction considered is shown in PPP-adjusted euros in Figure 17 below. It should be note; however, that these figures cannot be directly compare to those of the euro area, since different transactions are considered in the euro area and the non-euro area.

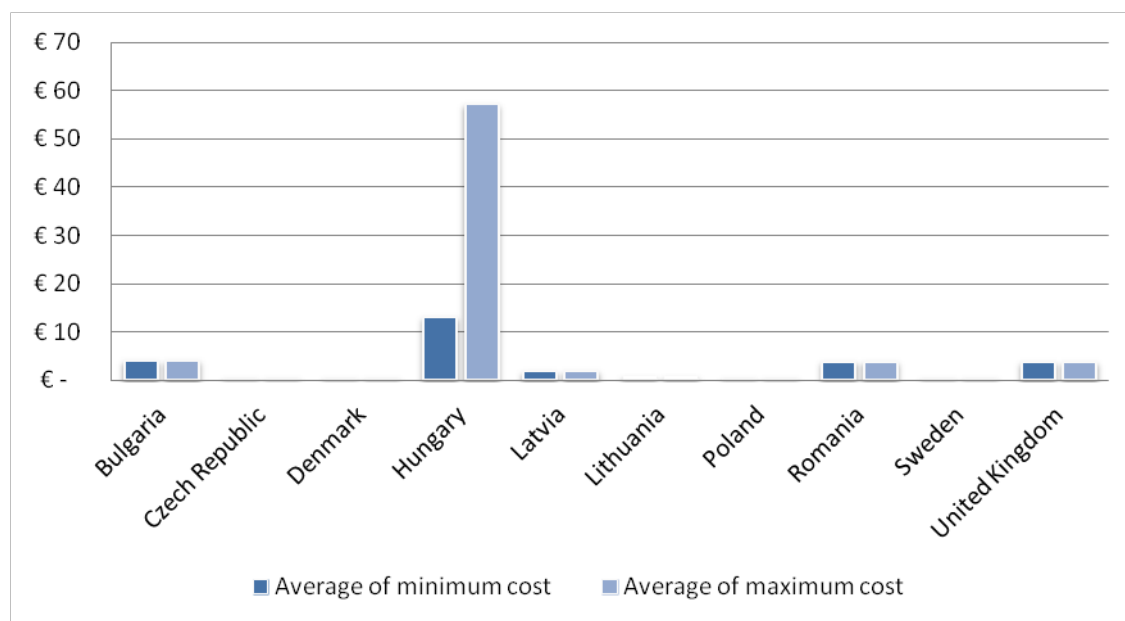
Once again, adjusting the fees for different levels of purchasing power in different Member States has accentuated the differences. Fees in Hungary, Bulgaria and Romania, and to a lesser extent also the Czech Republic, are significantly higher than in the rest of the non-euro area.

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Figure 17: Cross-country comparison of the average cost of all transfers sent and received in the non-euro area (fees converted to PPP-adjusted euro)



Source: Fee data from London Economics; PPP data from Eurostat

5.6.2 Card use

In rare cases, different cards issued by the same provider are associated with a different transaction costs. Usually this difference in transaction cost is driven by different account booking fees, such that the first few transactions in a given account are free of charge and all remaining transactions will be charged, irrelevant of whether or not these transactions are credit transfers or debit card transactions associated with the same account.

In the vast majority of cases, however, all cards listed are associated with the same transaction fees and hence the difference between the average minimum transaction cost and the average maximum transaction cost is very small. As a result, we will focus our analysis only on the cards with the minimum transaction cost. The detailed results, broken down by maximum and minimum average cost, can be found in Sections 5.7-5.9 of the present Annex 5.

5.6.2.1 Euro area

Of all the domestic debit card transactions considered, the ATM withdrawal from another provider clearly stands out as the highest cost. Very few countries charge for domestic card payments and even then the average charge is less than EUR 0.09 per transaction. In most countries withdrawing money from the CI's own ATM is free of charge and in some countries even the cost of withdrawing money from another provider's ATM is free of charge.

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Table 20: Cost of debit card use in the eurozone

Country	ATM withdrawal domestic own provider	N	ATM withdrawal domestic other provider	N	card payment domestic	N
Austria	EUR 0.12	6	EUR 0.12	6	EUR 0.06	7
Belgium	EUR 0.10	7	EUR 0.05	7	EUR 0.00	7
Cyprus	EUR 0.00	2	EUR 2.58	2	--	
Estonia	EUR 0.08	2	EUR 3.29	2	EUR 0.00	2
Finland	EUR 0.80	5	EUR 1.84	5	EUR 0.00	5
France	EUR 0.00	26	EUR 0.79	27	EUR 0.00	26
Germany	EUR 0.00	29	N/A		EUR 0.00	44
Greece	EUR 0.00	3	EUR 1.30	3	EUR 0.00	1
Ireland	EUR 0.09	5	EUR 0.09	5	EUR 0.09	5
Italy	EUR 0.06	18	EUR 1.59	17	EUR 0.00	18
Luxembourg	EUR 0.38	4	EUR 1.41	4	EUR 0.00	4
Malta	EUR 0.00	2	EUR 2.92	2	--	
Netherlands	EUR 0.00	6	EUR 0.00	6	EUR 0.00	6
Portugal	EUR 0.00	7	EUR 0.00	7	EUR 0.00	7
Slovakia	EUR 0.42	3	EUR 1.58	3	EUR 0.08	3
Slovenia	EUR 0.00	5	EUR 0.00	5	EUR 0.00	5
Spain	EUR 0.00	10	EUR 4.10	10	--	

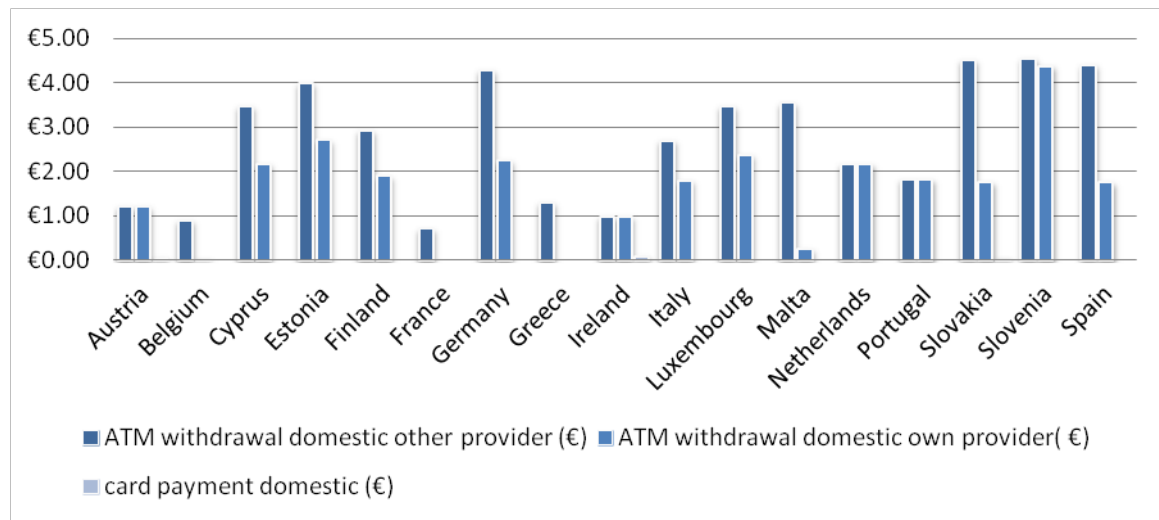
Note: No information on point of sale card payments was available on price lists in Cyprus, Malta and Spain. See text for Germany.

Source: London Economics

The cost of withdrawing cash from another provider's ATM in Germany cannot be determined through the price lists published by Credit Institutions, because the cardholder has to pay a fee ("direktes Kundenentgelt") directly to the ATM provider (surcharging). While some credit institutions do publish a kind of fallback fee if surcharging is not practised by the ATM provider, it is in practice very rarely used and quoting these fallback fees here would be misleading (In our sample 75% list this fallback fee). In the majority of cases the issuer bank does not levy their own charges, but rather deducts the surcharge set by the other provider. As a result, price lists in Germany often inform the customer that the cost of withdrawing funds from another provider's ATM will be displayed on the screen of the ATM.

The cost of using credit and deferred debit cards, shown in Figure 18, appears more similar across countries. In addition, the fact that the average cost of withdrawing funds using a credit card is significantly lower in France may also be due to different uses of the term "credit card". Since it is not always easy to distinguish whether prices refer to credit cards or deferred debit cards, some of the variation can potentially be explained by a different composition of deferred debit and credit cards in each Member State.

Figure 18: Cross-country comparison of all domestic credit and deferred debit card transactions

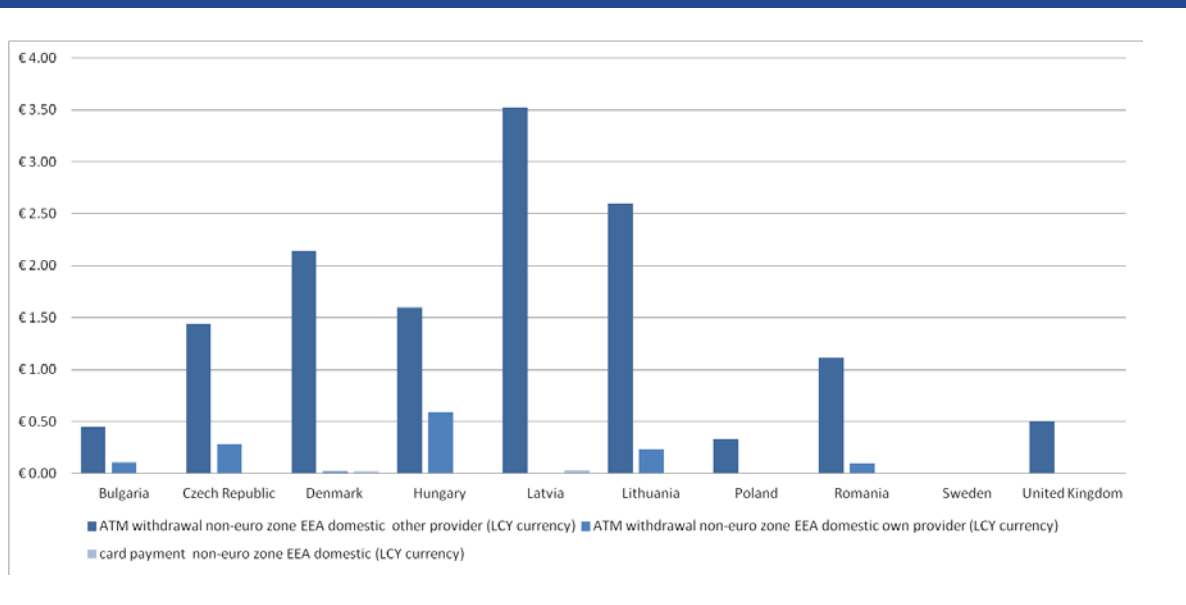


Source: London Economics

5.6.2.2 Non-euro area

Figure 19 outlines how the costs of using debit cards, denoted in local currency, vary between the non-euro area Member States. The variance is large, both in the euro area and in the non-euro area, which makes it difficult to compare the two areas. However, the highest average charges can clearly be found in the euro area and the average cost of all domestic card transactions is also slightly higher in the euro area.

Figure 19: Cross-country comparison of domestic use of debit cards issued in local currency (prices converted to euro)



Source: London Economics

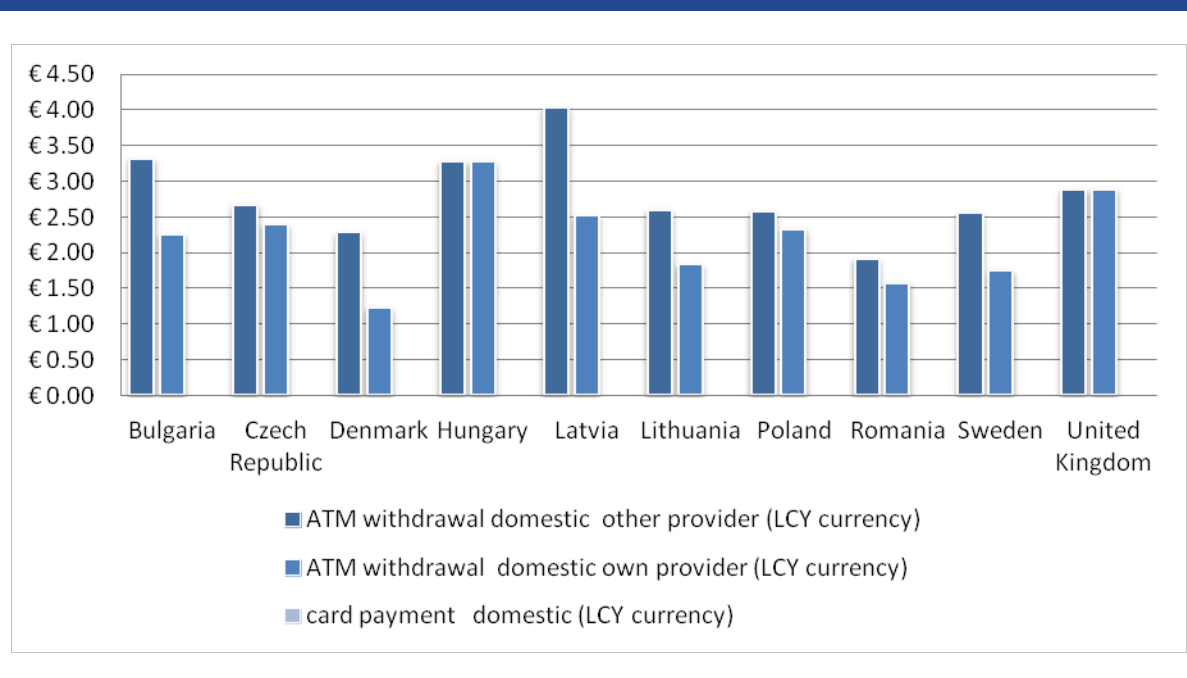
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Finally, Figure 20 contrasts the costs of using credit and deferred debit cards in the non-euro area countries. Comparing this to the fees charged in the euro area, shows that for credit cards the average costs of the non-euro area Member States are in line with those charged in euro area countries. The cost of withdrawing funds from ATMs operated by other providers, for example, averages to EUR 2.77 in the non-euro area countries and to EUR 3.47 amongst the members of the euro area.

Figure 20: Cross country comparison of domestic use of credit and deferred debit cards issued in local currency (prices converted to euro)



Source: London Economics

The number of credit cards issued in foreign currency was extremely small and therefore was dropped from the analysis.

5.7 Range of costs within Member States

This section will compare the ranges of prices faced by consumers in different Member States.

Under perfect competition within each Member State, one would expect the range of prices offered by financial institutions to be very small. Since the marginal cost of making a transfer or a card payment is not likely to differ substantially within Member States, there is, a priori, no reason for the price to the consumer to differ. However, as in the previous section, this analysis can only give indicative results towards the level of competition within a country. In order to study the level of competition within and between markets, a detailed banking profile and detailed price information on all other banking activities would be needed.

The analysis in this section will focus on the range of minimum transaction costs offered by each financial institution. That is, from each credit institution the account with the cheapest transaction

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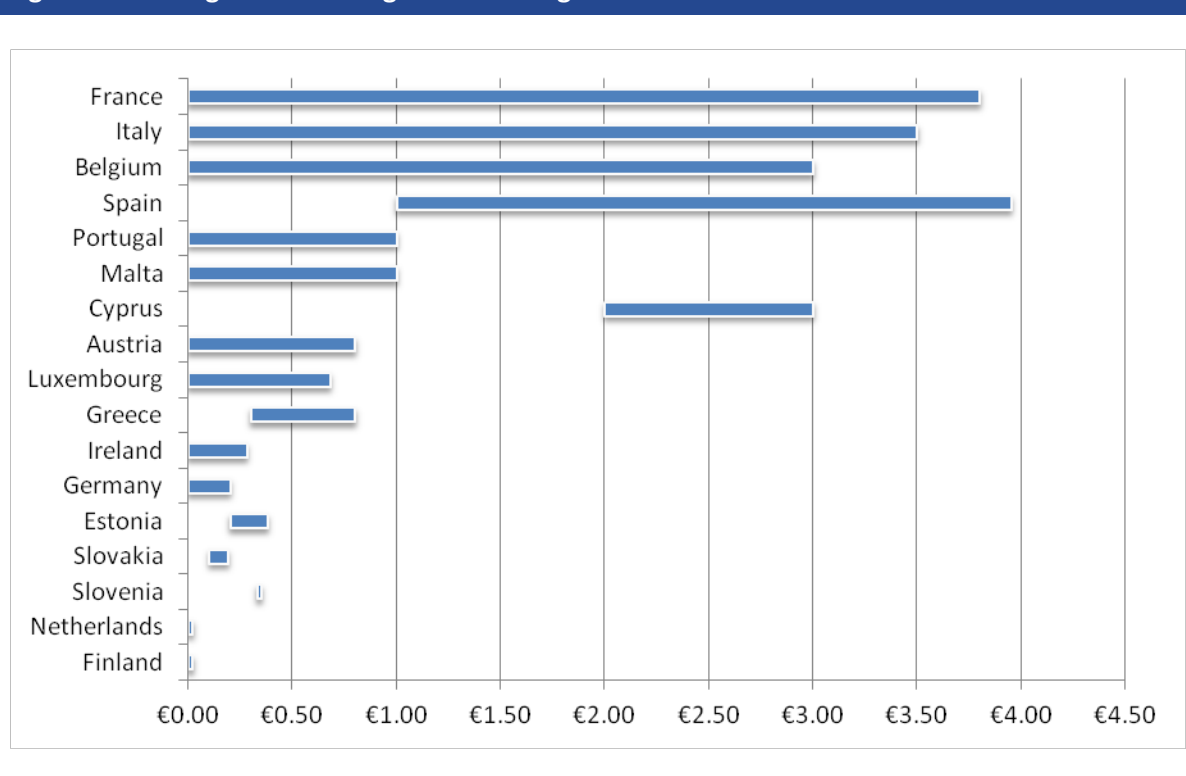
cost is selected and then the minimum and maximum values of these will be compared across countries.

5.7.1 Credit transfers

5.7.1.1 Euro area

Figure 21 below shows that the range of fees charged for a EUR 100 domestic transfer varies considerably across Member States. The bars begin at the lowest transaction fee that any credit institution offers and continue until they reach the highest value of the lowest transaction any credit institution offers in this member state. The larger the bars, therefore, the wider the range of minimum transaction fees across different credit institutions within one country. Countries which have no bar, therefore have a zero range of fees. That is, all institutions in this country offer exactly the same fee for this transfer.

Figure 21: Range of fees charged for sending a EUR 100 domestic transfer



Note: The size of the bar represents the size of the range. Zero therefore indicates a country in which all credit institutions charge exactly the same fee for this particular transfer.

Source: London Economics

In several countries the cost varies significantly across credit institutions, up to a difference of EUR 3.80 in France. Considering the small size of EUR 100 of the transaction, this range is not negligible.

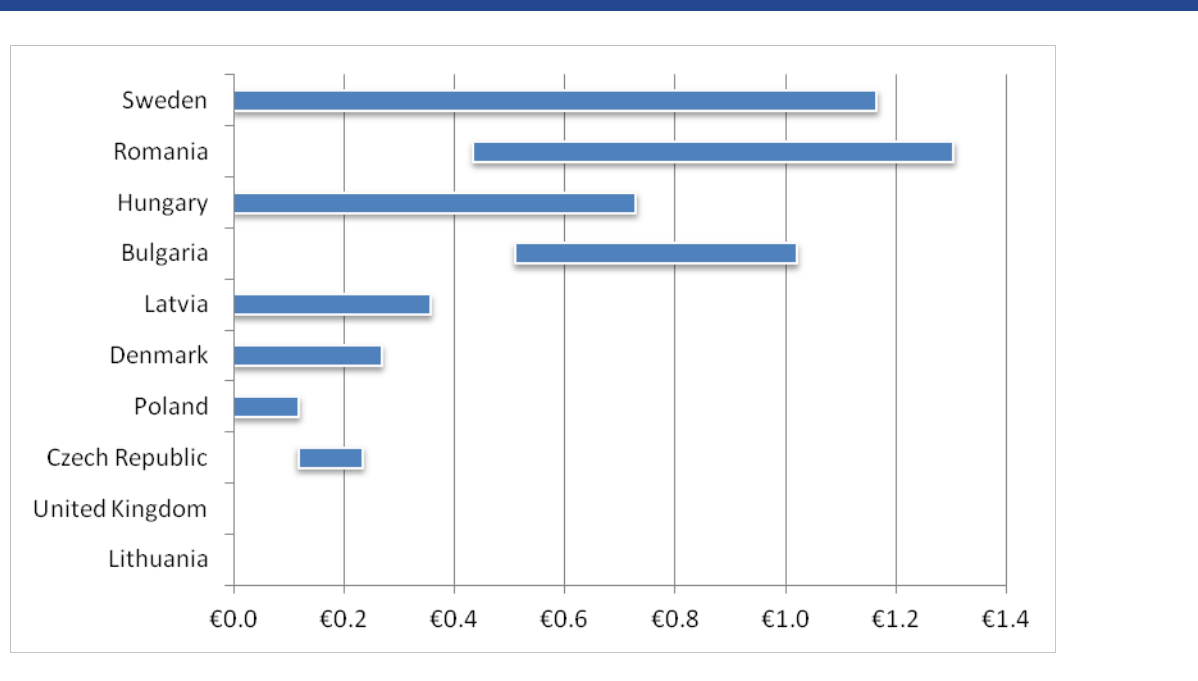
It is worth noting that the same group of countries (Spain, France, Portugal, Greece, Cyprus and Belgium), which had particularly high average fees also exhibit a particularly large range of prices. If the range of prices paid by consumers were narrow, it could be argued that the marginal cost of

transfers to credit institutions is particularly high in these countries. However, the fact that charges also vary significantly within these countries, suggests that this is not the case.

5.7.1.2 Non-euro area

The range of fees charged for transfers of the equivalent of EUR 100 in local currency is much smaller in the non-euro area Member States than the range of fees charged for the corresponding transfer in the euro area. The largest range in the euro area of EUR 3.80 in France is more than three times the size of the largest range in the non-euro area of EUR 1.17 in Sweden.

Figure 22: Range of fees charged for sending the equivalent of a EUR 100 domestic transfer



Note: The size of the bar represents the size of the range. Zero therefore indicates a country in which all credit institutions charge exactly the same fee for this particular transfer.

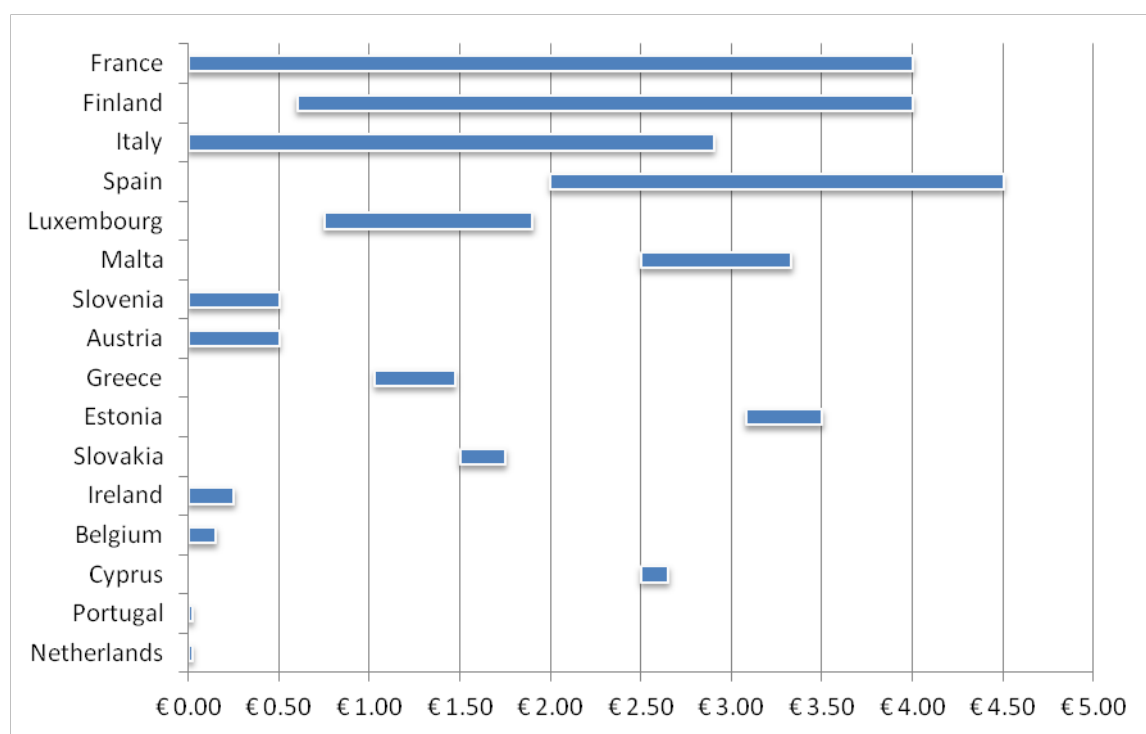
Source: *London Economics*

5.7.2 Card Use

5.7.2.1 Euro area

For domestic card payments using a debit card the range was zero in most countries, with most credit institutions offering at least one account that does not charge at all for this transaction. The only countries with a non-zero maximum transaction fee were Slovakia (EUR 0.15), Ireland (EUR 0.25) and Austria (EUR 0.19).

Figure 23: Range of fees charged for domestic ATM withdrawal using a debit card (other provider)



Note: The size of the bar represents the size of the range. Zero therefore indicates a country in which all credit institutions charge exactly the same fee for this particular transfer.

Source: London Economics

The range of fees for withdrawing cash (other provider), on the contrary, varies significantly across countries. Germany was again omitted from this analysis due to the issue of surcharging and the resulting absence of data from Germany.

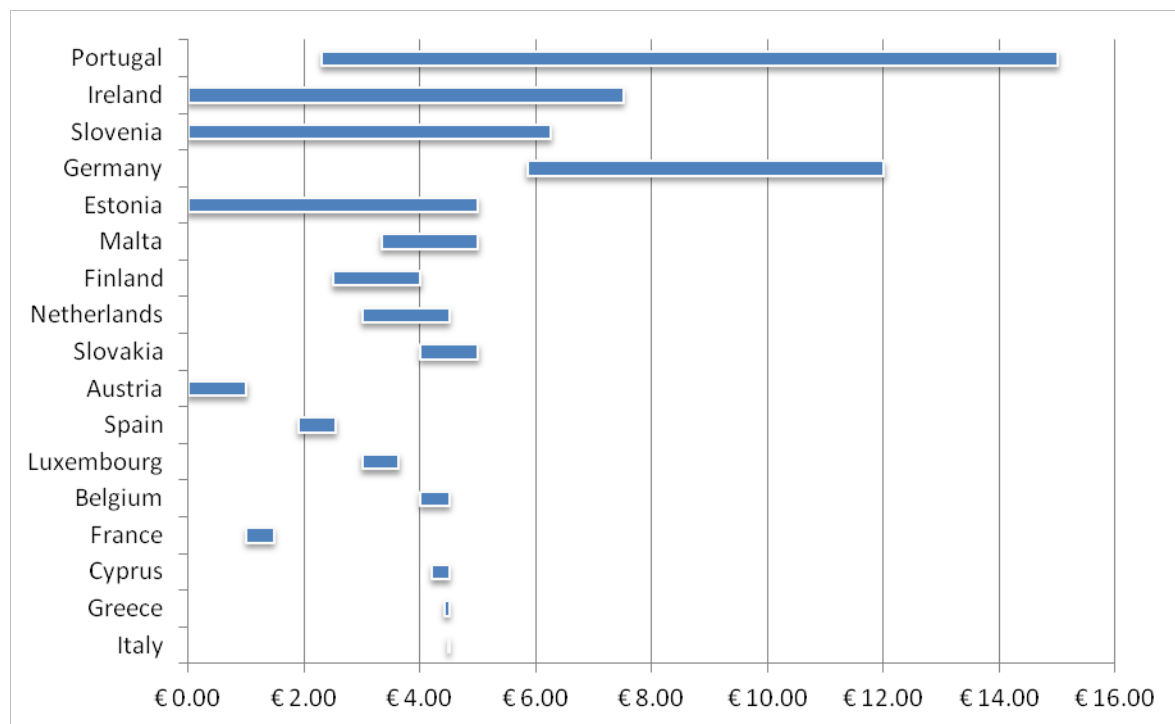
For cash withdrawals using a credit or deferred debit card the range is even larger, up to EUR 12.70 in Slovakia, which is associated with a maximum fee of EUR 15.

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Figure 24: Range of fees charged for domestic ATM withdrawal using a credit or deferred debit card (other provider)



Note: The size of the bar represents the size of the range. Zero therefore indicates a country in which all credit institutions charge exactly the same fee for this particular transfer.

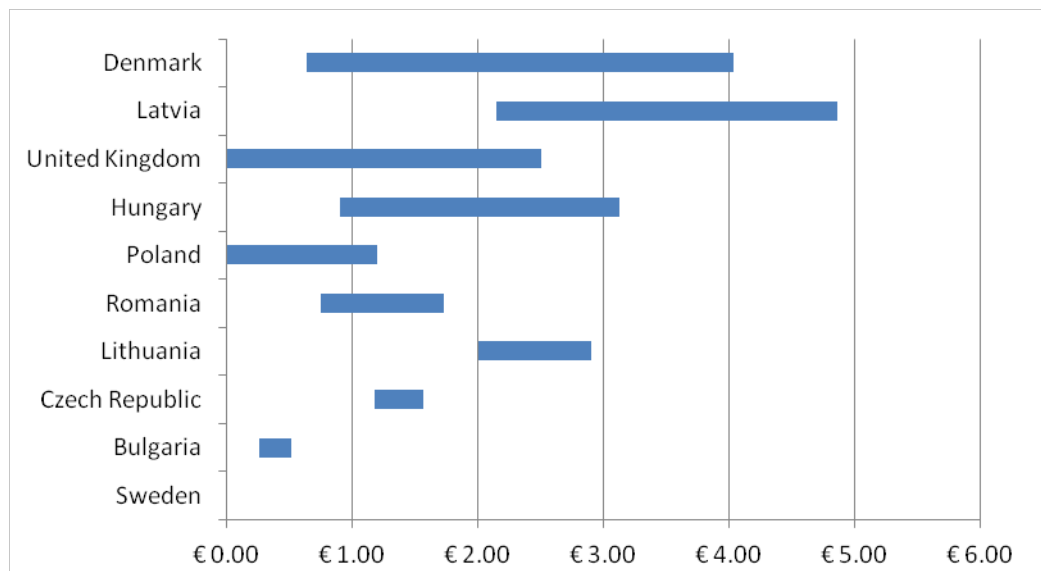
Source: London Economics

5.7.2.2 Non-euro area

Once again, the range of fees charged in the non-euro area countries is not out of line with what is charged in the euro area countries and again, the variance between Member States is very large.

Among the non-euro area countries Denmark stands out as having one of the highest ranges of fees for all types of card transfer (debit card, credit card and type of transaction).

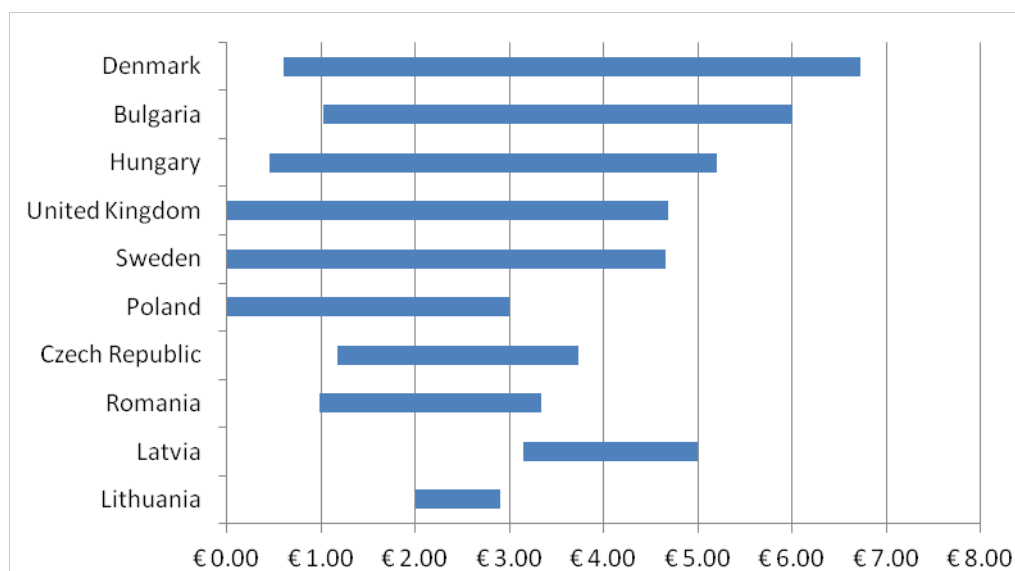
Figure 25: Range of fees charged for domestic ATM withdrawal using a debit card (other provider)



Note: The size of the bar represents the size of the range. Zero therefore indicates a country in which all credit institutions charge exactly the same fee for this particular transfer.

Source: *London Economics*

Figure 26: Range of fees charged for domestic ATM withdrawal using a credit or debit card (other provider)



Note: The size of the bar represents the size of the range. Zero therefore indicates a country in which all credit institutions charge exactly the same fee for this particular transfer.

Source: *London Economics*

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The range of fees charged for withdrawals using a credit or deferred debit card is large, but also less varied than the range of fees for debit cards.

5.8 Comparison of cost of national and cross-border transactions and Regulation 924/2009

By virtue of Regulation 924/2009, the national and cross-border euro transactions considered in this study should be priced identically. Institutions quoting different prices for national and cross-border transactions denoted in euros are therefore breaching this regulation. This section will compare in detail the fees for each domestic and the corresponding cross-border transaction and where relevant evaluate the result in light of Regulation 924/2009.

5.8.1 Violations of Regulation 924/2009

Regulation 924/2009 has been in force for several years for transactions of less than EUR 50,000 in value and since March 2012 it applies also to transactions of more than EUR 50,000. However, the first round of data collection took place in July 2012 and numerous breaches were found for transfers in excess of EUR 50,000 while two were found for transactions less than EUR 50,000.³⁹¹

Several months after the initial data collection, in October and November 2012, we went back to verify these fees in a second round. In the meantime, the vast majority of institutions has had the time to update their price lists and no longer were in breach. Clearly the data collection fell into a transition period when not all Credit Institutions had updated their price lists.

Those which still remained in breach were contacted directly via phone and/or email in order to verify that the price lists listed were up-to-date and that these fees were indeed charged.

The following table shows the number of breaches per Member State at the first round of data collection in July 2012 and those breaches which remain after the second round of data collection in October and November 2012.

³⁹¹ One Irish and one British bank did not allow SEPA payments to be made in the branch. Online transfer costs, however, were compliant with the regulation. In addition, one Greek bank did not allow cross-border transfers of less than 12.50 EUR to be made, while allowing the corresponding national transfer.

Table 21: Number of breaches by type of transaction and Member State.

	Sending online		Sending over-the-counter		Receiving		Total	
	1 st round	2 nd round	1 st round	2 nd round	1 st round	2 nd round	1 st round	2 nd round
Austria	6	1	0	0	4	0	10	1
Belgium	0	0	0	0	0	0	0	0
Bulgaria	2	0	2	0	0	0	4	0
Cyprus	0	0	0	0	0	0	0	0
Czech Republic	4	2	0	0	0	0	4	2
Denmark	4	2	2	1	0	0	6	3
Estonia	0	0	0	0	0	0	0	0
Finland	0	0	1	0	0	0	1	0
France	1	0	0	0	0	0	1	0
Germany	0	0	0	0	1	0	1	0
Greece	0	0	0	0	1	1	1	1
Hungary	4	0	8	1	0	0	12	1
Ireland	2	1	1	0	1	0	4	1
Italy	2	1	5	2	1	0	8	3
Latvia	0	0	0	0	0	0	0	0
Lithuania	0	0	2	1	0	0	2	1
Luxembourg	1	1	1	1	1	1	3	3
Malta	0	0	0	0	0	0	0	0
Netherlands	5	3	2	2	3	2	10	7
Poland	2	0	2	0	0	0	4	0
Portugal	1	1	3	2	0	0	4	3
Romania	0	0	1	0	0	0	1	0
Slovakia	0	0	0	0	0	0	0	0
Slovenia	0	0	0	0	0	0	0	0
Spain	1	1	1	0	2	2	4	3
Sweden	1	0	1	0	0	0	2	0
UK	0	0	4	1	0	0	4	1
TOTAL	36	13	36	9	14	6	86	30

Source: London Economics

There are two reasons why a bank remained in breach after the second round of data collection; either the bank confirmed to us that their fees were in violation or after several attempts of contacting them via phone and email we still did not receive a response. In the former case, some banks confirmed the same prices we had in our data, while other banks quoted different numbers, yet still remained in breach. The exact details of this procedure are outlined below.

5.8.2 Problematic responses received from banks when verifying price information

The following sub-section outlines the problematic responses we received from banks in the process of trying to verify the breaches we had previously found. The majority of banks, as can be seen in the table above; however, had either updated their price lists or informed us that their price lists were out of date and we could easily remove the breach in our data.

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5.8.2.1 Refusal to give out information

One British bank refused to give out price information over the phone and said we would have to come to a branch. One Bulgarian, one Austrian and one Spanish bank also refused to give out price information over the telephone and required the request to be made via email. The Spanish bank that required the request to be made via email has never responded to our query.

After contacting the Austrian Bank via email, we received a short reply which indicated a breach of Regulation EC 924 (quoting a cost of EUR 60 for a cross-border transfer of EUR 75,000). As this message did not contain all the information we needed, we sent a follow up message to which we received the response that a comprehensive description of all their fees would significantly exceed the scope of their email service. After two more calls to the bank we finally received the information that with IBAN and BIC domestic transfers are charged identically to cross-border transfers in the European Union.

One Italian bank said that price information can only be made available to clients of the bank or other financial institutions.

5.8.2.2 Lack of knowledge

A Dutch bank told us that prices for sending money differ depending on whether or not the amount to be transferred exceeds EUR 50,000. However, the operator did not know what these fees were and was unable to transfer us to anyone who would know.

A Portuguese bank told us over the phone that unfortunately they cannot confirm the prices as the only information they have is what is posted on the internet, but the operator was not certain if these are indeed the fees that would also be charged as the price list was several months old. She did not know who would be able to answer this question for me. The operator of a second Portuguese bank told us that she 'thinks' the prices on the internet are up-to-date, thereby confirming a breach, but again saying that she is not certain and again she could not tell us who to contact to verify this information.

A German bank informed us over the phone that unfortunately they did not know what prices are actually charged and that the price list posted on the internet is certainly out of date. After consulting this particular bank via email, we did succeed in obtaining the updated prices which were no longer in breach of Regulation 924/2009.

5.8.2.3 Contradictory information

Two British banks quoted different numbers depending on which department we were talking to over the phone. We were transferred internally between customer support, the international department and their managers and the information we obtained each time differed.

There were also instances of Spanish and British banks quoting different numbers on different days; however, it is not clear if the price lists may have been changed in the meantime, although it is unlikely.

5.8.2.4 Unavailability of SEPA payments over-the-counter

One British and one Irish bank offer SEPA payments only online, but for customers who would like to make the payment over-the-counter a different, higher fee applies.

5.8.2.5 Acceptance

One bank from Luxembourg gave the interesting response that they were aware of the regulation and that they knew that their current prices were in violation of it. They assured us that by the end of the year their prices would be adjusted to reflect the change in regulation.

One other special case of a Greek bank stands out which does not allow consumers to make transfers below EUR 12.50 to the euro area, while it does allow the same transfer to be made domestically.

Overall, the treatment we received while trying to simply verify fees was very poor. The attitude of the operators was often negative and sometimes even hostile and we were given the clear impression that what we were asking was very unusual and that this was not a question they were comfortable answering. The exception to this is one Irish bank which took the time to re-contact us after initially having given us the wrong fee data.

5.8.3 Surcharging for debit card ATM withdrawals

Another issue which may not directly violate Regulation 924/2009, yet which indirectly undermines it, is that of surcharging for debit card ATM withdrawals in Germany. As outlined earlier, banks in Germany do not charge the consumer for withdrawing from the ATM of another provider, as long as the other provider charges for the service. However, if the ATM provider does not charge for the withdrawal (“Kein direktes Kundentgelt”) then the consumer’s bank will charge for the withdrawal.

In practice this is very rarely the case and therefore the fees listed for “withdrawing from another provider’s ATM” are of no great relevance to the consumer. These fees are listed as a form of “fall back fee” for the unlikely case that an ATM does not charge for the withdrawal. In fact, in our sample of Credit Institutions only 75% of all German banks even list this fee.

As a result, compliance with the regulation in the published price lists is of little relevance to the consumer, who ultimately faces different fees domestically and cross-border without any breaches to Regulation 924/2009.

5.9 Comparison of cross-border transactions outside of the scope of Regulation 924/2009

Next, we compare the cost of national and cross-border transactions considered by this study which are outside the scope of Regulation 924.2009. Receiving money from the EEA (outside EU), for example, only falls under the regulation if the total amount transferred is less than EUR 50,000

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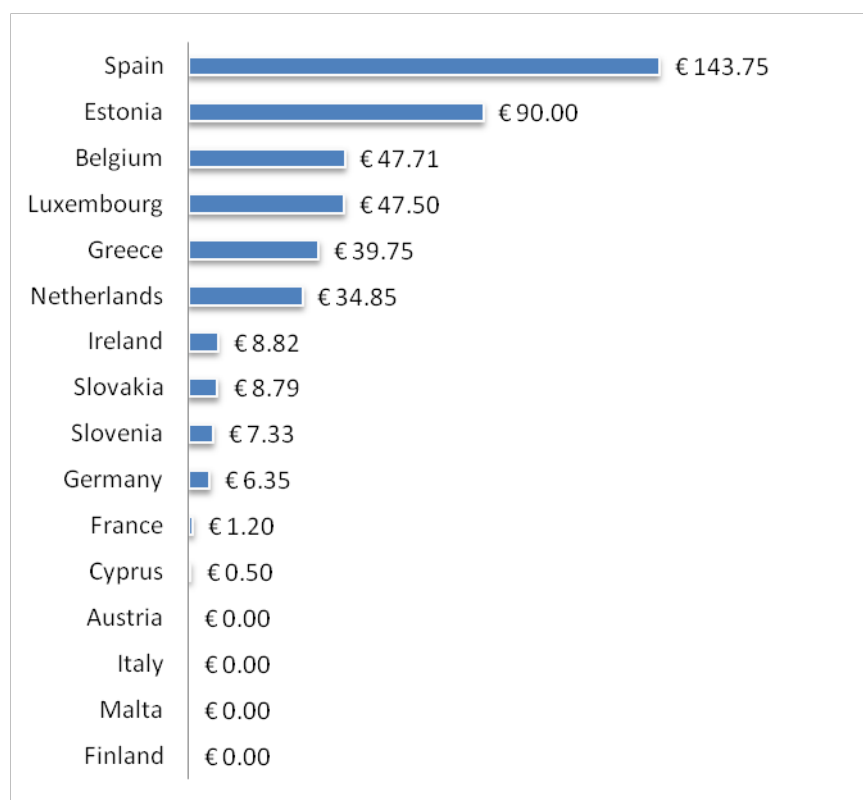


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5.9.1 Credit transfers

The cost of receiving EUR 75,000 from the EEA (outside the euro area) relative to receiving the same transfer from domestically is shown in Figure 27. None of these large differences shown in are driven by outliers, but instead they stem from a systematically large difference in prices across credit institutions.

Figure 27: The difference in average cost of receiving EUR 75,000 sent from the EEA (non-euro area) and sent domestically (in euro)



Note: No information on the cost of receiving was available in Portugal.

Source: *London Economics*

Amongst the non-euro area Member States, only Sweden has chosen to extend Regulation 924/09 to its national currency. As a result all other national currency transactions can be charged differently from cross-border euro transactions.

However, since national transactions in euro must be charged identically to cross-border euro transactions, the difference in price for domestic national currency transactions and euro cross border transactions is equal to the differences in national euro transactions and national local currency transactions which were studied in the previous section. With the exception of two breaches in Denmark and one in Hungary, this has also been the case in our data.

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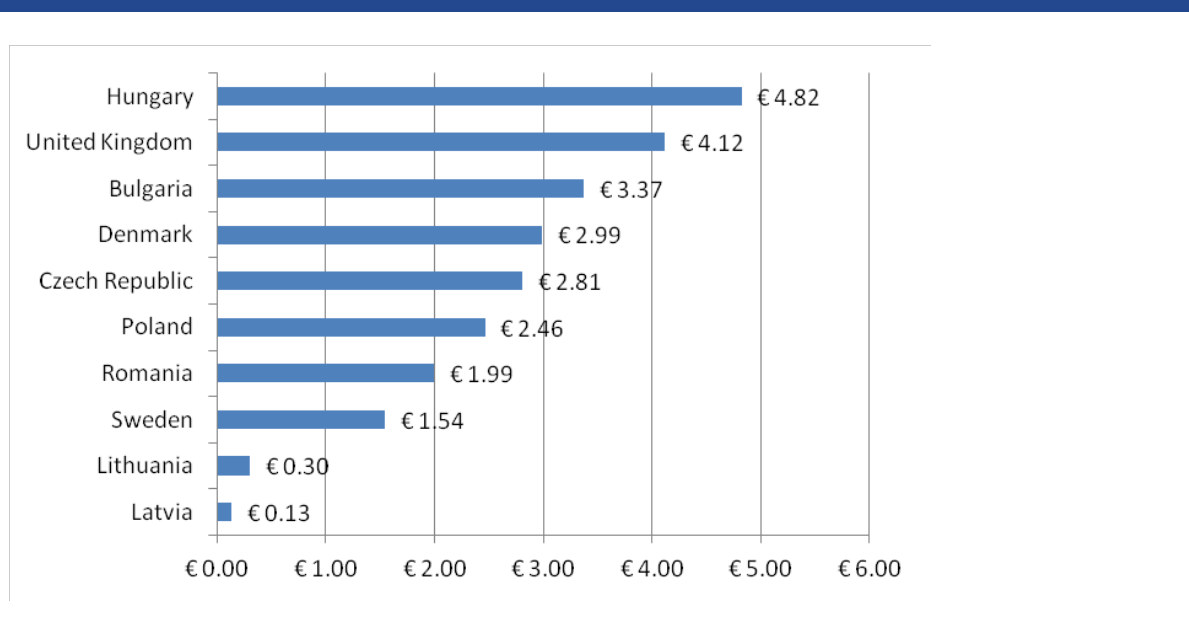


5.9.2 Card use

5.9.2.1 Debit cards

For non-euro area Member States, the difference in cost between using a debit card domestically and within the euro area is significantly higher and is summarised in Figure 28 below. The difference in cost of withdrawing funds with a credit or deferred debit card is shown in Figure 29.

Figure 28: The difference in average cost of withdrawing cash domestically (other provider) and in the euro area for debit cards in local currency (converted to euro)

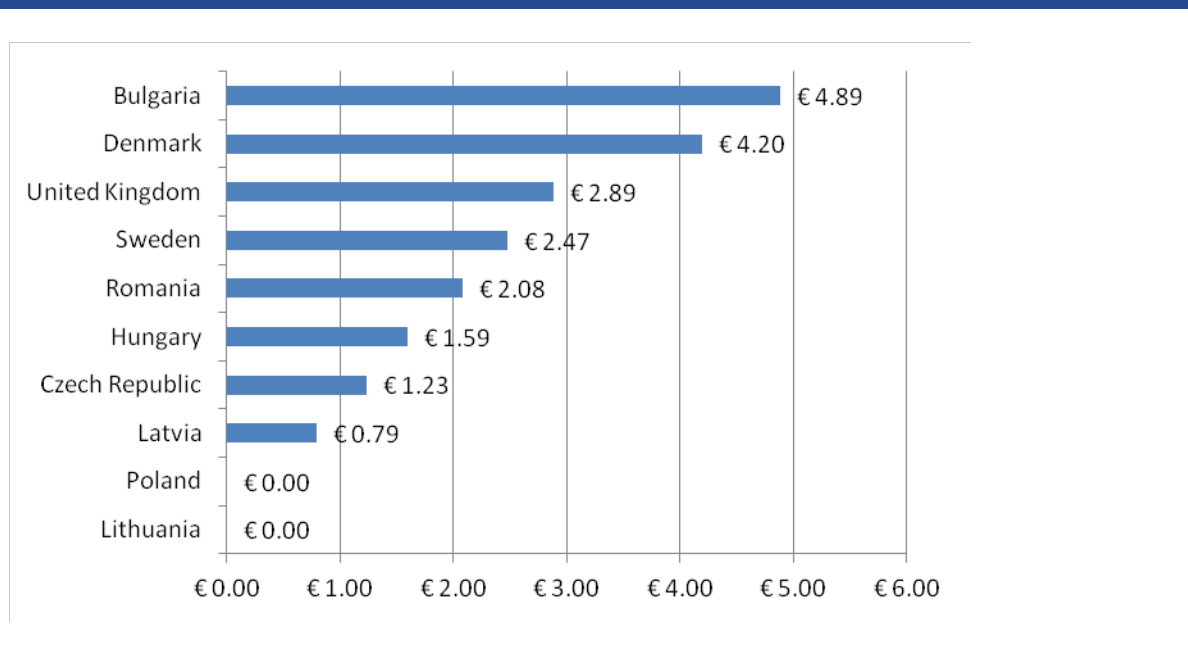


Source: London Economics

The difference in cost of withdrawing cash domestically and in the euro area for Swedish banks is caused by exchange rate commissions only. As a result, this is not a direct breach of Regulation 924/2009; however, to an extent this is a way of circumventing the regulation. As can be seen in the figure above, the fees charged by Institutions in Sweden are not out of line with what other countries, who have not extended Regulation 924/2009 to their domestic currencies, are charging for the same transaction.

5.9.2.2 Credit and deferred debit cards

Figure 29: The difference in average cost of withdrawing cash domestically (other provider) and in the euro area for credit and differed debit cards in local currency(converted to euro)



Source: London Economics

5.10 Average monthly cost to a typical consumer

This section compares the average monthly cost to a consumer making all the transactions considered in the profile outlined in the methodology section. These monthly costs will include account fees, card fees (both debit and credit card) as well as the transaction fees considered in the previous section. This section will be broken down into three subsections; credit transfers and account fees, card transactions and card fees, and a total combining all transactions.

It should be noted that only credit institutions which listed prices for all transactions considered in our profile are included in this calculation. That is, in the subsection on current accounts only those credit institutions are considered which list fees for all credit transfers in the profile. For the subsection on cards only those credit institutions which list all fees of the card transactions in the profile are considered. The only exceptions to this are Spain and Malta. In both countries no credit institution listed the fee of making a debit card payment domestically. Instead of excluding both countries from the analysis, both this transaction has assumed to be equal to zero for these two countries.

This also necessarily implies that the number of institutions on which the combined transactions are based is smaller, as only institutions which list every single transaction will be included.

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5.10.1 Account and transfer fees

The monthly costs of simply having a bank account are summarised in Table 22. The expensive current account in our sample is the current account with the cheapest transaction cost and the basic current account is the account with the highest transaction cost.

Inspection of Table 22 reveals that there exists a lot of variation in the cost of a current account between Member States. In several countries, even the account with the cheapest transaction cost is free of charge, while in other countries it can cost over EUR 7 to have such an account (Poland).

There are only relatively few countries in which the difference between the basic and the expensive current account is large. Poland stands out, but differences can also be found in Austria, Hungary, France, Germany, Italy and Latvia.

	Cost of most expensive account	Cost of basic account	Number of banks
Austria	3.57	2.96	7
Belgium	1.85	1.85	7
Bulgaria	0.82	0.82	5
Cyprus	0.00	0.00	2
Czech Republic	5.78	5.78	5
Denmark	0.00	0.00	5
Estonia	0.00	0.00	3
Finland	0.88	0.00	5
France	1.42	1.38	25
Germany	3.05	1.95	33
Greece	0.00	0.00	3
Hungary	1.47	0.64	7
Ireland	1.43	0.00	5
Italy	3.72	2.94	17
Latvia	0.77	0.70	5
Lithuania	0.00	0.00	3
Luxembourg	1.83	1.83	4
Malta	0.00	0.00	1
Netherlands	1.56	1.56	6
Poland	6.32	1.49	6
Portugal	0.00	0.00	7
Romania	0.60	0.60	10
Slovakia	4.75	4.75	2
Slovenia	1.96	1.96	5
Spain	2.47	2.47	5
Sweden	1.49	1.49	5
United Kingdom	0.00	0.00	6

Source: London Economics

The cost of having a current account, per bank, is then added to the cost of making the credit transfers considered in the profile in the methodology section, resulting in the total cost of having a current account and using it for transfers. It includes both the fees for receiving and sending transfers as included in the profile, and is further broken down into two accounts, the account

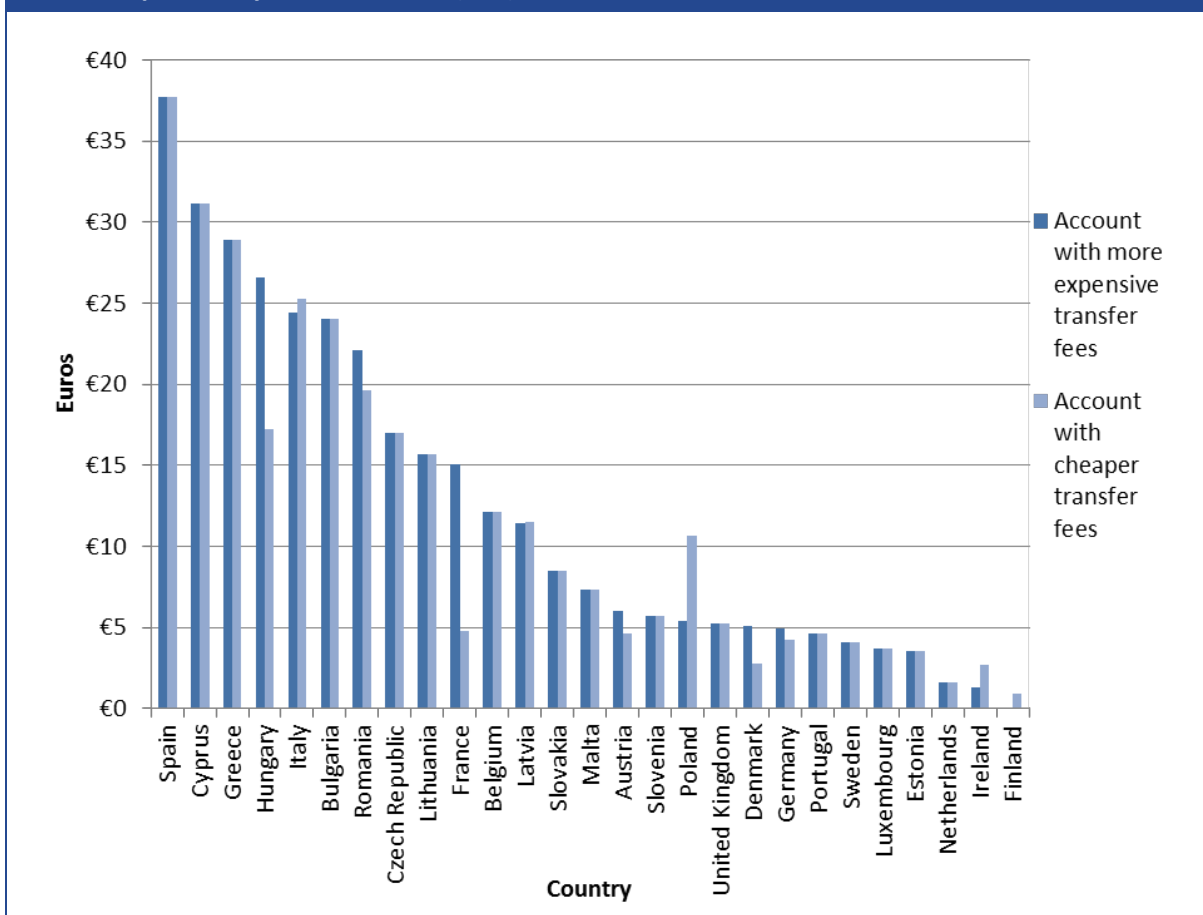
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with the highest transfer fees and the account with the lowest transfer fees. The figure below depicts the cross-country comparison of this exercise.

Figure 30: The monthly cost of having a current account and making the transfers in the typical profile, by Member State (in €)



Source: London Economics

For banks where transfer fees depended upon the type of account, the cheapest fees and corresponding bank account were chosen, as well as the most expensive fees and the corresponding bank account. If transfer fees did not depend upon the account type, the cheapest account was chosen, and used as both the most expensive and cheapest account. Examining the figure, it can be seen that there are three countries where there were significant differences between bank accounts: France, Hungary and Poland.

Whether the basic current account with the high transaction costs or the expensive current account with the cheap transaction costs worked out cheaper for the consumer differed greatly between countries. In France and Hungary, for example, opting for the basic account with more expensive transfer fees was clearly cheaper. In Poland and Italy, on the contrary, basic accounts on average worked out to be more expensive.

There were also vast variations in the price between countries, with Spain, Greece and Cyprus particularly standing out, with monthly fees near the EUR 30 mark in these countries to have a

bank account and make the online transfers. However, in some countries, it was very cheap, with the Netherlands, Ireland and Finland all being under EUR 3.

5.10.2 Card fees

In this section, the amount a consumer would pay on card fees monthly based on the profile previously explained is examined. Table 23 summarises the yearly costs of having a debit card by type of debit card and Member State.

	Cost of expensive debit card	Cost of basic debit card	Number of banks
Austria	7.05	7.05	2
Belgium	3.14	3.14	4
Bulgaria	0.00	0.00	5
Cyprus	0.00	0.00	1
Czech Republic	5.01	5.01	5
Denmark	4.03	4.03	10
Estonia	10.47	10.47	2
Finland	23.48	23.48	8
France	35.17	35.17	30
Germany	3.04	3.04	37
Greece	0.00	0.00	1
Hungary	5.67	5.67	7
Ireland	1.30	1.30	1
Italy	5.56	10.01	18
Latvia	11.54	3.63	9
Lithuania	20.33	20.33	3
Luxembourg	13.81	13.81	8
Malta	0.00	0.00	6
Netherlands	3.00	3.00	8
Poland	7.65	7.22	7
Portugal	5.04	5.04	8
Romania	2.99	2.99	3
Slovakia	9.27	9.27	6
Slovenia	0.00	0.00	5
Spain	19.90	19.90	6
Sweden	18.36	12.54	2
United Kingdom	0.00	0.00	4

Source: London Economics

As mentioned above, the cost of account and the cost of debit cards cannot simply be added to each other in order to arrive at the period fee of having a current account and a debit card, since to an extent these two fees are substitutes. The average cost of having a current account and a debit card with one bank are presented in the data tables in the later sections.

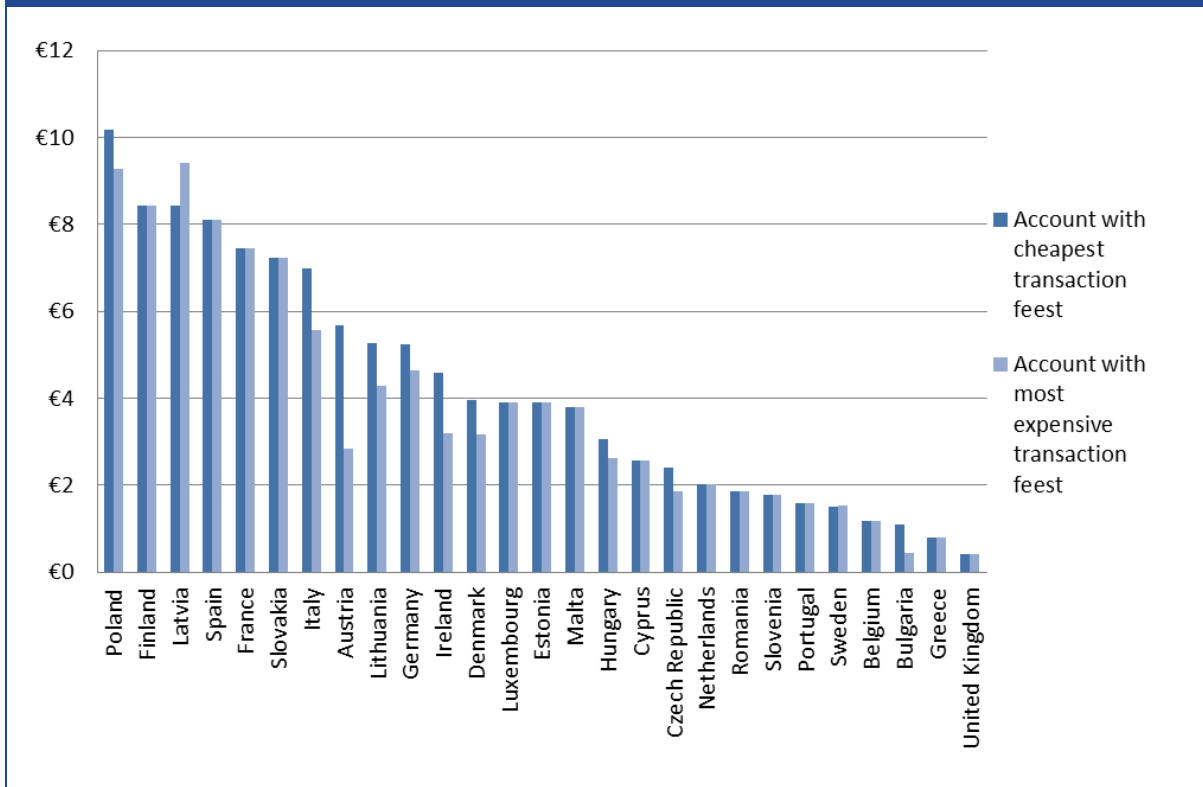
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The values shown in figure 31 represent the monthly card charges that a consumer would have to pay based on the transactions in the profile, as well as the fees that a consumer would have to pay in order to obtain the particular card.

Figure 31: The monthly cost of having a debit and a credit card and making the transactions in the typical profile, by Member State (in €)



Source: London Economics

It is interesting to note the wide variation in fees charged between countries; Poland, Finland Latvia and Spain all charge as high as EUR 8 regardless of the card chosen, whereas Greece and the United Kingdom both had fees of less than EUR 1. In many cases, there existed only one set of transaction fees per bank, so the most expensive account and cheapest account values are the same. However, Austria and Italy are notable exceptions to this, with both having differences of around EUR 2 between accounts. In most countries, the account with the lowest fees for card transactions was more expensive, driven by the higher period cost of having said card.

5.10.3 Combined

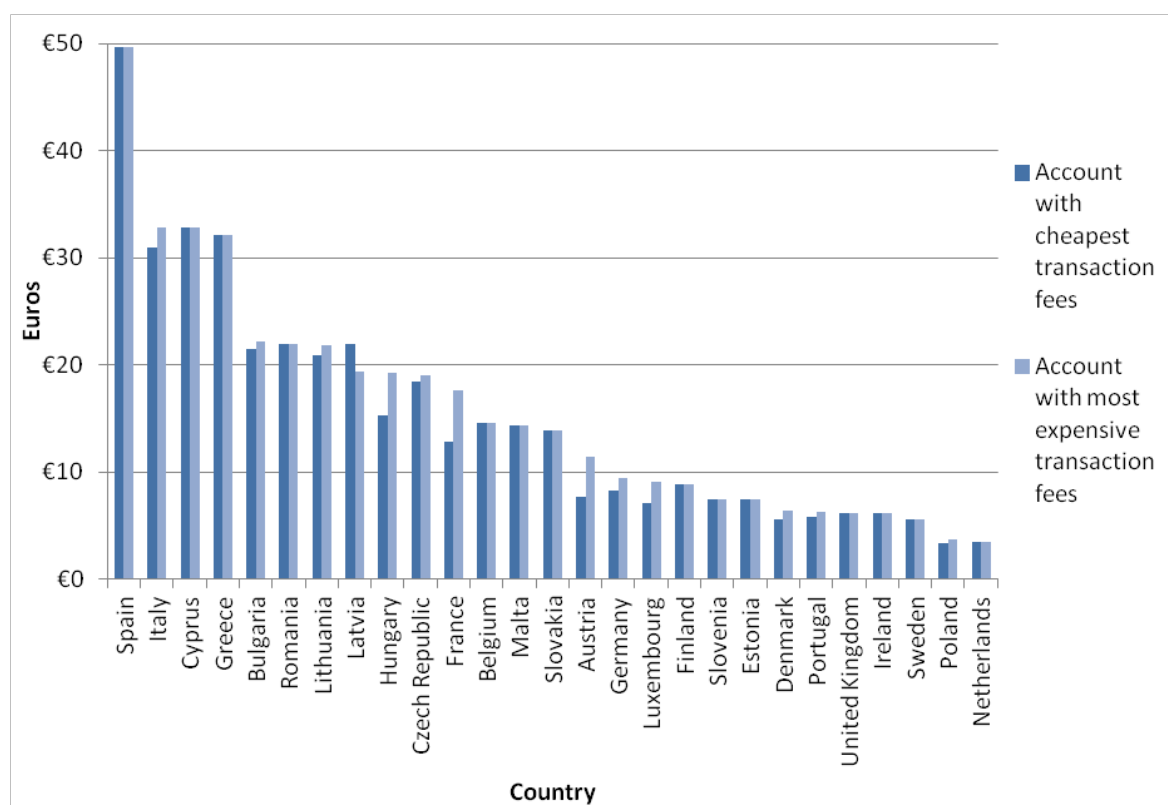
This section looks at the cost of undertaking all transactions (card and transfers) considered in our profile, as well as paying the period fees for having a current account and a credit and debit card.

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Figure 32: The monthly cost of having a current account, a debit and a credit card and making all transfers and transactions in the typical profile, by Member State (in euro)



Source: London Economics

Figure 32 shows the average costs with the cheapest transfers possible, rather than transfers exclusively over-the-counter. The most expensive country is Spain, with monthly costs of just under EUR 50. In many countries, there was a slight difference between having the cheapest and most expensive account. In both Hungary and Poland, the right choice of account made a difference of over EUR 5, and in France, Austria and Denmark this difference was over EUR 3.

5.11 Types of tariffs charged

The very different charges we saw in the previous sections are partly due to the fact that some credit institutions use fixed transaction fees (say, EUR 0.10 per incoming domestic transfer) while others use a percentage based calculation in order to arrive at a fee (say, 0.10% of the amount transferred). Since the marginal cost of making a transfer to the financial service provider is constant, understanding the extent to which percentage based calculations are used is also helpful for understanding the level of competition within a market.

5.11.1 Credit transfers

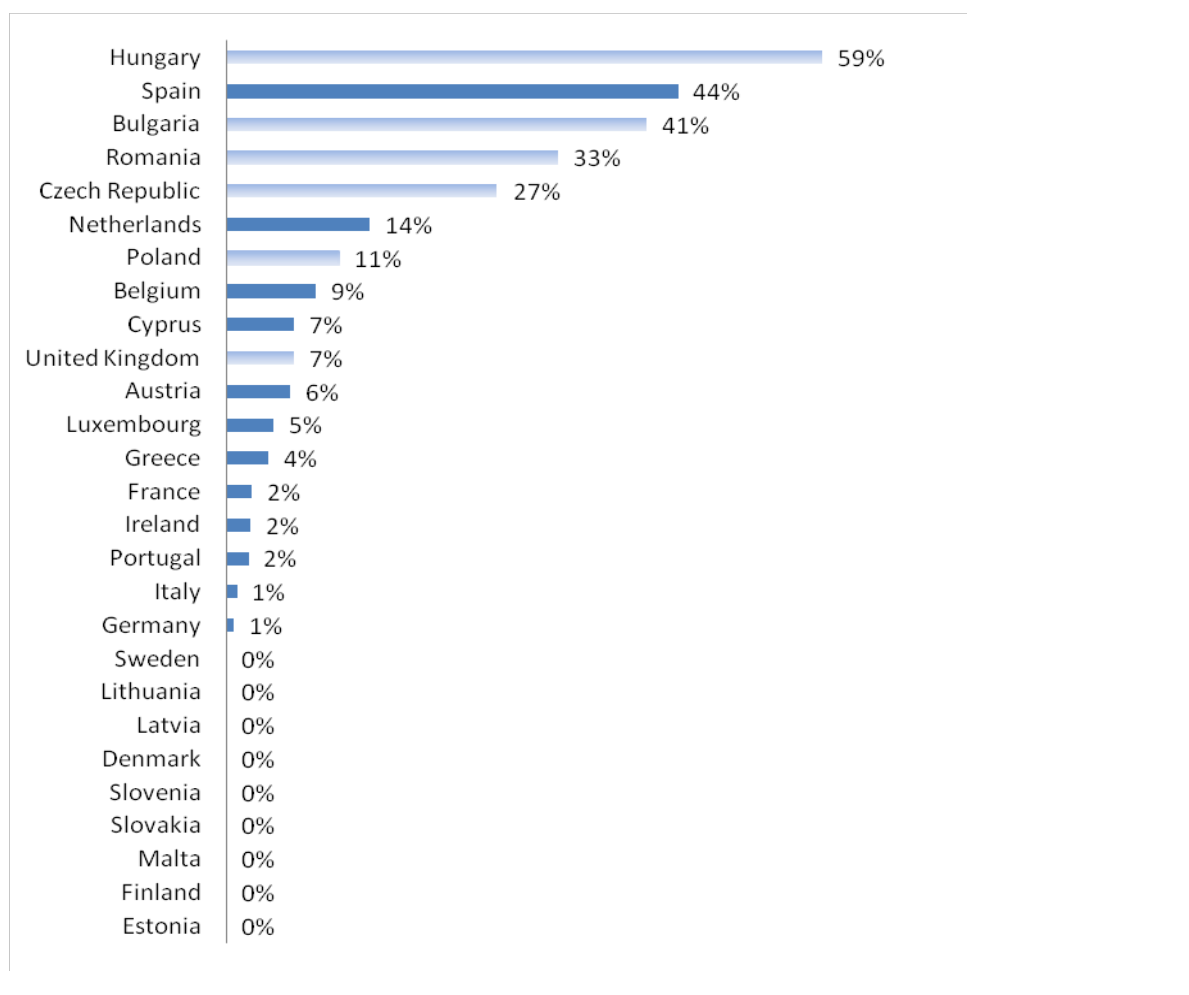
As is illustrated in figure 26 above, the proportion of credit transfer fees based on percentage calculations is very high in many of the non-euro area countries and also in Spain.

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Figure 33: Percentage of credit transfers for which the fees is calculated based on a percentage fee, as opposed to a fixed fee



Note: euro area countries are listed in dark blue and non-euro area countries in light blue.

Source: London Economics

The common usage of percentage fees in Spain can help explain why the fees observed in Spain for sending and receiving EUR 75,000 were significantly higher than in most other Member States, in which percentage calculations are less frequently used. The fact that fees in Hungary, Bulgaria, Romania and the Czech Republic were not as high as those in Spain can, for the most part, be explained by the fact that maximum fees (in which a percentage fee is calculated, but is then capped below and above certain values, thus avoiding particularly low or high fees) were common there, while in Spain this was not as frequent.

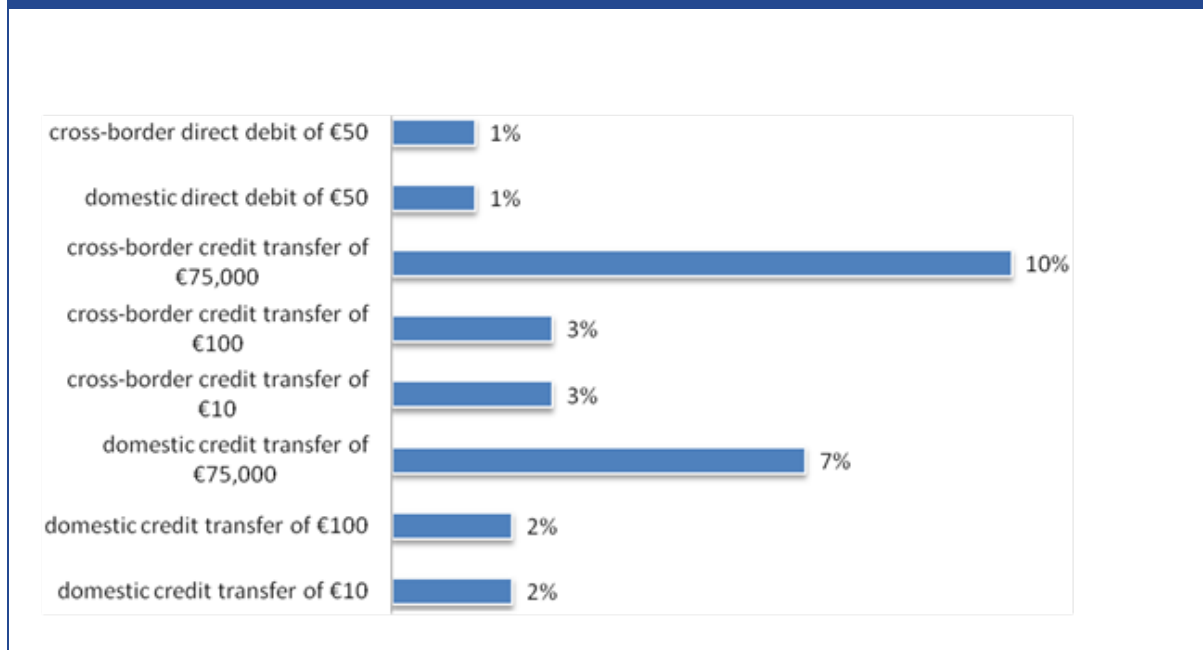
The difference between the percentage of fixed fees used for cross-border and equivalent national transactions is due to breaches in the data. For example, the difference between the 2% for domestic credit transfers of EUR 100 and 3% for cross-border credit transfers is due to one Spanish bank who confirmed these numbers over the phone.

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Figure 34: Fraction of fees calculated based on a percentage fee by type of transaction (in the euro area)



Source: London Economics

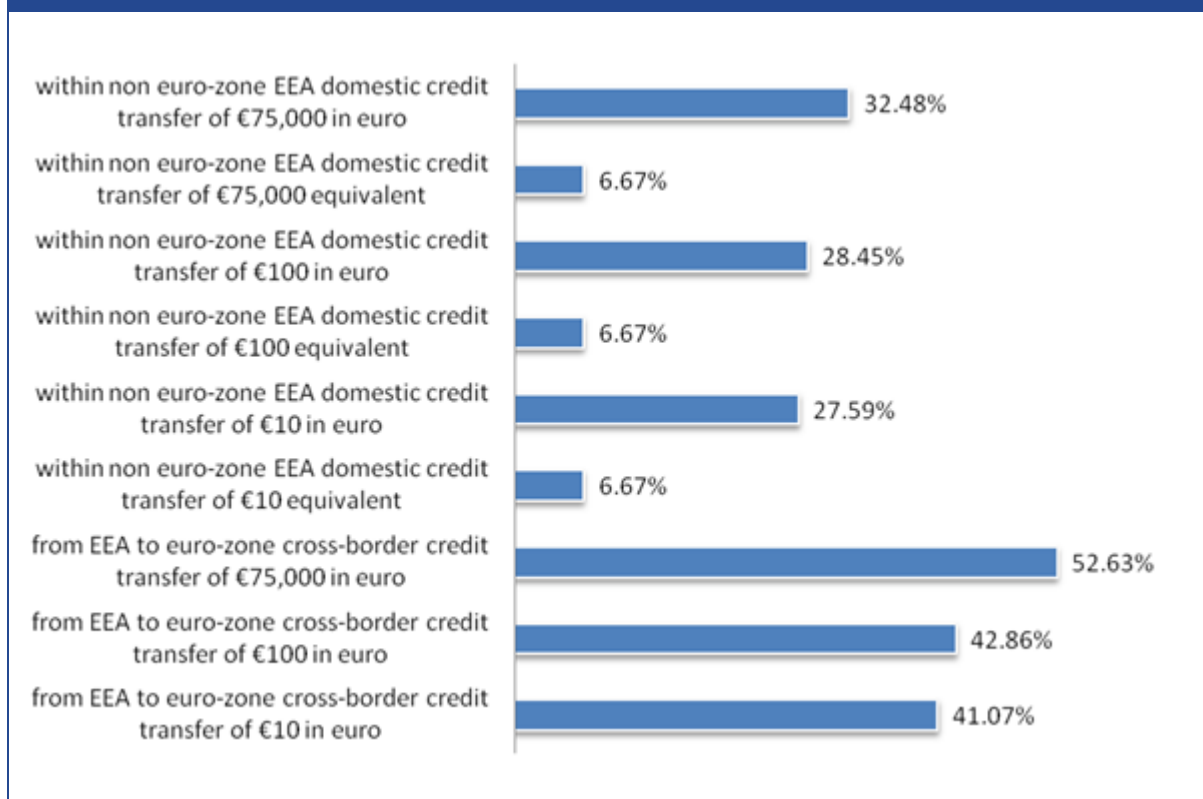
Among the types of transactions considered, both in the euro area and in the non-euro area, the types of transfer that were most likely to be associated with a percentage fee were the large transfers of EUR 75,000. This was particularly the case for cross-border transfers. In the non-euro area in particular, cross-border transfers and transfers in foreign currency (euros) were considerably more likely to be charged with a percentage fee.

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Figure 35: Fraction of fees calculated based on a percentage fee as opposed to a fixed fee by type of transaction (in the non-euro area)



Source: London Economics

5.11.2 Card use

The spread of how many transactions are charged with a percentage fee is equally large for card use, ranging from over 50% of all transactions in some Member States to zero in Belgium. For card use, there appears to be no significant difference between euro area countries and non-euro area countries.

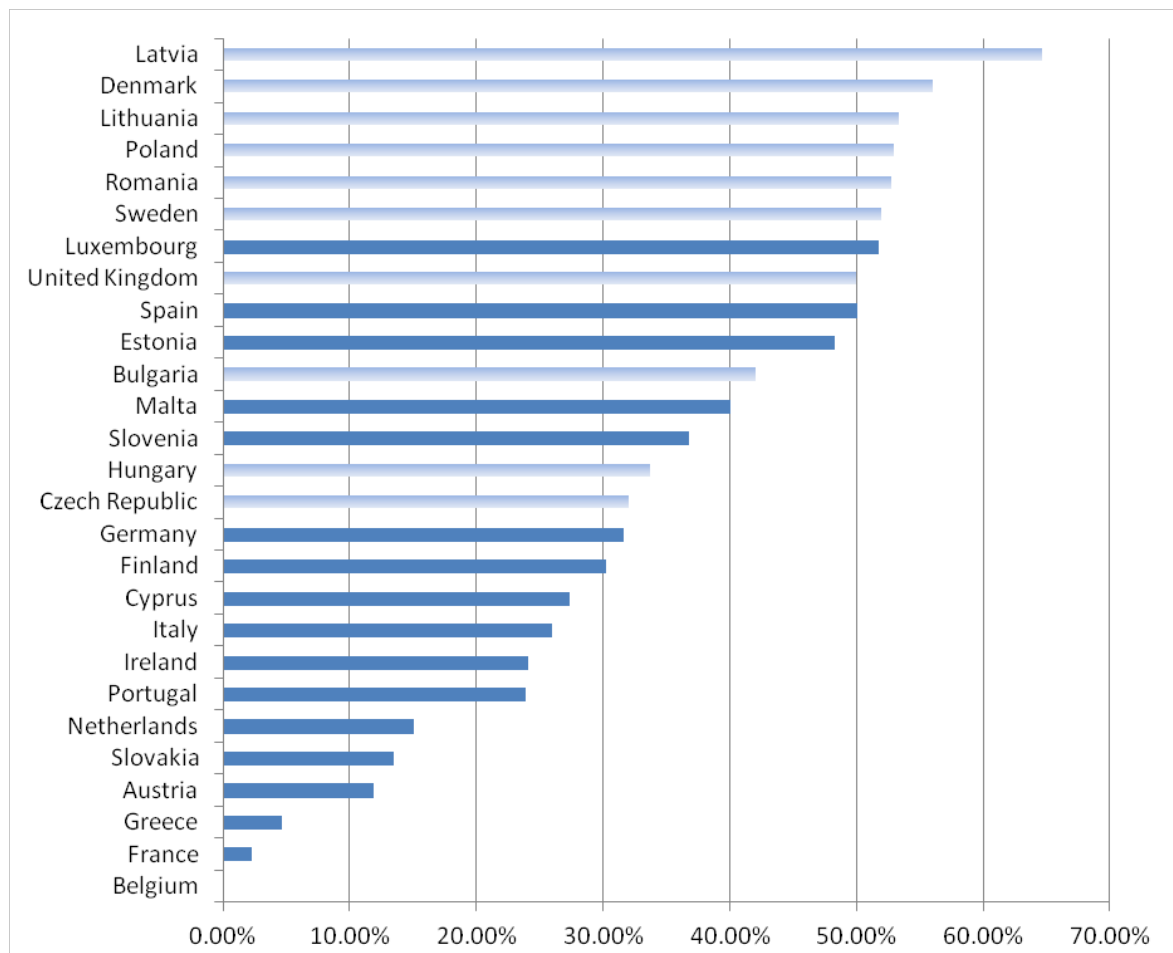
The types of debit card transaction most likely to be charged with a percentage fee are clearly ATM withdrawals from either other providers domestically or from cross-border withdrawals. For credit card and deferred debit cards, all kinds of ATM withdrawals are likely to be associated with a percentage based fee.

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Figure 36: Percentage of all card transactions for which the fees is calculated based on a percentage fee, as opposed to a fixed fee, by country.



Note: Euro area countries are listed in dark blue and non-euro area countries in light blue.

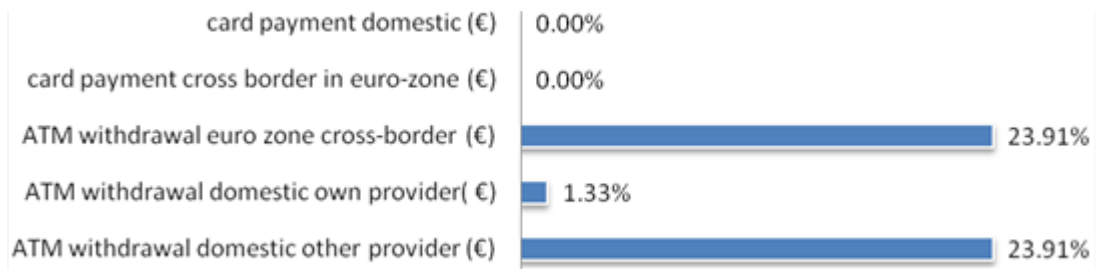
Source: London Economics

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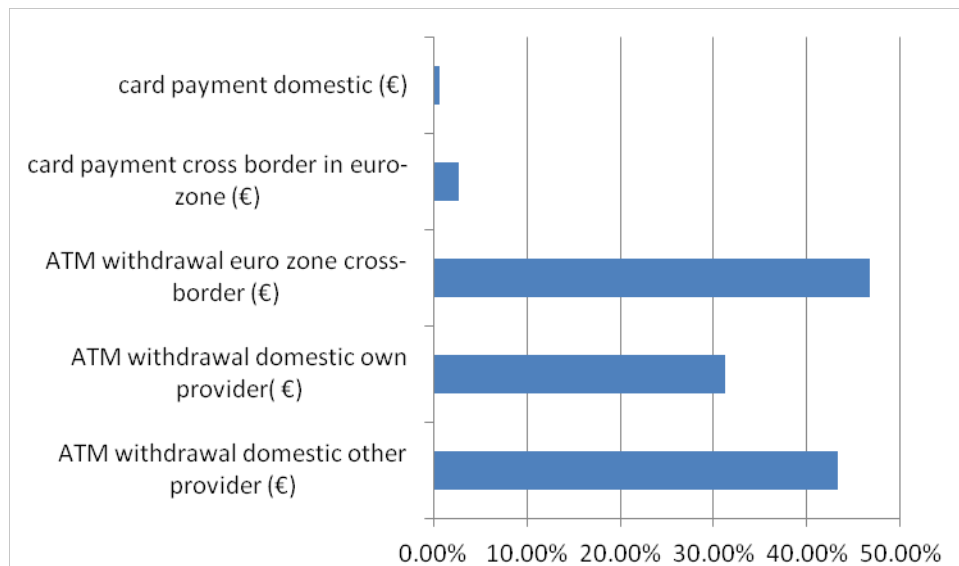
STUDY ON THE IMPACT OF DIRECTIVE 2007/64/EC ON PAYMENT SERVICES IN THE INTERNAL MARKET AND ON THE APPLICATION OF REGULATION (EC) NO 924/2009 ON CROSS-BORDER PAYMENTS IN THE COMMUNITY

Figure 37: Percentage of debit card transactions for which the fee is calculated based on a percentage fee, as opposed to a fixed fee, by type of transaction (in the euro area)



Source: London Economics

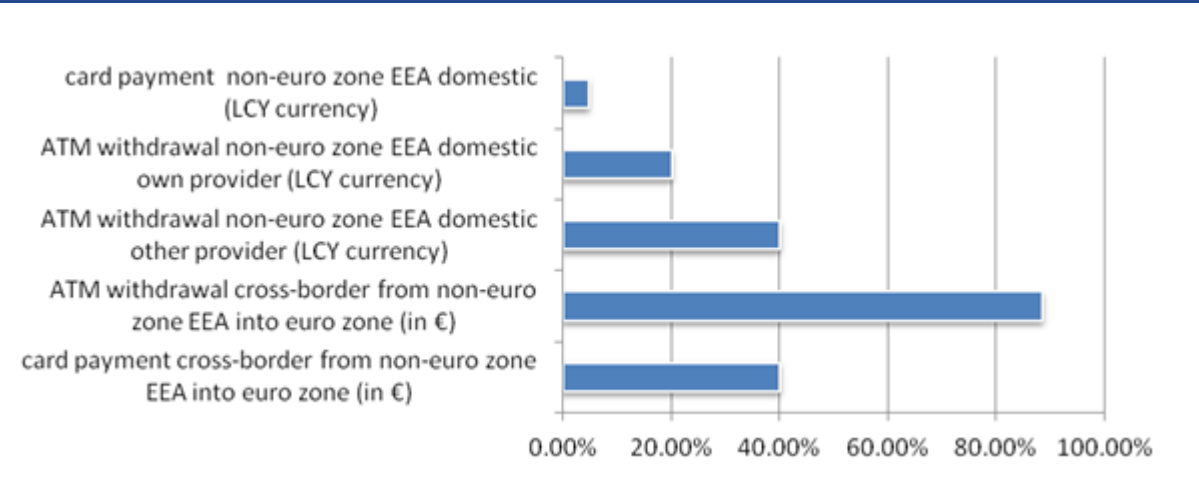
Figure 38: Percentage of credit and deferred debit card transactions for which the fee is calculated based on a percentage fee, as opposed to a fixed fee, by type of transaction (in the euro area)



Source: London Economics

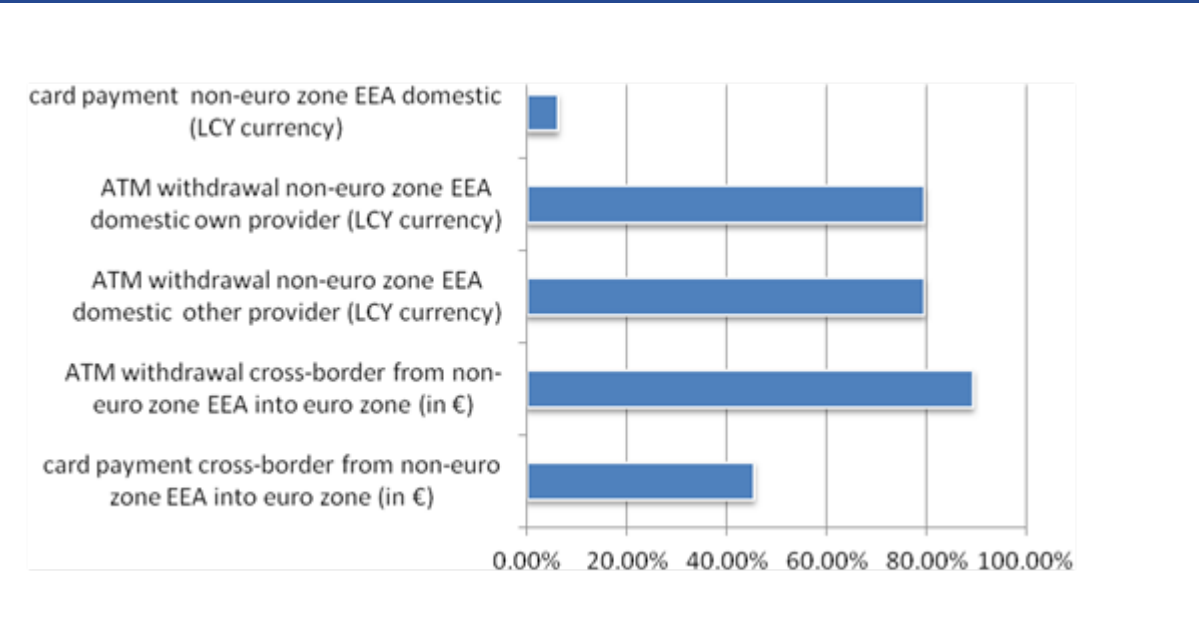
Similarly, in the non-euro area countries ATM withdrawals tend to be the most likely to be associated with a percentage fee. In particular for credit card withdrawals and for withdrawals in the euro area, the charges are extremely likely to be based on a percentage fee calculation.

Figure 39: Percentage of debit card transactions for which the fees is calculated based on a percentage fee, as opposed to a fixed fee, by type of transaction (in the non-euro area)



Source: London Economics

Figure 40: Percentage of credit and deferred debit card transactions for which the fees is calculated based on a percentage fee, as opposed to a fixed fee, by type of transaction (in the non-euro area)



Source: London Economics

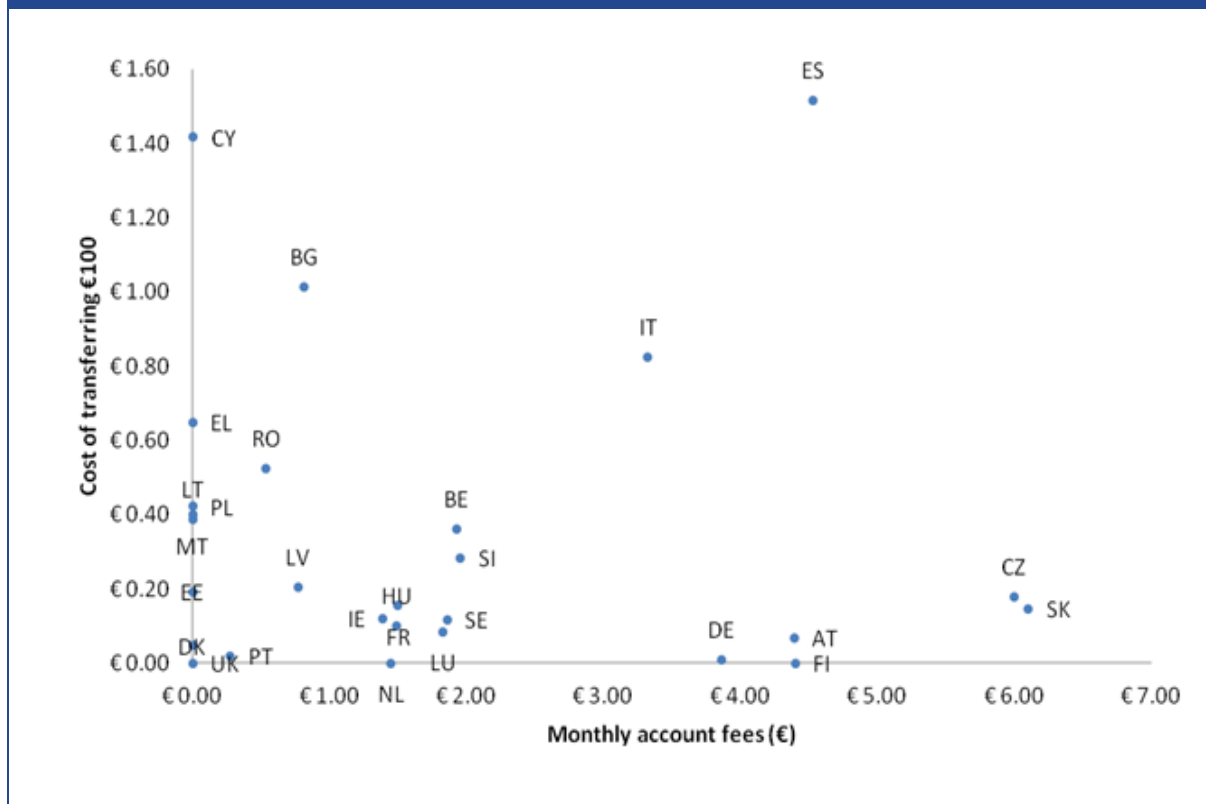
5.12 Potential reasons for differences in fees

As discussed previously, we are able to conclusively establish conclusively what drives differences in fees across Member States. There are several reasons why fees may vary:

1. In some Member States monthly account fees are more common than in others. Without an accurate and complete banking profile, including all other features of retail banking, of the average consumer in each Member State we will not be able to address this question satisfactorily.
2. This study only looks at a subsection of retail banking services. Other fees, such as overdraft fees, loans, etc are not considered. Since these are likely to be major sources of revenue for credit institutions, they are likely to play an important role in the overall price setting strategy.
3. The cost to the Credit Institution of providing these services might realistically differ across Member States.
4. Different levels of competition are another source of different price levels.

As a first step towards addressing the first point listed above, the following figure 41 plots the average cost of transferring EUR 100 relative to the average monthly account fee. Under perfect competition between the Member States one would expect countries with high transaction costs to have low account fees and vice versa. This would manifest itself in a downward sloping line in the figure below. Despite the significant amount in variation in monthly account fees, no such trend is apparent. The results are the same when considering other transfers and when considering purchasing power adjusted fees or absolute fees.

Figure 41: The average cost of transferring EUR 100, or the local equivalent, relative to the average monthly account fee (both in euro)



Source: London Economics

The second and third points cannot be addressed due to unavailability of data.

Similarly, there is no good data available in order to address the fourth and final point directly.³⁹²

However, assuming a member state to be a homogenous market, there is no reason to believe why some credit institutions should have a significantly lower cost of making transfers than other credit institutions in the same market environment. As such, the range of fees charged by different credit institutions may be an indication of the mark up some institutions are able to achieve. Likewise, high prices are likely to be an indication of low levels of competition in a market.

The following figure therefore correlates the range of fees with the average fee charged in the market. If the range of fees is a proxy for the mark up which can be achieved by Credit Institutions, we would expect this to correlate positively with the average fees charged. Indeed this is the case as can be seen in the figure below.

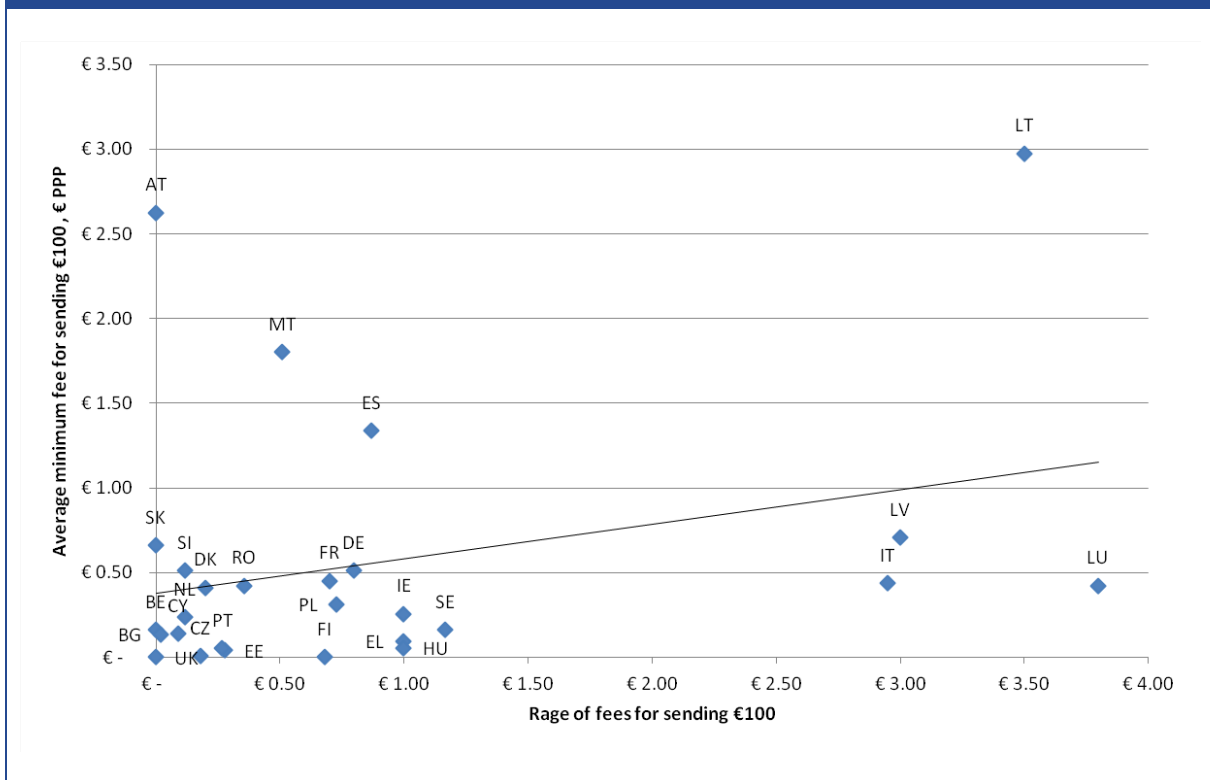
³⁹² One way of directly analyzing the effect of competition on the price level is to test if the Herfindahl-Hirschman Index (HHI, a measure of market concentration) correlates significantly with market prices. In this particular case, however, the available measure of HHI is inappropriate due to two main reasons: First, the HHI published by the ECB is based on total assets held and not focused particularly on retail financial services. It is therefore possible that a market with very low competition in payment services appears highly competitive according to the HHI if there are several credit institutions not engaging in payment services. The second reason why the HHI is not appropriate in this case is that it ignores geographical variation. Countries with many regional banks will therefore appear highly competitive, even if in any given region only very few institutions are active. Despite these shortcomings, we tested the hypothesis using the HHI data published by the ECB and we find no significant correlation between HHI and average fees charged.

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Figure 42: The relationship between the range of fees charged and the average fee charged.



Source: London Economics

It is important to note that this in itself is still not conclusive evidence of lack of competition in certain markets. A large range could be driven by genuinely different costs to credit institutions, for example in different geographical regions.

Similarly, a low range of prices could also be interpreted as indicative of a low level of competition in a given market. For example, in a market in which few credit institutions coordinate on a high fee. In this instance, the range could be zero, yet the competition would still be very low.

5.13 PSD Title III

Title III of the PSD clearly states that payment service providers must provide the payment user with information on charges, interest and exchange rates on paper or another durable medium. Further, this information must be given in “easily understandable words and in a clear and comprehensible form”.

5.13.1 Incompleteness of information

A majority of Credit Institutions surveyed did have price lists available on their websites; however, a large number of these did not include all fees and charges which this study was concerned with. In particular, smaller credit institutions often did not list complete price lists, but only a smaller version with the most common transaction fees. In some countries, such as Germany, we dropped individual small banks and replaced them with another, randomly selected, small bank, if the information provided on the website was insufficient. In Germany this was particularly easy to do

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because of the large number of small regional banks. In other countries, on the contrary, this was not possible since the number of credit institutions is not as large. The number of banks which had to be dropped entirely from our sample is shown in Table 24 below.

The banks which are listed as missing “all prices” often had some prices available, but only for national transactions and hence were dropped entirely from our dataset. There are also a surprisingly large number of banks in Germany which provided national and cross-border information on card use, but no cross-border fees for credit transfers.

Table 24: Number of credit institutions missing either all prices for card transactions, all prices for credit transfers or missing all prices, by Member State.

	Missing all prices for cards	Missing all prices for transfers	Missing all prices
Austria	4	1	3
Belgium	3	0	0
Cyprus	1	0	2
France	1	2	2
Germany	0	9	0
Greece	0	1	1
Italy	2	0	0
Lithuania	0	0	1
Slovakia	0	0	1
Netherlands	2	0	0
Poland	1	0	0
Spain	0	4	0
Hungary	2	0	0

Source: London Economics

Going into more detail, Table 25 shows the distribution of frequencies of missing credit transfer costs across the banks surveyed. For each member state, it tabulates the number of banks for which we lack 0, less than 2, between 3 and 10, or between 11 and 16 observations on credit transfer charges. For only 29% of banks, i.e. 62 of 213, we have information on all the prices. For another 53%, we had almost all the charges. In the majority of these cases the only price that was missing was the cross-border direct debit, in which case we also dropped the national direct debit cost. Regardless, this still leaves us with 18% of banks which did not list the fees of more than 2 transactions considered in our study.

The large percentage of banks missing between 11 and 16 transactions in Portugal and Slovenia is driven by the fact that many banks in these countries did not list fees for receiving transfers. The exact number of banks providing each price in each Member State can be seen in the detailed price tables starting on page 229. For each transaction, the number of banks which provide this information is shown next to the average marginal cost.

Table 25: Number of banks missing fees for transfers, by Member State					
	missing 0 transactions	missing 1 or 2 transactions	missing between 3 and 10 transactions	missing between 11 and 16 transactions	TOTAL
Austria	2	5	0	3	10
Belgium	9	0	0	1	10
Bulgaria	0	5	0	0	5
Cyprus	0	3	0	0	3
Czech Republic	0	4	1	0	5
Denmark	0	5	0	0	5
Estonia	0	2	0	1	3
Finland	3	2	0	0	5
France	18	5	2	1	26
Germany	16	14	1	3	34
Greece	0	3	0	1	4
Hungary	0	10	0	0	10
Ireland	0	1	2	2	5
Italy	12	5	1	1	19
Latvia	0	5	0	0	5
Lithuania	0	3	0	0	3
Luxembourg	2	2	0	0	4
Malta	0	2	0	1	3
Netherlands	0	4	0	3	7
Poland	0	9	2	0	11
Portugal	0	0	3	4	7
Romania	0	10	0	0	10
Slovakia	0	1	1	1	3
Slovenia	0	1	0	4	5
Spain	0	6	0	0	6
Sweden	0	5	0	0	5
United Kingdom	0	2	4	0	6
TOTAL	62	112	13	26	213

Source: London Economics

Similar tables for missing debit card transactions and missing credit card transaction can be found below. Overall, we were able to collect some data on debit card costs for 239 credit institutions, 26 more than for which we were able to find all necessary transfer costs. This is largely driven by credit institutions listing only domestic transfer costs which as a result were dropped entirely.

Table 26 tabulates the number of banks missing debit card fees by the number of transactions for which fees are missing. Those banks which miss one or two observation most commonly lack the fee for using the debit card at a point of sale, while those missing 3 or 4 transaction most commonly miss the ATM withdrawal cost.

Table 27 repeats the same exercise for credit cards. Again, the exact number of banks providing the cost of each kind of transaction can be found in the tables starting on page 229.

Overall 77% of all banks provide all the information on debit cards and 76% for credit cards, which is significantly better than was the case for credit transfers.

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Table 26: Number of banks missing fees for debit card transactions, by Member State

	missing 0 observations	missing 1 or 2 observations	missing 3 or 4 observations	TOTAL
Austria	6	0	1	7
Belgium	8	0	0	8
Bulgaria	5	0	0	5
Cyprus	0	2	0	2
Czech Republic	5	0	0	5
Denmark	5	0	0	5
Estonia	2	0	1	3
Finland	4	1	0	5
France	32	2	0	34
Germany	24	17	7	48
Greece	1	2	1	4
Hungary	9	0	0	9
Ireland	5	0	0	5
Italy	17	1	0	18
Latvia	7	0	1	8
Lithuania	3	0	0	3
Luxembourg	4	0	0	4
Malta	0	2	0	2
Netherlands	6	0	0	6
Poland	2	6	0	8
Portugal	7	0	0	7
Romania	14	0	0	14
Slovakia	3	0	0	3
Slovenia	5	0	0	5
Spain	0	10	0	10
Sweden	5	0	0	5
United Kingdom	6	0	0	6
TOTAL	185	43	11	239

Source: London Economics

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Table 27: Number of banks missing fees for credit and deferred debit card transactions, by Member State

	missing 0 observations	missing 1 or 2 observations	missing 3 or 4 observations	TOTAL
Austria	2	1	0	3
Belgium	6	0	0	6
Bulgaria	9	0	0	9
Cyprus	1	1	0	2
Czech Republic	10	0	0	10
Denmark	5	0	0	5
Estonia	2	1	0	3
Finland	2	0	2	4
France	8	3	0	11
Germany	31	12	3	46
Greece	1	2	2	5
Hungary	11	1	1	13
Ireland	1	3	0	4
Italy	17	1	0	18
Latvia	9	1	0	10
Lithuania	4	0	0	4
Luxembourg	4	0	0	4
Malta	0	2	0	2
Netherlands	6	0	0	6
Poland	8	0	0	8
Portugal	4	2	1	7
Romania	12	0	0	12
Slovakia	3	0	0	3
Slovenia	0	0	0	0
Spain	0	10	0	10
Sweden	4	1	1	6
United Kingdom	4	2	0	6
TOTAL	156	40	9	205

Source: London Economics

5.13.2 Responses received when contacting the banks directly

In the case where the prices listed were either clearly in breach of Regulation 924/2009 or were sufficiently unclear that they might be in breach, we continued trying to reach the bank until we received a definite response on whether or not these fees were actually charged. A detailed description of this procedure can be found in the section on breaches of Regulation 924/2009 outlining exactly how difficult this process has been.

In summary, five banks refused to give information to non-customers, one bank refused to give out information anywhere else than in the branch, four banks simply did not know what the correct, most up-to-date fee is. In two banks we were given contradictory information in different departments during the same telephone call.

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5.13.3 Understandability of price lists

Unfortunately, we did not record detailed information on the complexity of the various price lists, which would have enabled us to make a clearer cross country comparison of the understandability of price lists. In retrospect, this would have been a worthwhile research undertaking and it would have been very interesting to compare if price list complexity is correlated to prices

In many of the cases where banks did make their price lists available, these lists were neither easily understandable nor were they clear and comprehensible. The fees were often spread over several documents and in many cases pdf documents of around 30 pages were the norm.

5.13.4 Conclusion

In conclusion, the information was difficult, and at time impossible, to obtain from many credit institutions and even if it was obtained, it was hardly ever in a clear and easily comprehensible form. In addition, when contacted directly over the phone, many credit institutions were reluctant to give out price information, although without fail we were told that this information would be available in a branch.

It is worth to note that we were obviously aware of the relevant regulation and still it sometimes was a struggle to obtain something as simple as price information. There is no doubt that a consumer, who might not be aware of EU regulations, would often times receive wrong information if they were even willing to go through the hassle of trying to obtain it. If consumers cannot obtain accurate and up-to-date price lists, let alone compare them to those of competitors, the market cannot function effectively. There is no doubt that such complexity and unavailability of prices hampers market competition significantly.

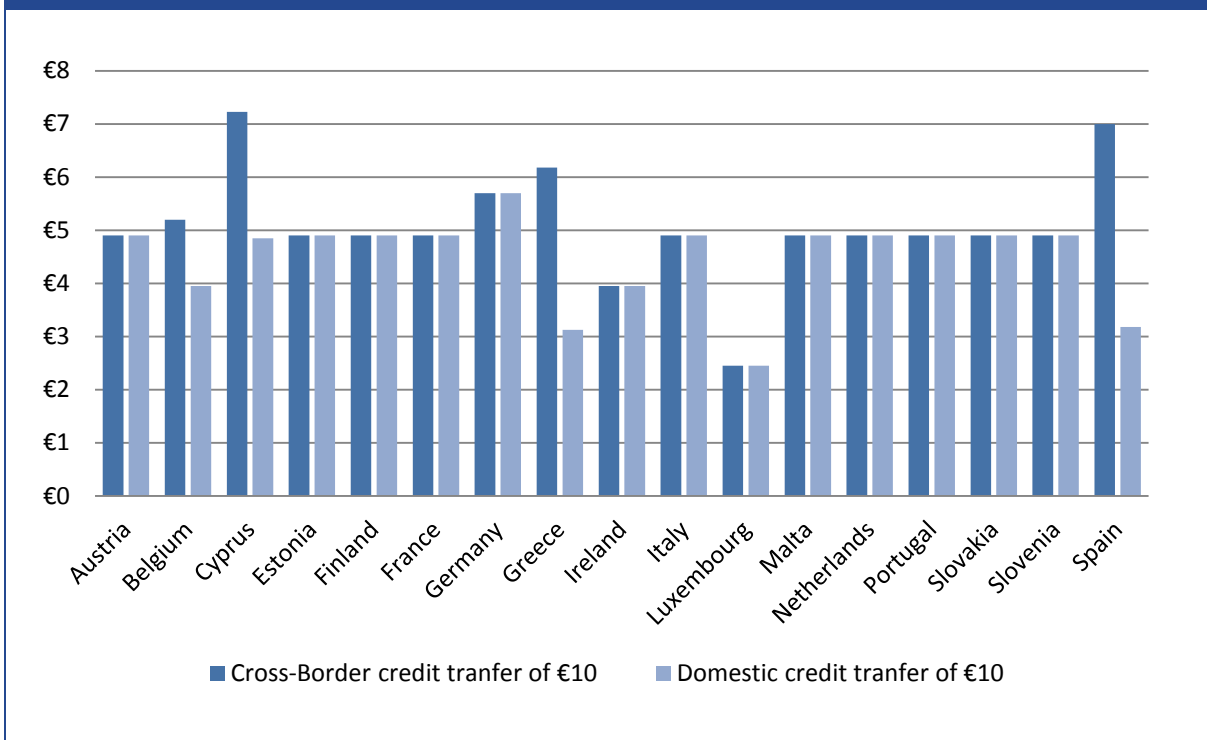
5.14 Results: Payment Institutions

5.14.1 Credit transfers

5.14.1.1 Euro area

Again, by virtue of Regulation 924/2009, the cost of transferring EUR 10 domestically and within the euro area should be the same. However, as illustrated below, there are Payment Institutions in several Member States that violate this. In particular, Belgium, Cyprus, Greece and Spain charge more for cross-border transfers than for domestic transfers.

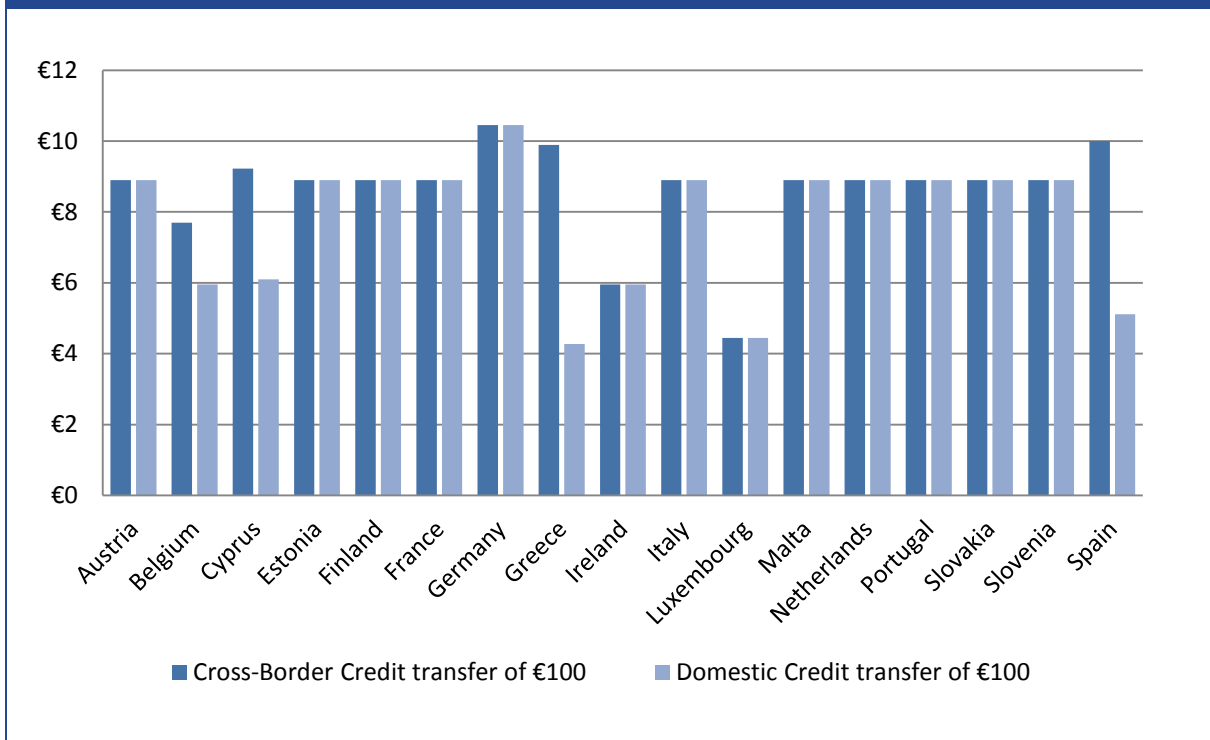
Figure 43: Cost of sending a EUR 10 transfer cross-border and domestically



Source: London Economics

A similar pattern is exposed for transfers of EUR 100. Fees are generally speaking higher for the larger transfer, but payment institutions in the same group of countries, Belgium, Cyprus, Greece and Spain, still charge more for cross-border transfers than for domestic transfers.

Figure 44: Cost of sending a EUR 100 transfer cross-border and domestically



Source: London Economics

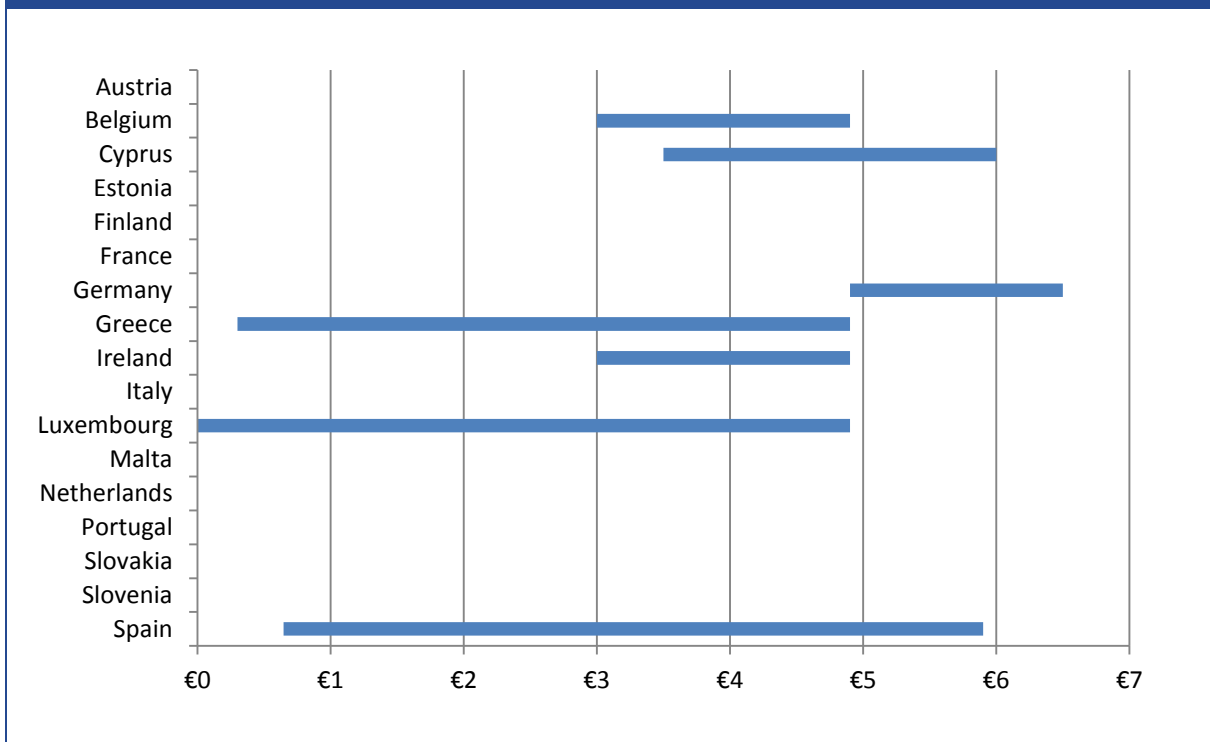
The range of prices for the two transfers, both domestically and cross-border, also varies significantly among Member States. However, without knowing the exact exchange rates used by the financial service providers, it is difficult to compare precisely how large the range of prices is. The existence of Payment Institutions that charge a zero transaction fee serves as a reminder that part of the fee to the consumer is in form of an unfavourable exchange rate.

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Figure 45: Ranges of domestic transfer EUR 10



Source: London Economics

5.14.1.2 Non-euro area

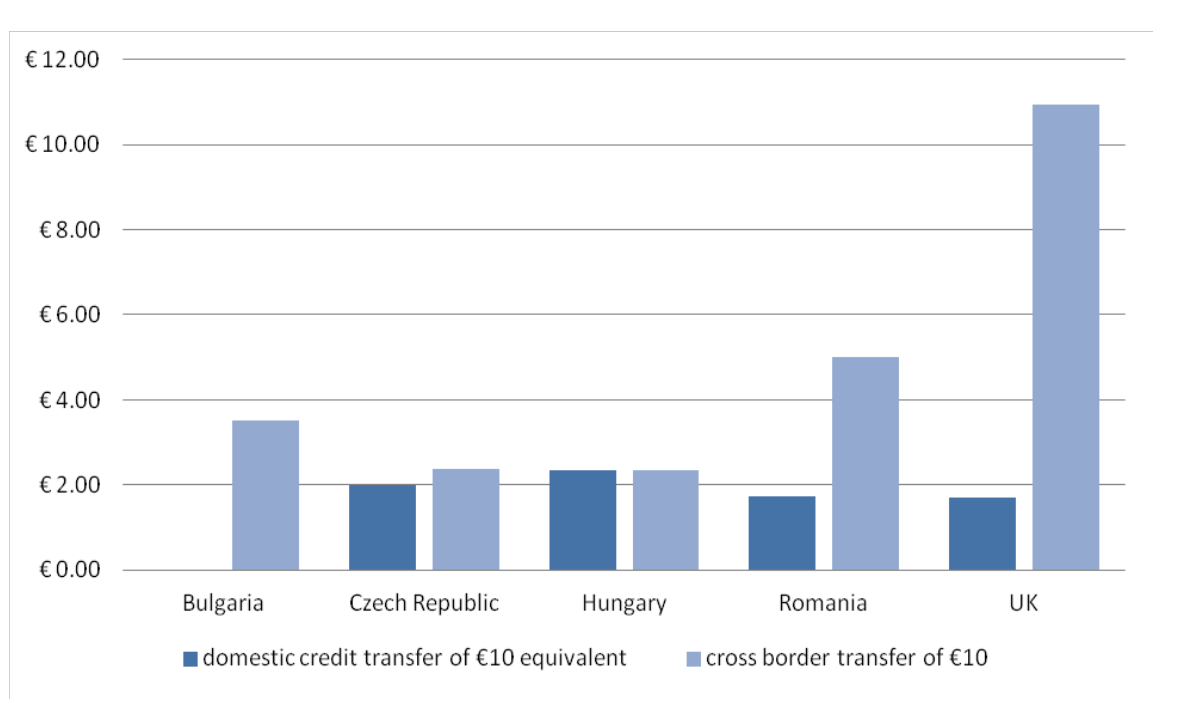
Most non-euro area payment institutions, by far, are located in the United Kingdom. Figure 46 below compares the costs of sending EUR 10 (or the local currency equivalent) to the euro area or domestically. Once again, the cost of sending cross border is higher in most countries.

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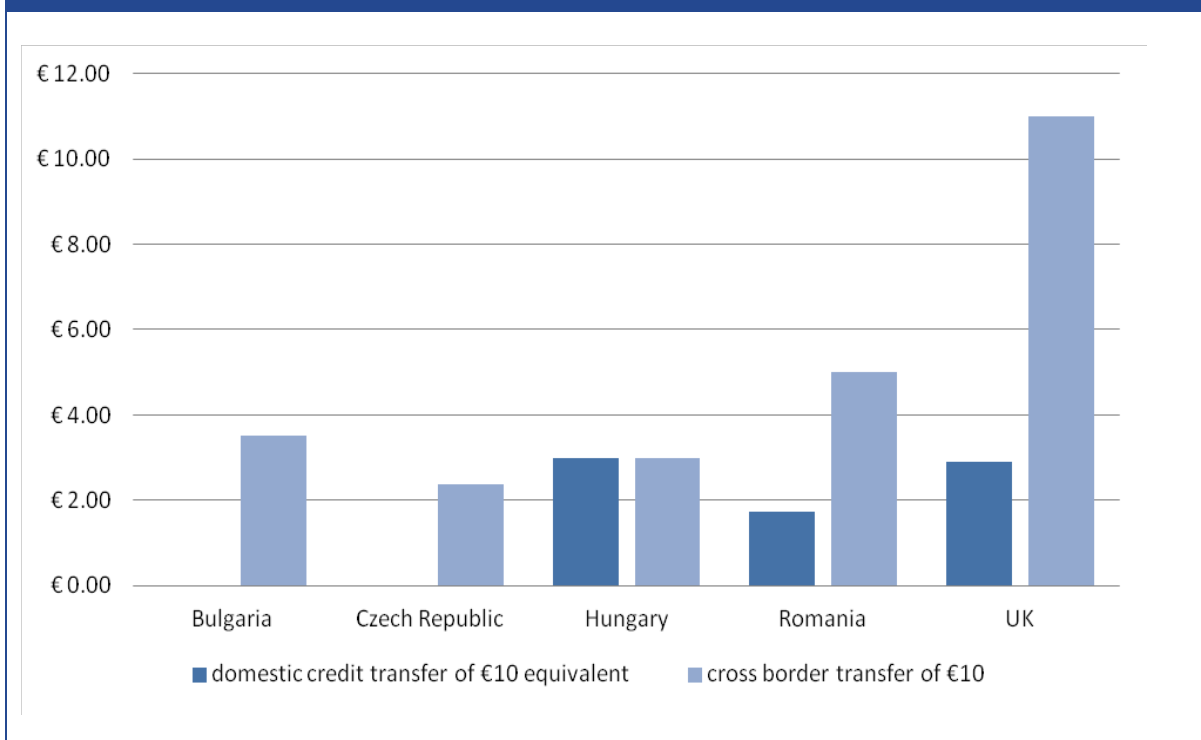
Figure 46: Cost of sending a EUR 10 transfer cross-border and EUR 10 equivalent domestically



Source: London Economics

The cost of sending EUR 100 cross border and domestically is almost identical to the cost of sending EUR 10. The only differences are in the UK where, the domestic transfer is marginally more expensive and similarly in Hungary the cost of sending EUR 100 across to the euro area is slightly higher than the cost of sending EUR 10 to the euro area.

Figure 47: Cost of sending a EUR 100 transfer cross-border and EUR 100 equivalent domestically



Source: London Economics

5.14.2 Card Payments

There were not many payment institutions which issued cards and had their payment information available on the internet.

Among the euro area countries only three (Germany, Slovakia and Slovenia) had Payment Institutions which offered credit card services. Among the non-euro area countries only UK had payment institutions which offered credit card services. Fees for cash withdrawal range considerably between EUR 4.45 in Luxembourg and up to EUR 10 in Spain.

5.14.3 Violations of Regulation 924/2009

As was made apparent by analysing the country averages above, several payment institutions charge different fees for domestic and cross-border transactions in euro. Table 28 below shows the exact number of breaches found during the data collection and those which were verified in the second round of data collection in November.

While several institutions had altered their prices, not a single one adjusted their fees such that the cost of national and cross-border transfers is the same. Every single institution which was in violation of the regulation in July remained so in October and November.

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Table 28: Number of breaches by Member State, first and second round of data collection		
	1st round	2nd round
Belgium	1	1
Bulgaria	1	1
Cyprus	3	3
Czech Republic	2	2
Greece	5	5
Romania	1	1
Spain	2	2
United Kingdom	2	2
TOTAL	17	17

Source: London Economics

5.15 Robustness checks

5.15.1 Credit transfers

The only countries for which the marginal cost of transfer is affected by the profile of the consumer are Austria, Germany, Ireland and Italy. In all remaining countries the cost of sending or receiving a transfer is independent of the amount of transactions the consumer has already made. Even for the countries with non-linear payment schedules, the difference is relatively small.

Table 29 below shows that the difference, even between extreme profiles, is extremely small in most cases. The difference is calculated between a “basic” profile, one in which the consumer makes just one transaction per month and a “very active” profile, one in which the consumer makes well in excess of 100 transactions per month, such that the marginal cost above this threshold no longer changes. These two profiles therefore represent the two extremes and any third profile would fall somewhere between the two.

Table 29: Difference in transaction cost of transferring EUR 10 for “basic” and “very active” users		
	Difference in average minimum cost	Difference in average maximum cost
Austria	EUR 0.02	EUR 0.06
Germany	EUR 0.00	EUR 0.01
Ireland	EUR 0.06	EUR 0.00
Italy	EUR 0.48	EUR 0.13

Source: London Economics

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5.15.2 Card Transactions

For card use the choice of profile matters even less. The table below outlines the only differences, again between the “basic” profile and the “very active” profile.

Table 30: Difference in transaction cost of withdrawing EUR 50 with a debit card from the CI’s own ATM for “basic” and “very active” users

	Difference in average minimum cost	Difference in average maximum cost
Austria	EUR 0.00	EUR 0.06
Belgium	EUR 0.01	EUR 0.01
Germany	EUR 0.00	EUR 0.01

Source: London Economics

Table 31: Difference in transaction cost of making a domestic debit card payment for “basic” and “very active” users

	Difference in average minimum cost	Difference in average maximum cost
Austria	EUR 0.00	EUR 0.06
Belgium	EUR 0.00	EUR 0.01
Germany	EUR 0.00	EUR 0.01

Source: London Economics

5.16 Findings

This section reviewed prices for several national and cross-border payment services by collecting price data off credit and payment institutions websites. Several important findings emerged.

1. Many institutions list fees which are clearly in violation of Regulation 924/2009. In several instances banks confirmed these fees to us directly over the phone and assured us that these are the correct prices which consumers are being charged.
2. The price information was often difficult and in places impossible to obtain.
3. There are large differences in prices, both within and across Member States. This is the case both for the marginal cost of transaction, as well as the cost that emerged when we considered a typical user profile.

The initial data collection took place during the month of July, four months after the amendment to Regulation 924/2009. Nonetheless, many banks still listed prices which charged different fees for domestic and cross-border transfers denoted in euro in excess of EUR 50,000. These breaches were re-checked in November and more than 60% of all banks which were listed as violating Regulation 924/2009 had updated their price lists in the mean time. Nonetheless, this still leaves 30 Credit Institutions and 17 Payment Institutions in breach of the regulation.

Further, the remaining breaches we found are, as far as this was possible to verify, not due to out-of-date price lists. Every bank which according to their price lists was in violation was contacted directly by us, either over the telephone or via email. While there were banks which informed us that the price lists on the internet were out-of-date and that the correct information is compliant

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with the regulation³⁹³ many banks either confirmed the breach or were, even after multiple attempts not able to give us a clear confirmation.

Title III of the Payment Services Directive outlines that price information should be in “easily understandable words and in a clear and comprehensible form”. Yet our research revealed that this was rarely the case with many banks not even listing all prices we were looking for. Only about 25% of all banks in our sample listed all transfer costs. The most commonly lacking cost was the cross-border direct debit. Ignoring this transaction, nearly 75% of all banks provided all transfer costs. Provision of debit card and credit card fees was generally better with 77% of all banks listing all debit card fees and 76% listing all credit card fees. However, in Germany 75% of banks did not list fees for withdrawing from another provider’s ATM and instead only informed the customer that prices for using other ATMs will be displayed on the ATM.³⁹⁴

³⁹³ See section 5.8.1 on violations of Regulation 924/2009 for more details.

³⁹⁴ See section 5.13.1 on incompleteness of information.

5.17 Data tables: Marginal cost of transaction

5.17.1 Tables euro area - Credit Institutions

Throughout all tables “N” denotes the number of institutions which list a fee for the particular transaction. “/” denotes a missing value, due to lack of data availability. All fees are denoted in euros.

5.17.1.1 euro area transfers – average marginal costs

The following tables provide the average minimum and maximum marginal transaction costs for sending credit transfers in the euro area. The average minimum marginal cost is the country average of the marginal cost of transaction associated to the current account with the lowest transaction cost. Similarly, the maximum average cost is the average of the transaction cost associated with the account most expensive in terms of transaction cost.

Consumers with basic current accounts, with low monthly fees, are likely to face the average maximum marginal cost, while consumers with more expensive current accounts are more likely to face the average minimum marginal cost.

Both, average minimum and average maximum marginal costs are provided for the cheapest type of transaction (usually online) and over-the-counter transactions in each country.

5.17.1.2 Sending

Table 32: Cost of sending hypothetical transactions – Austria						
	Austria					
	Cheapest Method			Over-the-counter		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of sending EUR 10 domestically	0.11	0.17	10	0.89	0.98	9
Cost of sending EUR 100 domestically	0.11	0.17	10	0.89	0.98	9
Cost of sending EUR 75,000 domestically	0.11	0.17	10	0.89	0.98	9
Cost of sending EUR 10 to euro area	0.11	0.17	10	0.89	0.98	9
Cost of sending EUR 100 to euro area	0.11	0.17	10	0.89	0.98	9
Cost of sending EUR 75,000 to euro area	19.86	19.92	10	36.26	36.26	9
Cost of domestic direct debit of EUR 50	0.00	0.15	2	/	/	
Cost of cross-border euro area direct debit of EUR 50	0.00	0.15	2	/	/	

Source: London Economics

iff, London Economics and PaySys



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Table 33: Cost of sending hypothetical transactions – Belgium						
	Belgium					
	Cheapest Method			Over-the-counter		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of sending EUR 10 domestically	0.94	0.94	10	0.52	0.52	9
Cost of sending EUR 100 domestically	0.50	0.50	10	0.52	0.52	9
Cost of sending EUR 75,000 domestically	18.80	18.80	9	8.68	8.68	9
Cost of sending EUR 10 to euro area	0.94	0.94	10	0.52	0.52	9
Cost of sending EUR 100 to euro area	0.50	0.50	10	0.52	0.52	9
Cost of sending EUR 75,000 to euro area	18.80	18.80	9	8.68	8.68	9
Cost of domestic direct debit of EUR 50	0.94	0.94	10	/	/	
Cost of cross-border euro area direct debit of EUR 50	0.94	0.94	10	/	/	

Source: London Economics

iff, London Economics and PaySys



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Table 34: Cost of sending hypothetical transactions – Cyprus						
	Cyprus					
	Cheapest Method			Over-the-counter		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of sending EUR 10 domestically	2.67	2.67	3	5.33	5.33	3
Cost of sending EUR 100 domestically	2.67	2.67	3	5.33	5.33	3
Cost of sending EUR 75,000 domestically	50.50	50.50	3	118.50	118.50	2
Cost of sending EUR 10 to euro area	2.67	2.67	3	5.33	5.33	3
Cost of sending EUR 100 to euro area	2.67	2.67	3	5.33	5.33	3
Cost of sending EUR 75,000 to euro area	50.50	50.50	3	118.50	118.50	2
Cost of domestic direct debit of EUR 50	/	/		/	/	
Cost of cross-border euro area direct debit of EUR 50	/	/		/	/	

Source: London Economics

iff, London Economics and PaySys



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Table 35: Cost of sending hypothetical transactions – Estonia

	Estonia					
	Cheapest Method			Over-the-counter		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of sending EUR 10 domestically	0.32	0.32	3	0.99	0.99	5
Cost of sending EUR 100 domestically	0.32	0.32	3	0.99	0.99	5
Cost of sending EUR 75,000 domestically	0.32	0.32	3	0.99	0.99	5
Cost of sending EUR 10 to euro area	0.32	0.32	3	0.99	0.99	5
Cost of sending EUR 100 to euro area	0.32	0.32	3	0.99	0.99	5
Cost of sending EUR 75,000 to euro area	0.32	0.32	3	0.99	0.99	5
Cost of domestic direct debit of EUR 50	/	/		/	/	
Cost of cross-border euro area direct debit of EUR 50	/	/		/	/	

Source: London Economics

iff, London Economics and PaySys



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Table 36: Cost of sending hypothetical transactions – Finland

	Finland					
	Cheapest Method			Over-the-counter		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of sending EUR 10 domestically	0.00	0.00	5	2.70	2.70	5
Cost of sending EUR 100 domestically	0.00	0.00	5	2.70	2.70	5
Cost of sending EUR 75,000 domestically	0.00	0.00	5	2.70	2.70	5
Cost of sending EUR 10 to euro area	0.00	0.00	5	2.70	2.70	5
Cost of sending EUR 100 to euro area	0.00	0.00	5	2.70	2.70	5
Cost of sending EUR 75,000 to euro area	0.00	0.00	5	2.70	2.70	5
Cost of domestic direct debit of EUR 50	0.30	0.30	3	/	/	
Cost of cross-border euro area direct debit of EUR 50	0.30	0.30	3	/	/	

Source: London Economics

iff, London Economics and PaySys

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Table 37: Cost of sending hypothetical transactions – France

	France					
	Cheapest Method			Over-the-counter		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of sending EUR 10 domestically	0.29	0.96	26	3.08	3.44	28
Cost of sending EUR 100 domestically	0.29	0.96	26	3.08	3.44	28
Cost of sending EUR 75,000 domestically	50.60	51.46	25	47.10	50.24	26
Cost of sending EUR 10 to euro area	0.29	0.96	26	3.08	3.44	28
Cost of sending EUR 100 to euro area	0.29	0.96	26	3.08	3.44	28
Cost of sending EUR 75,000 to euro area	50.60	51.46	25	47.48	50.61	26
Cost of domestic direct debit of EUR 50	0.00	0.50	21	/	/	
Cost of cross-border euro area direct debit of EUR 50	0.00	0.50	21	/	/	

Source: London Economics

iff, London Economics and PaySys

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Table 38: Cost of sending hypothetical transactions – Germany

	Germany					
	Cheapest Method			Over-the-counter		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of sending EUR 10 domestically	0.01	0.09	35	0.43	0.92	32
Cost of sending EUR 100 domestically	0.01	0.09	35	0.43	0.92	32
Cost of sending EUR 75,000 domestically	0.01	0.09	35	0.43	0.92	32
Cost of sending EUR 10 to euro area	0.01	0.09	35	0.43	0.92	32
Cost of sending EUR 100 to euro area	0.01	0.09	35	0.43	0.92	32
Cost of sending EUR 75,000 to euro area	0.01	0.09	35	0.43	0.92	32
Cost of domestic direct debit of EUR 50	0.01	0.09	17	/	/	
Cost of cross-border euro area direct debit of EUR 50	0.01	0.09	17	/	/	

Source: London Economics

iff, London Economics and PaySys

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Table 39: Cost of sending hypothetical transactions – Greece

	Greece					
	Cheapest Method			Over-the-counter		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of sending EUR 10 domestically	0.53	0.53	3	11.75	11.75	4
Cost of sending EUR 100 domestically	0.53	0.53	3	11.75	11.75	4
Cost of sending EUR 75,000 domestically	26.50	26.50	3	123.13	123.13	4
Cost of sending EUR 10 to euro area	0.53	0.53	3	11.75	11.75	4
Cost of sending EUR 100 to euro area	0.53	0.53	3	11.75	11.75	4
Cost of sending EUR 75,000 to euro area	26.50	26.50	3	123.13	123.13	4
Cost of domestic direct debit of EUR 50	/	/		/	/	
Cost of cross-border euro area direct debit of EUR 50	/	/		/	/	

Source: London Economics

iff, London Economics and PaySys

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Table 40: Cost of sending hypothetical transactions – Ireland

	Ireland					
	Cheapest Method			Over-the-counter		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of sending EUR 10 domestically	0.11	0.11	5	0.63	0.63	4
Cost of sending EUR 100 domestically	0.11	0.11	5	0.63	0.63	4
Cost of sending EUR 75,000 domestically	0.11	0.11	5	16.24	16.24	4
Cost of sending EUR 10 to euro area	0.21	0.21	5	0.63	0.63	4
Cost of sending EUR 100 to euro area	0.21	0.21	5	0.63	0.63	4
Cost of sending EUR 75,000 to euro area	0.21	0.21	5	16.24	16.24	4
Cost of domestic direct debit of EUR 50	0.27	0.27	2	/	/	
Cost of cross-border euro area direct debit of EUR 50	0.27	0.27	2	/	/	

Source: London Economics

iff, London Economics and PaySys

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Table 41: Cost of sending hypothetical transactions – Italy

	Italy					
	Cheapest Method			Over-the-counter		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of sending EUR 10 domestically	1.39	1.43	19	3.85	5.11	19
Cost of sending EUR 100 domestically	1.39	1.43	19	3.85	5.11	19
Cost of sending EUR 75,000 domestically	1.55	1.60	17	3.85	5.11	19
Cost of sending EUR 10 to euro area	1.39	1.43	19	3.85	5.11	19
Cost of sending EUR 100 to euro area	1.39	1.43	19	3.85	5.11	19
Cost of sending EUR 75,000 to euro area	1.96	2.02	17	4.38	12.83	19
Cost of domestic direct debit of EUR 50	0.58	0.58	12	/	/	
Cost of cross-border euro area direct debit of EUR 50	0.58	0.58	12	/	/	

Source: London Economics

iff, London Economics and PaySys



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Table 42: Cost of sending hypothetical transactions – Luxembourg						
	Luxembourg					
	Cheapest Method			Over-the-counter		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of sending EUR 10 domestically	0.17	0.17	4	0.70	1.20	3
Cost of sending EUR 100 domestically	0.17	0.17	4	0.70	1.20	3
Cost of sending EUR 75,000 domestically	0.17	0.17	4	0.70	1.20	3
Cost of sending EUR 10 to euro area	0.17	0.17	4	0.70	1.20	3
Cost of sending EUR 100 to euro area	0.17	0.17	4	0.70	1.20	3
Cost of sending EUR 75,000 to euro area	39.92	39.92	4	50.45	50.95	3
Cost of domestic direct debit of EUR 50	0.00	0.00	2	/	/	
Cost of cross-border euro area direct debit of EUR 50	0.00	0.00	2	/	/	

Source: London Economics

iff, London Economics and PaySys



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Table 43: Cost of sending hypothetical transactions – Malta						
	Malta					
	Cheapest Method			Over-the-counter		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of sending EUR 10 domestically	0.67	0.67	3	24.00	24.00	3
Cost of sending EUR 100 domestically	0.67	0.67	3	24.00	24.00	3
Cost of sending EUR 75,000 domestically	4.00	4.00	3	24.00	24.00	3
Cost of sending EUR 10 to euro area	0.67	0.67	3	24.00	24.00	3
Cost of sending EUR 100 to euro area	0.67	0.67	3	24.00	24.00	3
Cost of sending EUR 75,000 to euro area	4.00	4.00	3	24.00	24.00	3
Cost of domestic direct debit of EUR 50	/	/		/	/	
Cost of cross-border euro area direct debit of EUR 50	/	/		/	/	

Source: London Economics

iff, London Economics and PaySys



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Table 44: Cost of sending hypothetical transactions – Netherlands

	Netherlands					
	Cheapest Method			Over-the-counter		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of sending EUR 10 domestically	0.00	0.00	7	6.00	6.00	3
Cost of sending EUR 100 domestically	0.00	0.00	7	6.00	6.00	3
Cost of sending EUR 75,000 domestically	0.00	0.00	7	6.00	6.00	3
Cost of sending EUR 10 to euro area	0.00	0.00	7	6.00	6.00	3
Cost of sending EUR 100 to euro area	0.00	0.00	7	6.00	6.00	3
Cost of sending EUR 75,000 to euro area	21.43	21.43	7	44.33	44.33	3
Cost of domestic direct debit of EUR 50	/	/		/	/	
Cost of cross-border euro area direct debit of EUR 50	/	/		/	/	

Source: London Economics

iff, London Economics and PaySys



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Table 45: Cost of sending hypothetical transactions – Portugal

	Portugal					
	Cheapest Method			Over-the-counter		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of sending EUR 10 domestically	0.42	0.42	7	3.29	3.29	7
Cost of sending EUR 100 domestically	0.42	0.42	7	3.29	3.29	7
Cost of sending EUR 75,000 domestically	0.39	0.39	5	3.92	3.92	7
Cost of sending EUR 10 to euro area	0.42	0.42	7	3.29	3.29	7
Cost of sending EUR 100 to euro area	0.42	0.42	7	3.29	3.29	7
Cost of sending EUR 75,000 to euro area	21.55	21.55	5	31.22	31.22	7
Cost of domestic direct debit of EUR 50	0.41	0.41	4	/	/	
Cost of cross-border euro area direct debit of EUR 50	0.41	0.41	4	/	/	

Source: London Economics

iff, London Economics and PaySys

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Table 46: Cost of sending hypothetical transactions – Slovakia						
	Slovakia					
	Cheapest Method			Over-the-counter		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of sending EUR 10 domestically	0.15	0.15	3	0.95	0.95	4
Cost of sending EUR 100 domestically	0.15	0.15	3	0.95	0.95	4
Cost of sending EUR 75,000 domestically	0.15	0.15	3	0.95	0.95	4
Cost of sending EUR 10 to euro area	0.15	0.15	3	0.95	0.95	4
Cost of sending EUR 100 to euro area	0.15	0.15	3	0.95	0.95	4
Cost of sending EUR 75,000 to euro area	0.15	0.15	3	0.95	0.95	4
Cost of domestic direct debit of EUR 50	0.19	0.19	1	/	/	
Cost of cross-border euro area direct debit of EUR 50	0.19	0.19	1	/	/	

Source: London Economics

iff, London Economics and PaySys

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Table 47: Cost of sending hypothetical transactions – Slovenia

	Slovenia					
	Cheapest Method			Over-the-counter		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of sending EUR 10 domestically	0.34	0.34	5	1.88	1.88	5
Cost of sending EUR 100 domestically	0.34	0.34	5	1.88	1.88	5
Cost of sending EUR 75,000 domestically	3.85	3.85	5	5.65	5.65	5
Cost of sending EUR 10 to euro area	0.34	0.34	5	1.88	1.88	5
Cost of sending EUR 100 to euro area	0.34	0.34	5	1.88	1.88	5
Cost of sending EUR 75,000 to euro area	3.85	3.85	5	5.65	5.65	5
Cost of domestic direct debit of EUR 50	/	/		/	/	
Cost of cross-border euro area direct debit of EUR 50	/	/		/	/	

Source: London Economics

iff, London Economics and PaySys

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Table 48: Cost of sending hypothetical transactions – Spain

	Spain					
	Cheapest Method			Over-the-counter		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of sending EUR 10 domestically	2.45	2.45	6	2.88	2.88	8
Cost of sending EUR 100 domestically	2.45	2.45	6	2.93	2.93	8
Cost of sending EUR 75,000 domestically	232.08	232.08	6	290.66	290.66	8
Cost of sending EUR 10 to euro area	2.45	2.45	6	2.88	2.88	8
Cost of sending EUR 100 to euro area	2.45	2.45	6	2.93	2.93	8
Cost of sending EUR 75,000 to euro area	322.08	322.08	6	290.66	290.66	8
Cost of domestic direct debit of EUR 50	/	/		/	/	
Cost of cross-border euro area direct debit of EUR 50	/	/		/	/	

Source: London Economics

iff, London Economics and PaySys

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5.17.1.3 Receiving

Table 49: Cost of receiving hypothetical transactions Austria – Cyprus									
	Austria			Belgium			Cyprus		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of receiving EUR 10 domestically	0.01	0.11	7	0.71	0.71	7	0.17	0.17	2
Cost of receiving EUR 100 domestically	0.01	0.11	7	0.22	0.22	7	0.17	0.17	2
Cost of receiving EUR 75,000 domestically	0.01	0.11	7	4.25	4.25	7	25.00	25.00	2
Cost of receiving EUR 10 from cross-border euro area	0.01	0.11	7	0.71	0.71	7	0.17	0.17	2
Cost of receiving EUR 100 from cross-border euro area	0.01	0.11	7	0.22	0.22	7	0.17	0.17	2
Cost of receiving EUR 75,000 from cross-border euro area	21.44	21.54	7	4.25	4.25	7	25.00	25.00	2
Cost of receiving EUR 10 from the EEA (non-euro area)	0.01	0.11	7	0.71	0.71	7	0.17	0.17	2
Cost of receiving EUR 100 from the EEA (non-euro area)	0.01	0.11	7	0.72	0.72	7	0.17	0.17	2
Cost of receiving EUR 75,000 from the EEA (non-euro area)	21.44	21.54	7	4.76	4.76	7	115.00	115.00	2

Source: London Economics

iff, London Economics and PaySys



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Table 50: Cost of receiving hypothetical transactions Estonia – France									
	Estonia			Finland			France		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of receiving EUR 10 domestically	0.00	0.00	7	0.00	0.00	5	0.00	0.30	23
Cost of receiving EUR 100 domestically	0.00	0.00	7	0.00	0.00	5	0.00	0.30	23
Cost of receiving EUR 75,000 domestically	0.00	0.00	7	0.00	0.00	5	47.93	48.23	23
Cost of receiving EUR 10 from cross-border euro area	0.00	0.00	7	0.00	0.00	5	0.00	0.30	23
Cost of receiving EUR 100 from cross-border euro area	0.00	0.00	7	0.00	0.00	5	0.00	0.30	23
Cost of receiving EUR 75,000 from cross-border euro area	0.00	0.00	7	0.00	0.00	5	47.93	48.23	23
Cost of receiving EUR 10 from the EEA (non-euro area)	0.00	0.00	7	0.00	0.00	5	0.00	0.30	23
Cost of receiving EUR 100 from the EEA (non-euro area)	0.00	0.00	7	0.00	0.00	5	0.00	0.30	23
Cost of receiving EUR 75,000 from the EEA (non-euro area)	0.00	0.00	7	0.00	0.00	5	47.93	48.23	23

Source: London Economics

iff, London Economics and PaySys

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Table 51: Cost of receiving hypothetical transactions Germany – Ireland									
	Germany			Greece			Ireland		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of receiving EUR 10 domestically	0.01	0.13	30	2.00	2.00	3	0.00	0.00	1
Cost of receiving EUR 100 domestically	0.01	0.13	30	3.33	3.33	3	0.00	0.00	1
Cost of receiving EUR 75,000 domestically	0.01	0.13	30	8.33	8.33	3	0.00	0.00	1
Cost of receiving EUR 10 from cross-border euro area	0.01	0.13	30	2.00	2.00	3	0.00	0.00	1
Cost of receiving EUR 100 from cross-border euro area	0.01	0.13	30	3.33	3.33	3	0.00	0.00	1
Cost of receiving EUR 75,000 from cross-border euro area	0.01	0.13	30	15.33	15.33	3	6.35	6.35	1
Cost of receiving EUR 10 from the EEA (non-euro area)	0.01	0.13	30	2.00	2.00	3	0.00	0.00	1
Cost of receiving EUR 100 from the EEA (non-euro area)	0.01	0.13	30	3.33	3.33	3	0.00	0.00	1
Cost of receiving EUR 75,000 from the EEA (non-euro area)	0.01	0.13	30	15.33	15.33	3	6.35	6.35	1

Source: London Economics

iff, London Economics and PaySys



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Table 52: Cost of receiving hypothetical transactions Italy – Malta									
	Italy			Luxembourg			Malta		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of receiving EUR 10 domestically	0.23	0.44	18	0.00	0.00	4	0.00	0.00	2
Cost of receiving EUR 100 domestically	0.23	0.44	18	0.00	0.00	4	0.00	0.00	2
Cost of receiving EUR 75,000 domestically	0.23	0.44	17	0.00	0.00	4	4.00	4.00	2
Cost of receiving EUR 10 from cross-border euro area	0.23	0.44	18	0.00	0.00	4	0.00	0.00	2
Cost of receiving EUR 100 from cross-border euro area	0.23	0.44	18	0.00	0.00	4	0.00	0.00	2
Cost of receiving EUR 75,000 from cross-border euro area	9.06	9.06	17	39.75	39.75	4	4.00	4.00	2
Cost of receiving EUR 10 from the EEA (non-euro area)	0.23	0.44	18	0.00	0.00	4	0.00	0.00	2
Cost of receiving EUR 100 from the EEA (non-euro area)	0.23	0.44	18	0.00	0.00	4	0.00	0.00	2
Cost of receiving EUR 75,000 from the EEA (non-euro area)	9.06	9.06	17	39.75	39.75	4	4.00	4.00	2

Source: London Economics

iff, London Economics and PaySys

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Table 53: Cost of receiving hypothetical transactions Netherlands – Slovakia									
	Netherlands			Portugal			Slovakia		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of receiving EUR 10 domestically	0.00	0.00	4	/	/	/	0.15	0.15	1
Cost of receiving EUR 100 domestically	0.00	0.00	4	/	/	/	0.15	0.15	1
Cost of receiving EUR 75,000 domestically	0.00	0.00	4	/	/	/	0.15	0.15	1
Cost of receiving EUR 10 from cross-border euro area	0.00	0.00	4	/	/	/	0.15	0.15	1
Cost of receiving EUR 100 from cross-border euro area	0.00	0.00	4	/	/	/	0.15	0.15	1
Cost of receiving EUR 75,000 from cross-border euro area	17.50	17.50	4	/	/	/	0.15	0.15	1
Cost of receiving EUR 10 from the EEA (non-euro area)	0.00	0.00	4	/	/	/	/	/	/
Cost of receiving EUR 100 from the EEA (non-euro area)	0.00	0.00	4	/	/	/	/	/	/
Cost of receiving EUR 75,000 from the EEA (non-euro area)	30.00	30.00	4	/	/	/	/	/	/

Source: London Economics

iff, London Economics and PaySys

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Table 54: Cost of receiving hypothetical transactions Slovenia – Spain						
	Slovenia			Spain		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of receiving EUR 10 domestically	0.00	0.00	1	0.58	0.58	6
Cost of receiving EUR 100 domestically	0.00	0.00	1	0.58	0.58	6
Cost of receiving EUR 75,000 domestically	0.00	0.00	1	56.33	56.33	6
Cost of receiving EUR 10 from cross-border euro area	0.00	0.00	1	0.58	0.58	6
Cost of receiving EUR 100 from cross-border euro area	0.00	0.00	1	0.58	0.58	6
Cost of receiving EUR 75,000 from cross-border euro area	0.00	0.00	1	137.58	137.58	6
Cost of receiving EUR 10 from the EEA (non-euro area)	0.00	0.00	1	0.58	0.58	6
Cost of receiving EUR 100 from the EEA (non-euro area)	0.00	0.00	1	0.58	0.58	6
Cost of receiving EUR 75,000 from the EEA (non-euro area)	0.00	0.00	1	200.08	200.08	6

Source: London Economics

iff, London Economics and PaySys



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5.17.1.4 Cards

Table 55: Cost of using debit cards Austria – Cyprus									
	Austria			Belgium			Cyprus		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of domestic card payment EUR 50	0.06	0.20	7	0.00	0.00	7	/	/	0
Cost of euro area card payment EUR 50	0.06	0.13	7	0.00	0.00	7	/	/	0
Cost of withdrawing EUR 100 domestically (own provider)	0.12	0.13	6	0.01	0.01	7	0.00	0.00	2
Cost of withdrawing EUR 100 domestically (other provider)	0.12	0.13	6	0.05	0.05	7	2.58	2.58	2
Cost of withdrawing EUR 100 within euro area	0.12	0.13	6	0.05	0.05	7	2.58	2.58	2

Note: All costs in EUR. “/” indicates that no data was available.

Source: *London Economics*

iff, *London Economics and PaySys*

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Table 42: Cost of using debit cards Estonia France									
	Estonia			Finland			France		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of domestic card payment EUR 50	0.00	0.00	3	0.00	0.00	5	0.00	0.00	2 6
Cost of euro area card payment EUR 50	0.00	0.00	2	0.00	0.00	5	0.00	0.00	2 6
Cost of withdrawing EUR 100 domestically (own provider)	0.08	0.08	2	0.80	0.80	5	0.00	0.00	2 7
Cost of withdrawing EUR 100 domestically (other provider)	3.29	3.29	2	1.84	1.84	4	0.79	0.83	2 6
Cost of withdrawing EUR 100 within euro area	3.29	3.29	2	1.84	1.84	4	0.79	0.83	2 6

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

iff, London Economics and PaySys



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Table 43: Cost of using debit cards Germany – Ireland									
	Germany			Greece			Ireland		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of domestic card payment EUR 50	0.00	0.02	39	0.00	0.00	4	0.09	0.15	5
Cost of euro area card payment EUR 50	0.00	0.02	44	0.00	0.00	1	0.09	0.15	5
Cost of withdrawing EUR 100 domestically (own provider)	0.00	0.03	39	0.00	0.00	3	0.09	0.15	5
Cost of withdrawing EUR 100 domestically (other provider)	4.22	4.45	29	1.30	1.30	3	0.09	0.15	5
Cost of withdrawing EUR 100 within euro area	4.61	4.62	40	1.30	1.30	3	0.09	0.15	5

Note: All costs in EUR. “/” indicates that no data was available

Source: *London Economics*

Table 44: Cost of using debit cards Italy – Malta									
	Italy			Luxembourg			Malta		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of domestic card payment EUR 50	0.00	0.00	18	0.00	0.00	4	/	/	/
Cost of euro area card payment EUR 50	0.00	0.00	18	0.00	0.00	4	/	/	/
Cost of withdrawing EUR 100 domestically (own provider)	0.06	0.31	17	0.38	0.38	4	0.00	0.00	2
Cost of withdrawing EUR 100 domestically (other provider)	1.59	2.30	18	1.41	1.41	4	2.92	2.92	2
Cost of withdrawing EUR 100 within euro area	1.59	2.30	18	1.41	1.41	4	2.92	2.92	2

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

Table 45: Cost of using debit cards Luxembourg – Netherlands									
	Netherlands			Portugal			Slovakia		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of domestic card payment EUR 50	0.00	0.00	6	0.00	0.00	7	0.08	0.08	3
Cost of euro area card payment EUR 50	0.00	0.00	6	0.00	0.00	7	0.08	0.08	3
Cost of withdrawing EUR 100 domestically (own provider)	0.00	0.00	6	0.00	0.00	7	0.42	0.42	3
Cost of withdrawing EUR 100 domestically (other provider)	0.00	0.00	6	0.00	0.00	7	1.58	1.58	3
Cost of withdrawing EUR 100 within euro area	0.00	0.00	6	0.00	0.00	7	1.58	1.58	3

Note: All costs in EUR. “/” indicates that no data was available.

Source: *London Economics*

Table 46: Cost of using debit cards Slovenia – Spain						
	Slovenia			Spain		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of domestic card payment EUR 50	0.00	0.00	5	/	/	/
Cost of euro area card payment EUR 50	0.00	0.00	5	/	/	/
Cost of withdrawing EUR 100 domestically (own provider)	0.00	0.00	5	0.00	0.00	10
Cost of withdrawing EUR 100 domestically (other provider)	0.37	0.37	5	4.10	4.10	10
Cost of withdrawing EUR 100 within euro area	0.37	0.37	5	4.10	4.10	10

Note: All costs in EUR. “/” indicates that no data was available.

Source: *London Economics*

Table 47: Cost of using credit and deferred debit cards Austria – Cyprus									
	Austria			Belgium			Cyprus		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of domestic card payment EUR 50	0.00	0.00	2	0.00	0.00	4	0.00	0.00	1
Cost of euro area card payment EUR 50	0.00	0.00	2	0.00	0.00	4	0.00	0.00	1
Cost of withdrawing EUR 100 domestically (own provider)	3.38	3.59	3	0.00	0.00	4	4.35	4.35	2
Cost of withdrawing EUR 100 domestically (other provider)	3.38	3.59	3	2.38	2.38	4	4.35	4.35	2
Cost of withdrawing EUR 100 within euro area	3.38	3.59	3	2.38	2.38	4	4.35	4.35	2

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

Table 48: Cost of using credit and deferred debit cards Estonia – France

	Estonia			Finland			France		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of domestic card payment EUR 50	0.00	0.00	3	0.00	0.00	8	0.00	0.00	30
Cost of euro area card payment EUR 50	0.00	0.00	2	0.00	0.00	8	0.11	0.11	30
Cost of withdrawing EUR 100 domestically (own provider)	4.45	4.45	3	3.25	3.25	4	0.00	0.00	33
Cost of withdrawing EUR 100 domestically (other provider)	4.45	4.45	3	4.00	4.00	4	0.64	0.68	31
Cost of withdrawing EUR 100 within euro area	4.45	4.45	3	4.00	4.00	4	0.65	0.68	31

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

Table 49: Cost of using credit and deferred debit cards Germany – Ireland

	Germany			Greece			Ireland		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of domestic card payment EUR 50	0.16	0.16	37	0.00	0.00	4	0.00	0.00	1
Cost of euro area card payment EUR 50	0.16	0.16	37	0.00	0.00	1	0.00	0.00	1
Cost of withdrawing EUR 100 domestically (own provider)	4.09	4.40	40	0.00	0.00	5	2.11	2.11	4
Cost of withdrawing EUR 100 domestically (other provider)	4.10	4.36	41	1.29	1.29	3	2.11	2.11	4
Cost of withdrawing EUR 100 within euro area	4.12	4.36	41	1.29	1.29	3	2.11	2.11	4

Note: All costs in EUR. “/” indicates that no data was available.

Source: *London Economics*

Table 50: Cost of using credit and deferred debit cards Italy – Malta									
	Italy			Luxembourg			Malta		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of domestic card payment EUR 50	0.11	0.11	18	0.00	0.00	8	/	/	0
Cost of euro area card payment EUR 50	0.11	0.11	18	0.00	0.00	8	/	/	0
Cost of withdrawing EUR 100 domestically (own provider)	3.53	3.59	17	3.37	3.37	8	0.50	0.50	2
Cost of withdrawing EUR 100 domestically (other provider)	3.81	3.97	18	4.50	4.50	8	4.17	4.17	2
Cost of withdrawing EUR 100 within euro area	3.81	3.97	18	4.50	4.50	8	4.17	4.17	2

Note: All costs in EUR. “/” indicates that no data was available.

Source: *London Economics*

Table 51: Cost of using credit and deferred debit cards Netherlands – Slovakia

	Netherlands			Portugal			Slovakia		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of domestic card payment EUR 50	0.00	0.00	6	0.00	0.00	7	0.00	0.00	3
Cost of euro area card payment EUR 50	0.00	0.00	6	0.00	0.00	7	0.00	0.00	3
Cost of withdrawing EUR 100 domestically (own provider)	4.33	4.33	6	3.43	3.43	8	3.10	3.10	3
Cost of withdrawing EUR 100 domestically (other provider)	4.33	4.33	6	3.43	3.43	8	7.43	7.43	3
Cost of withdrawing EUR 100 within euro area	4.33	4.33	6	3.43	3.43	8	8.86	8.86	3

Note: All costs in EUR. “/” indicates that no data was available.

Source: *London Economics*

Table 52: Cost of using credit and deferred debit cards Slovenia – Spain						
	Slovenia			Spain		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of domestic card payment EUR 50	0.00	0.00	6	/	/	/
Cost of euro area card payment EUR 50	0.00	0.00	6	/	/	/
Cost of withdrawing EUR 100 domestically (own provider)	8.02	8.02	6	3.50	3.50	10
Cost of withdrawing EUR 100 domestically (other provider)	8.03	8.03	6	4.70	4.70	10
Cost of withdrawing EUR 100 within euro area	8.02	8.02	6	4.70	4.70	10

Note: All costs in EUR. “/” indicates that no data was available.

Source: *London Economics*

5.17.1.5 Tables non-euro area – Credit Institutions

5.17.1.6 Non-euro area Transfers

5.17.1.7 Sending

Table 56: Cost of sending hypothetical transactions – Bulgaria

	Bulgaria					
	Cheapest Method			Over-the-counter		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of sending EUR 10 domestically	18.68	18.68	4	/	/	/
Cost of sending EUR 100 domestically	18.68	18.68	4	/	/	/
Cost of sending EUR 75,000 domestically	99.25	99.25	4	/	/	/
Cost of sending EUR 10 equivalent domestically	1.62	0.83	5	1.02	1.02	5
Cost of sending EUR 100 equivalent domestically	1.62	0.83	5	1.02	1.02	5
Cost of sending EUR 75,000 equivalent domestically	3.62	1.85	5	2.04	2.04	5
Cost of sending EUR 10 to eurozone	18.68	18.68	4	19.77	19.77	5
Cost of sending EUR 100 to eurozone	18.68	18.68	4	19.77	19.77	5
Cost of sending EUR 75,000 to eurozone	99.25	99.25	4	131.48	131.48	5

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

iff, London Economics and PaySys

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Table 57: Cost of sending hypothetical transactions – Czech Republic

	Czech Republic					
	Cheapest Method			Over-the-counter		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of sending EUR 10 domestically	9.50	9.50	5	12.28	12.28	5
Cost of sending EUR 100 domestically	9.50	9.50	5	12.28	12.28	5
Cost of sending EUR 75,000 domestically	52.80	52.80	5	48.69	48.69	5
Cost of sending EUR 10 equivalent domestically	0.17	0.17	5	2.38	2.38	5
Cost of sending EUR 100 equivalent domestically	0.17	0.17	5	2.38	2.38	5
Cost of sending EUR 75,000 equivalent domestically	0.17	0.17	5	13.13	13.13	5
Cost of sending EUR 10 to eurozone	9.50	9.50	5	12.28	12.28	5
Cost of sending EUR 100 to eurozone	9.50	9.50	5	12.28	12.28	5
Cost of sending EUR 75,000 to eurozone	58.66	58.66	5	48.69	48.69	5

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

iff, London Economics and PaySys



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Table 58: Cost of sending hypothetical transactions – Denmark

	Denmark					
	Cheapest Method			Over-the-counter		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of sending EUR 10 domestically	2.04	4.32	5	11.40	11.40	4
Cost of sending EUR 100 domestically	2.04	4.32	5	11.40	11.40	4
Cost of sending EUR 75,000 domestically	2.04	4.32	5	11.40	11.40	4
Cost of sending EUR 10 equivalent domestically	0.07	0.07	5	3.19	3.19	4
Cost of sending EUR 100 equivalent domestically	0.07	0.07	5	3.19	3.19	4
Cost of sending EUR 75,000 equivalent domestically	0.07	0.07	5	3.19	3.19	4
Cost of sending EUR 10 to eurozone	2.17	4.46	5	11.57	11.57	4
Cost of sending EUR 100 to eurozone	2.17	4.46	5	11.57	11.57	4
Cost of sending EUR 75,000 to eurozone	2.17	4.46	5	11.57	11.57	4

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

iff, London Economics and PaySys



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Table 59: Cost of sending hypothetical transactions – Hungary

	Hungary					
	Cheapest Method			Over-the-counter		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of sending EUR 10 domestically	7.21	7.21	9	7.69	18.34	9
Cost of sending EUR 100 domestically	15.32	21.84	9	8.27	18.70	9
Cost of sending EUR 75,000 domestically	158.89	158.89	9	177.85	178.57	9
Cost of sending EUR 10 equivalent domestically	0.19	0.63	10	2.07	17.21	10
Cost of sending EUR 100 equivalent domestically	0.19	0.63	10	2.09	17.26	10
Cost of sending EUR 75,000 equivalent domestically	7.98	34.93	10	76.93	220.90	10
Cost of sending EUR 10 to eurozone	7.21	7.21	9	7.34	10.12	9
Cost of sending EUR 100 to eurozone	15.32	21.84	9	8.69	15.33	9
Cost of sending EUR 75,000 to eurozone	161.11	161.11	9	192.33	188.24	9

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

iff, London Economics and PaySys



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Table 60: Cost of sending hypothetical transactions – Latvia

	Latvia					
	Cheapest Method			Over-the-counter		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of sending EUR 10 domestically	7.27	7.86	5	14.11	14.11	4
Cost of sending EUR 100 domestically	7.27	7.86	5	14.11	14.11	4
Cost of sending EUR 75,000 domestically	7.27	7.86	5	14.82	14.82	4
Cost of sending EUR 10 equivalent domestically	0.34	0.29	5	1.64	1.64	4
Cost of sending EUR 100 equivalent domestically	0.34	0.29	5	1.64	1.64	4
Cost of sending EUR 75,000 equivalent domestically	1.27	1.21	5	2.86	2.86	4
Cost of sending EUR 10 to eurozone	7.27	7.86	5	14.11	14.11	4
Cost of sending EUR 100 to eurozone	7.27	7.86	5	14.11	14.11	4
Cost of sending EUR 75,000 to eurozone	7.27	7.86	5	14.82	14.82	4

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

iff, London Economics and PaySys



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Table 61: Cost of fees – Lithuania						
	Lithuania					
	Cheapest Method			Over-the-counter		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of sending EUR 10 domestically	11.59	11.59	3	15.07	15.07	5
Cost of sending EUR 100 domestically	11.59	11.59	3	15.07	15.07	5
Cost of sending EUR 75,000 domestically	11.59	11.59	3	15.07	15.07	5
Cost of sending EUR 10 equivalent domestically	0.41	0.41	3	0.99	1.10	5
Cost of sending EUR 100 equivalent domestically	0.41	0.41	3	0.99	1.10	5
Cost of sending EUR 75,000 equivalent domestically	0.41	0.41	3	0.99	1.10	5
Cost of sending EUR 10 to eurozone	11.59	11.59	3	17.68	17.68	5
Cost of sending EUR 100 to eurozone	11.59	11.59	3	17.97	17.97	5
Cost of sending EUR 75,000 to eurozone	11.59	11.59	3	17.97	17.97	5

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

iff, London Economics and PaySys



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Table 62: Cost of sending hypothetical transactions – Poland

	Poland					
	Cheapest Method			Over-the-counter		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of sending EUR 10 domestically	2.73	3.00	9	3.83	5.57	10
Cost of sending EUR 100 domestically	2.73	3.00	9	3.87	5.57	10
Cost of sending EUR 75,000 domestically	13.36	16.67	9	60.69	31.06	10
Cost of sending EUR 10 equivalent domestically	0.00	0.06	9	0.83	1.93	10
Cost of sending EUR 100 equivalent domestically	0.00	0.06	9	0.83	1.93	10
Cost of sending EUR 75,000 equivalent domestically	0.00	0.06	9	0.83	6.69	10
Cost of sending EUR 10 to eurozone	2.73	3.26	9	3.83	5.57	10
Cost of sending EUR 100 to eurozone	2.73	3.26	9	3.87	5.57	10
Cost of sending EUR 75,000 to eurozone	13.36	16.67	9	60.69	31.06	10

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

iff, London Economics and PaySys



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Table 63: Cost of sending hypothetical transactions – Romania

	Romania					
	Cheapest Method			Over-the-counter		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of sending EUR 10 domestically	13.97	15.08	10	11.67	11.67	9
Cost of sending EUR 100 domestically	13.97	15.09	10	15.05	15.05	9
Cost of sending EUR 75,000 domestically	102.78	110.00	10	103.99	120.65	9
Cost of sending EUR 10 equivalent domestically	0.62	0.62	10	0.93	0.93	10
Cost of sending EUR 100 equivalent domestically	0.66	0.66	10	1.03	1.03	10
Cost of sending EUR 75,000 equivalent domestically	1.90	1.90	10	8.65	8.65	9
Cost of sending EUR 10 to eurozone	13.97	15.08	10	13.85	13.85	10
Cost of sending EUR 100 to eurozone	13.97	15.09	10	16.89	16.89	10
Cost of sending EUR 75,000 to eurozone	102.78	110.00	10	122.83	122.83	10

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

iff, London Economics and PaySys



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Table 64: Cost of sending hypothetical transactions – Sweden

	Sweden					
	Cheapest Method			Over-the-counter		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of sending EUR 10 domestically	0.23	0.23	5	5.72	6.89	5
Cost of sending EUR 100 domestically	0.23	0.23	5	5.72	6.89	5
Cost of sending EUR 75,000 domestically	0.23	0.23	5	5.72	6.89	5
Cost of sending EUR 10 equivalent domestically	0.23	0.23	5	6.77	8.17	5
Cost of sending EUR 100 equivalent domestically	0.23	0.23	5	6.77	8.17	5
Cost of sending EUR 75,000 equivalent domestically	0.23	0.23	5	6.77	8.17	5
Cost of sending EUR 10 to eurozone	0.23	0.23	5	5.72	6.89	5
Cost of sending EUR 100 to eurozone	0.23	0.23	5	5.72	6.89	5
Cost of sending EUR 75,000 to eurozone	3.73	3.73	5	5.72	6.89	5

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

iff, London Economics and PaySys



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Table 65: Cost of sending hypothetical transactions – United Kingdom						
	United Kingdom					
	Cheapest Method			Over-the-counter		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
Cost of sending EUR 10 domestically	15.63	15.63	2	17.32	17.32	7
Cost of sending EUR 100 domestically	15.63	15.63	2	17.32	17.32	7
Cost of sending EUR 75,000 domestically	37.50	37.50	2	17.32	17.32	7
Cost of sending EUR 10 equivalent domestically	0.00	0.00	6	4.29	4.29	7
Cost of sending EUR 100 equivalent domestically	0.00	0.00	6	4.29	4.29	7
Cost of sending EUR 75,000 equivalent domestically	4.17	4.17	6	8.75	8.75	7
Cost of sending EUR 10 to eurozone	15.63	15.63	2	15.89	15.89	7
Cost of sending EUR 100 to eurozone	15.63	15.63	2	17.32	17.32	7
Cost of sending EUR 75,000 to eurozone	37.50	37.50	2	21.07	21.07	7

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

iff, London Economics and PaySys



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5.17.1.8 Receiving

Table 66: Cost of receiving hypothetical transactions									
	Bulgaria			Czech Republic			Denmark		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
within non-eurozone EEA domestic credit transfer of EUR 10 equivalent	0.00	0.00	5	0.19	0.19	5	0.02	0.02	5
within non-eurozone EEA domestic credit transfer of EUR 100 equivalent	1.20	1.20	5	0.19	0.19	5	0.02	0.02	5
within non-eurozone EEA domestic credit transfer of EUR 75,000 equivalent	20.00	20.00	5	0.19	0.19	5	0.02	0.02	5
within non-eurozone EEA domestic credit transfer of EUR 10 in euro	7.55	7.55	4	7.33	7.33	4	0.83	0.83	5
within non-eurozone EEA domestic credit transfer of EUR 100 in euro	7.55	7.55	4	7.33	7.33	4	0.83	0.83	5
within non-eurozone EEA domestic credit transfer of EUR 75,000 in euro	75.00	75.00	4	24.44	24.44	4	0.83	0.83	5

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

Table 67: Cost of receiving hypothetical transactions Hungary – Lithuania

	Hungary			Latvia			Lithuania		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
within non-eurozone EEA domestic credit transfer of EUR 10 equivalent	0.00	0.00	9	0.00	0.00	2	0.37	0.37	3
within non-eurozone EEA domestic credit transfer of EUR 100 equivalent	0.00	0.00	9	0.00	0.00	2	0.37	0.37	3
within non-eurozone EEA domestic credit transfer of EUR 75,000 equivalent	0.00	0.00	9	0.00	0.00	2	0.37	0.37	3
within non-eurozone EEA domestic credit transfer of EUR 10 in euro	2.89	3.31	8	0.00	0.00	2	1.74	1.74	3
within non-eurozone EEA domestic credit transfer of EUR 100 in euro	2.89	3.31	8	0.00	0.00	2	1.74	1.74	3
within non-eurozone EEA domestic credit transfer of EUR 75,000 in euro	32.00	36.57	8	0.00	0.00	2	1.74	1.74	3

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

iff, London Economics and PaySys



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Table 68: Cost of receiving hypothetical transactions Poland – Sweden									
	Poland			Romania			Sweden		
	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N	Average minimum marginal cost	Average maximum marginal cost	N
within non-eurozone EEA domestic credit transfer of EUR 10 equivalent	0.00	0.00	8	0.33	0.33	9	0.00	0.00	5
within non-eurozone EEA domestic credit transfer of EUR 100 equivalent	0.00	0.00	8	0.37	0.37	9	0.00	0.00	5
within non-eurozone EEA domestic credit transfer of EUR 75,000 equivalent	0.00	0.00	8	1.39	1.39	9	0.00	0.00	5
within non-eurozone EEA domestic credit transfer of EUR 10 in euro	1.36	1.36	7	/	/	/	0.00	0.00	5
within non-eurozone EEA domestic credit transfer of EUR 100 in euro	1.36	1.36	7	/	/	/	0.00	0.00	5
within non-eurozone EEA domestic credit transfer of EUR 75,000 in euro	4.08	4.08	7	/	/	/	0.00	0.00	5

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

iff, London Economics and PaySys



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Table 69: Cost of receiving hypothetical transactions United Kingdom			
	United Kingdom		
	Average minimum marginal cost	Average maximum marginal cost	N
within non-eurozone EEA domestic credit transfer of EUR 10 equivalent	0.00	0.00	6
within non-eurozone EEA domestic credit transfer of EUR 100 equivalent	0.00	0.00	6
within non-eurozone EEA domestic credit transfer of EUR 75,000 equivalent	2.50	2.50	6
within non-eurozone EEA domestic credit transfer of EUR 10 in euro	0.42	0.42	6
within non-eurozone EEA domestic credit transfer of EUR 100 in euro	1.46	1.46	6
within non-eurozone EEA domestic credit transfer of EUR 75,000 in euro	20.00	20.00	6

Note: All costs in EUR. “/” indicates that no data was available.

Source: *London Economics*

iff, London Economics and PaySys



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5.17.1.9 Non-euro area Cards

Table 70: Cost of using debit cards, issued in local currency															
	Bulgaria			Czech Republic			Denmark			Hungary			Latvia		
	Min	Max	N	Min	Max	N	Min	Max	N	Min	Max	N	Min	Max	N
Cost of domestic card payment equivalent of EUR 50	0.00	0.00	5	0.00	0.00	5	0.02	0.02	5	0.01	0.01	8	0.03	0.03	4
Cost of euro area card payment EUR 50	0.10	0.10	5	0.00	0.00	5	0.57	0.57	5	0.01	0.01	8	0.83	0.83	4
Cost of withdrawing equivalent of EUR 100 domestically (own provider)	0.10	0.10	5	0.28	0.28	5	0.02	0.02	5	0.59	0.70	8	0.00	0.00	3
Cost of withdrawing equivalent of EUR 100 domestically (other provider)	0.45	0.45	5	1.44	1.44	5	2.14	2.14	5	1.59	1.59	8	3.52	3.52	3
Cost of withdrawing EUR 100 euro area	3.82	3.82	5	4.25	4.25	5	5.13	5.13	5	6.42	6.42	8	3.65	4.29	3

Note: All costs in EUR. "/" indicates that no data was available.

Source: London Economics

Table 71: Cost of using debit cards, issued in local currency																	
	Lithuania			Poland			Romania			Sweden			UK				
	Min	Max	N	Min	Max	N	Min	Max	N	Min	Max	N	Min	Max	N		
Cost of domestic card payment equivalent of EUR 50	/	/		0.00	0.00	2	0.00	0.00	10	0.00	0.00	5	0.00	0.00	6		
Cost of euro area card payment EUR 50	/	/		0.88	0.88	2	0.00	0.00	10	0.77	0.77	5	2.13	2.13	6		
Cost of withdrawing equivalent of EUR 100 domestically (own provider)	0.23	0.23	3	0.00	0.00	8	0.10	0.10	10	0.00	0.00	5	0.00	0.00	6		
Cost of withdrawing equivalent of EUR 100 domestically (other provider)	2.60	2.60	3	0.33	1.08	8	1.11	1.11	10	0.00	0.00	5	0.50	0.50	5		
Cost of withdrawing EUR 100 euro area	2.90	2.90	3	2.80	3.10	8	3.10	3.10	10	1.54	1.54	5	4.62	4.62	6		

Note: All costs in EUR. "/" indicates that no data was available.

Source: London Economics

iff, London Economics and PaySys



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Table 72: Cost of using debit cards, issued in foreign currency									
	Hungary			Latvia			Romania		
	Min	Max	N	Min	Max	N	Min	Max	N
Cost of domestic card payment equivalent of EUR 50	0.00	0.00	4	0.09	0.09	4	0.00	0.00	4
Cost of euro area card payment EUR 50	0.00	0.00	4	0.59	0.59	4	0.00	0.00	4
Cost of withdrawing equivalent of EUR 100 domestically (own provider)	0.28	0.28	4	1.25	1.25	4	0.48	0.48	4
Cost of withdrawing equivalent of EUR 100 domestically (other provider)	0.89	0.89	4	4.57	4.57	4	0.99	0.99	4
Cost of withdrawing EUR 100 euro area	4.04	4.04	4	5.38	5.38	4	2.38	2.38	4

Note: All costs in EUR. "/" indicates that no data was available.

Source: London Economics

Table 73: Cost of using credit and deferred debit cards																
	Bulgaria			Czech Republic			Denmark			Hungary			Latvia			
	Min	Max	N	Min	Max	N	Min	Max	N	Min	Max	N	Min	Max	N	
Cost of domestic card payment equivalent of EUR 50	0.00	0.00	5	0.00	0.00	5	0.02	0.02	10	0.00	0.00	7	0.00	0.00	5	
Cost of euro area card payment EUR 50	0.05	0.05	5	0.00	0.00	5	0.60	0.60	10	0.00	0.00	7	0.59	0.59	5	
Cost of withdrawing equivalent of EUR 100 domestically (own provider)	2.26	2.26	5	2.39	2.39	4	1.23	1.23	10	3.28	3.28	7	2.51	3.10	5	
Cost of withdrawing equivalent of EUR 100 domestically (other provider)	3.32	3.32	5	2.67	2.67	4	2.28	2.28	10	3.28	3.28	7	4.03	4.19	5	
Cost of withdrawing EUR 100 euro area	8.20	8.20	5	3.91	3.91	4	6.48	6.48	10	4.87	3.80	7	4.82	4.98	5	

Note: All costs in EUR. "/" indicates that no data was available.

Source: London Economics

Table 74: Cost of using credit and deferred debit cards															
	Lithuania			Poland			Romania			Sweden			UK		
	Min	Max	N	Min	Max	N	Min	Max	N	Min	Max	N	Min	Max	N
Cost of domestic card payment equivalent of EUR 50	0.00	0.00	1	0.00	0.00	2	0.00	0.00	8	0.00	0.00	5	0.00	0.00	5
Cost of euro area card payment EUR 50	0.00	0.00	1	0.00	0.00	2	0.00	0.00	8	0.77	0.77	5	1.44	1.44	5
Cost of withdrawing equivalent of EUR 100 domestically (own provider)	1.84	1.84	3	2.33	2.33	6	1.58	1.58	8	1.75	2.68	5	2.89	2.89	4
Cost of withdrawing equivalent of EUR 100 domestically (other provider)	2.60	2.60	3	2.50	2.50	6	1.91	1.91	8	2.56	3.50	5	2.89	2.89	4
Cost of withdrawing EUR 100 euro area	2.60	2.60	3	2.50	2.50	6	3.99	3.99	6	5.04	5.04	5	5.78	5.78	4

Note: All costs in EUR. "/" indicates that no data was available.

Source: London Economics

5.18 Data tables: The range of the marginal cost of transaction

The following tables show the range (minimum and maximum) of the minimum average cost in each country. That is, for each bank the account with the cheapest transaction cost is selected and the minimum and maximum value of each of these is shown.

5.18.1 Euro area

5.18.1.1 Credit transfers sending

Table 75: The range of the minimum marginal cost; Austria – Cyprus									
	Austria			Belgium			Cyprus		
	Minimum	Maximum	N	Minimum	Maximum	N	Minimum	Maximum	N
within eurozone domestic credit transfer of EUR 10	0.00	0.8	10	0.00	4.54	10	2.00	3.00	3
within eurozone domestic credit transfer of EUR 100	0.00	0.8	10	0.00	3.00	10	2.00	3.00	3
within eurozone domestic credit transfer of EUR 75,000	0.00	0.8	10	0.00	118.55	9	12.00	124.5	3
within eurozone cross-border credit transfer of EUR 10	0.00	0.8	10	0.00	4.54	10	2.00	3.00	3
within eurozone cross-border credit transfer of EUR 100	0.00	0.8	10	0.00	3.00	10	2.00	3.00	3
within euro area cross-border credit transfer of EUR 75,000	0.00	197.5	10	0.00	118.55	9	12.00	124.5	3
domestic direct debit of EUR 50	0.00	0.00	2	0.00	4.54	10	/	/	/
within eurozone cross-border direct debit of EUR 50	0.00	0.00	2	0.00	4.54	10	/	/	/

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

iff, London Economics and PaySys



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Table 76: The range of the minimum marginal cost Estonia – France									
	Estonia			Finland			France		
	Minimum	Maximum	N	Minimum	Maximum	N	Minimum	Maximum	N
within eurozone domestic credit transfer of EUR 10	0.20	0.38	3	0.00	0.00	5	0.00	3.80	26
within eurozone domestic credit transfer of EUR 100	0.20	0.38	3	0.00	0.00	5	0.00	3.80	26
within eurozone domestic credit transfer of EUR 75,000	0.20	0.38	3	0.00	0.00	5	0.00	900.00	26
within eurozone cross-border credit transfer of EUR 10	0.20	0.38	3	0.00	0.00	5	0.00	3.80	26
within eurozone cross-border credit transfer of EUR 100	0.20	0.38	3	0.00	0.00	5	0.00	3.80	26
within euro area cross-border credit transfer of EUR 75,000	0.20	0.38	3	0.00	0.00	5	0.00	900.00	26
domestic direct debit of EUR 50	/	/	0	0.00	0.90	5	0.00	0.00	26
within eurozone cross-border direct debit of EUR 50	/	/	0	0.00	0.90	5	0.00	0.00	26

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

iff, London Economics and PaySys



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Table 77: The range of the minimum marginal cost Germany – Ireland									
	Germany			Greece			Ireland		
	Minimum	Maximum	N	Minimum	Maximum	N	Minimum	Maximum	N
within eurozone domestic credit transfer of EUR 10	0.00	0.20	35	0.30	0.80	3	0.00	0.28	5
within eurozone domestic credit transfer of EUR 100	0.00	0.20	35	0.30	0.80	3	0.00	0.28	5
within eurozone domestic credit transfer of EUR 75,000	0.00	0.20	35	3.00	90.00	4	0.00	0.28	5
within eurozone cross-border credit transfer of EUR 10	0.00	0.20	35	0.30	0.80	3	0.00	0.51	5
within eurozone cross-border credit transfer of EUR 100	0.00	0.20	35	0.30	0.80	3	0.00	0.51	5
within euro area cross-border credit transfer of EUR 75,000	0.00	0.20	35	3.00	90.00	4	0.00	0.51	5
domestic direct debit of EUR 50	0.00	0.10	17	/	/	0	0.25	0.28	2
within eurozone cross-border direct debit of EUR 50	0.00	0.10	17	/	/	0	0.25	0.28	2

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

Table 78: The range of the minimum marginal cost Italy – Malta									
	Italy			Luxembourg			Malta		
	Minimum	Maximum	N	Minimum	Maximum	N	Minimum	Maximum	N
within eurozone domestic credit transfer of EUR 10	0.00	3.50	19	0.00	0.68	4	0.00	1.00	3
within eurozone domestic credit transfer of EUR 100	0.00	3.50	19	0.00	0.68	4	0.00	1.00	3
within eurozone domestic credit transfer of EUR 75,000	0.00	3.50	17	0.00	0.68	4	4.00	4.00	3
within eurozone cross-border credit transfer of EUR 10	0.00	3.50	19	0.00	0.68	4	0.00	1.00	3
within eurozone cross-border credit transfer of EUR 100	0.00	3.50	19	0.00	0.68	4	0.00	1.00	3
within euro area cross-border credit transfer of EUR 75,000	0.00	7.00	17	0.00	159.00	4	4.00	4.00	3
domestic direct debit of EUR 50	0.00	2.75	12	0.00	0.00	2	/	/	0
within eurozone cross-border direct debit of EUR 50	0.00	2.75	12	0.00	0.00	2	/	/	0

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

iff, London Economics and PaySys



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Table 79: The range of the minimum marginal cost Netherlands – Slovakia									
	Netherlands			Portugal			Slovakia		
	Minimum	Maximum	N	Minimum	Maximum	N	Minimum	Maximum	N
within eurozone domestic credit transfer of EUR 10	0.00	0.00	7	0.00	1.00	7	0.10	0.19	3
within eurozone domestic credit transfer of EUR 100	0.00	0.00	7	0.00	1.00	7	0.10	0.19	3
within eurozone domestic credit transfer of EUR 75,000	0.00	0.00	7	0.00	1.00	5	0.10	0.19	3
within eurozone cross-border credit transfer of EUR 10	0.00	0.00	7	0.00	1.00	7	0.10	0.19	3
within eurozone cross-border credit transfer of EUR 100	0.00	0.00	7	0.00	1.00	7	0.10	0.19	3
within euro area cross-border credit transfer of EUR 75,000	0.00	50.00	7	0.00	105.77	5	0.10	0.19	3
domestic direct debit of EUR 50	/	/		0.00	0.58	4	0.19	0.19	1
within eurozone cross-border direct debit of EUR 50	/	/		0.00	0.58	4	0.19	0.19	1

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

Table 80: The range of the minimum marginal cost Slovenia – Spain						
	Slovenia			Spain		
	Minimum	Maximum	N	Minimum	Maximum	N
within eurozone domestic credit transfer of EUR 10	0.33	0.35	5	1.00	3.95	6
within eurozone domestic credit transfer of EUR 100	0.33	0.35	5	1.00	3.95	6
within eurozone domestic credit transfer of EUR 75,000	0.35	5.06	5	80.00	450.00	6
within eurozone cross-border credit transfer of EUR 10	0.33	0.35	5	1.00	3.95	6
within eurozone cross-border credit transfer of EUR 100	0.33	0.35	5	1.00	3.95	6
within euro area cross-border credit transfer of EUR 75,000	0.35	5.06	5	80.00	765.00	6
domestic direct debit of EUR 50	/	/	/	/	/	/
within eurozone cross-border direct debit of EUR 50	/	/	/	/	/	/

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

iff, London Economics and PaySys



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5.18.1.2 Credit transfers receiving

Table 81: The range of the minimum marginal cost Austria – Cyprus									
	Austria			Belgium			Cyprus		
	Minimum	Maximum	N	Minimum	Maximum	N	Minimum	Maximum	N
within eurozone domestic credit transfer of EUR 10	0.00	0.10	7	0.00	4.54	9	0.00	0.50	3
within eurozone domestic credit transfer of EUR 100	0.00	0.10	7	0.00	1.95	9	0.00	0.50	3
within eurozone domestic credit transfer of EUR 75,000	0.00	0.10	7	0.00	30.00	9	15.00	30.00	3
within eurozone cross-border credit transfer of EUR 10	0.00	0.10	7	0.00	4.54	9	0.00	0.50	3
within eurozone cross-border credit transfer of EUR 100	0.00	0.10	7	0.00	1.95	9	0.00	0.50	3
within euro area cross-border credit transfer of EUR 75,000	0.00	150.00	7	0.00	30.00	9	15.00	30.00	3
from EEA to eurozone cross-border credit transfer of EUR 10	0.00	0.10	7	0.00	4.54	9	0.00	0.50	3
from EEA to eurozone cross-border credit transfer of EUR 100	0.00	0.10	7	0.00	4.54	9	0.00	0.50	3
from EEA to eurozone cross-border credit transfer of EUR 75,000	0.00	150.00	7	0.00	30.00	9	15.00	300.00	3

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

iff, London Economics and PaySys



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Table 82: The range of the minimum marginal cost Estonia – France									
	Estonia			Finland			France		
	Minimum	Maximum	N	Minimum	Maximum	N	Minimum	Maximum	N
within eurozone domestic credit transfer of EUR 10	0.00	0.00	2	0.00	0.00	5	0.00	0.00	23
within eurozone domestic credit transfer of EUR 100	0.00	0.00	2	0.00	0.00	5	0.00	0.00	23
within eurozone domestic credit transfer of EUR 75,000	0.00	0.00	2	0.00	0.00	5	0.00	900.00	23
within eurozone cross-border credit transfer of EUR 10	0.00	0.00	2	0.00	0.00	5	0.00	0.00	23
within eurozone cross-border credit transfer of EUR 100	0.00	0.00	2	0.00	0.00	5	0.00	0.00	23
within euro area cross-border credit transfer of EUR 75,000	0.00	0.00	2	0.00	0.00	5	0.00	900.00	23
from EEA to eurozone cross-border credit transfer of EUR 10	0.00	0.00	2	0.00	6.00	5	0.00	0.00	23
from EEA to eurozone cross-border credit transfer of EUR 100	0.00	0.00	2	0.00	6.00	5	0.00	0.00	23
from EEA to eurozone cross-border credit transfer of EUR 75,000	0.00	0.00	2	0.00	6.00	5	0.00	900.00	23

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

iff, London Economics and PaySys



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Table 83: The range of the minimum marginal cost Germany – Ireland									
	Germany			Greece			Ireland		
	Minimum	Maximum	N	Minimum	Maximum	N	Minimum	Maximum	N
within eurozone domestic credit transfer of EUR 10	0.00	0.35	30	0.00	3.00	3	0.00	0.00	1
within eurozone domestic credit transfer of EUR 100	0.00	0.35	30	3.00	4.00	3	0.00	0.00	1
within eurozone domestic credit transfer of EUR 75,000	0.00	0.35	30	8.00	9.00	3	0.00	0.00	1
within eurozone cross-border credit transfer of EUR 10	0.00	0.35	30	0.00	3.00	3	0.00	0.00	1
within eurozone cross-border credit transfer of EUR 100	0.00	0.35	30	3.00	4.00	3	0.00	0.00	1
within euro area cross-border credit transfer of EUR 75,000	0.00	10.00	30	8.00	30.00	3	0.00	0.00	1
from EEA to eurozone cross-border credit transfer of EUR 10	0.00	0.35	30	0.00	3.00	3	0.00	0.00	1
from EEA to eurozone cross-border credit transfer of EUR 100	0.00	0.35	30	3.00	4.00	3	0.00	0.00	1
from EEA to eurozone cross-border credit transfer of EUR 75,000	0.00	112.50	30	8.00	30.00	3	0.00	0.00	1

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

Table 84: The range of the minimum marginal cost Italy – Malta									
	Italy			Ireland			Malta		
	Minimum	Maximum	N	Minimum	Maximum	N	Minimum	Maximum	N
within eurozone domestic credit transfer of EUR 10	0.00	1.90	18	0.00	0.00	4	0.00	0.00	2
within eurozone domestic credit transfer of EUR 100	0.00	1.90	18	0.00	0.00	4	0.00	0.00	2
within eurozone domestic credit transfer of EUR 75,000	0.00	1.90	17	0.00	0.00	4	4.00	4.00	2
within eurozone cross-border credit transfer of EUR 10	0.00	1.90	18	0.00	0.00	4	0.00	0.00	2
within eurozone cross-border credit transfer of EUR 100	0.00	1.90	18	0.00	0.00	4	0.00	0.00	2
within euro area cross-border credit transfer of EUR 75,000	0.00	150.00	17	0.00	159.00	4	4.00	4.00	2
from EEA to eurozone cross-border credit transfer of EUR 10	0.00	1.90	18	0.00	0.00	4	0.00	0.00	2
from EEA to eurozone cross-border credit transfer of EUR 100	0.00	1.90	18	0.00	0.00	4	0.00	0.00	2
from EEA to eurozone cross-border credit transfer of EUR 75,000	0.00	150.00	17	0.00	159.00	4	4.00	4.00	2

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

Table 85: The range of the minimum marginal cost Netherlands – Slovenia									
	Netherlands			Slovakia			Slovenia		
	Minimum	Maximum	N	Minimum	Maximum	N	Minimum	Maximum	N
within eurozone domestic credit transfer of EUR 10	0.00	0.00	4	0.15	0.15	1	0.00	0.00	1
within eurozone domestic credit transfer of EUR 100	0.00	0.00	4	0.15	0.15	1	0.00	0.00	1
within eurozone domestic credit transfer of EUR 75,000	0.00	0.00	4	0.15	0.15	1	0.00	0.00	1
within eurozone cross-border credit transfer of EUR 10	0.00	0.00	4	0.15	0.15	1	0.00	0.00	1
within eurozone cross-border credit transfer of EUR 100	0.00	0.00	4	0.15	0.15	1	0.00	0.00	1
within euro area cross-border credit transfer of EUR 75,000	0.00	70.00	4	0.15	0.15	1	0.00	0.00	1
from EEA to eurozone cross-border credit transfer of EUR 10	0.00	0.00	4	10.00	10.00	1	0.00	0.00	1
from EEA to eurozone cross-border credit transfer of EUR 100	0.00	0.00	4	10.00	10.00	1	0.00	0.00	1
from EEA to eurozone cross-border credit transfer of EUR 75,000	0.00	70.00	4	35.00	35.00	1	0.00	0.00	1

Source: London Economics

iff, London Economics and PaySys



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Table 86: The range of the minimum marginal cost Spain			
	Spain		
	Minimum	Maximum	N
within eurozone domestic credit transfer of EUR 10	0.00	1.50	6
within eurozone domestic credit transfer of EUR 100	0.00	1.50	6
within eurozone domestic credit transfer of EUR 75,000	0.00	262.50	6
within eurozone cross-border credit transfer of EUR 10	0.00	1.50	6
within eurozone cross-border credit transfer of EUR 100	0.00	1.50	6
within euro area cross-border credit transfer of EUR 75,000	0.00	262.50	6
from EEA to eurozone cross-border credit transfer of EUR 10	0.00	1.50	6
from EEA to eurozone cross-border credit transfer of EUR 100	0.00	1.50	6
from EEA to eurozone cross-border credit transfer of EUR 75,000	0.50	375.00	6

Note: All costs in EUR. “/” indicates that no data was available.

Source: *London Economics*

iff, London Economics and PaySys



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5.18.2 Card transactions

5.18.2.1 Debit Cards

Table 87: The range of the minimum marginal cost of debit cards Austria – Cyprus

	Austria			Belgium			Cyprus		
	Minimum	Maximum	N	Minimum	Maximum	N	Minimum	Maximum	N
ATM withdrawal domestic other provider (EUR)	0.00	0.50	6	0.00	0.15	6	2.50	2.65	2
ATM withdrawal domestic own provider (EUR)	0.00	0.50	6	0.00	0.10	6	0.00	0.00	2
ATM withdrawal euro area cross-border (EUR)	0.00	0.50	6	0.00	0.15	6	2.50	2.65	2
card payment cross border in eurozone (EUR)	0.00	0.19	7	0.00	0.00	6	/	/	0
card payment domestic (EUR)	0.00	0.19	7	0.00	0.00	6	/	/	0

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

Table 68: The range of the minimum marginal cost of debit cards Estonia – France

	Estonia			Finland			France		
	Minimum	Maximum	N	Minimum	Maximum	N	Minimum	Maximum	N
ATM withdrawal domestic other provider (EUR)	3.08	3.50	2	0.00	4.00	5	0.00	4.00	27
ATM withdrawal domestic own provider (EUR)	0.00	0.16	2	0.00	4.00	5	0.00	0.00	28
ATM withdrawal euro area cross-border (EUR)	3.08	3.50	2	0.60	4.00	5	0.00	4.00	27
card payment cross border in eurozone (EUR)	0.00	0.00	2	0.00	0.00	5	0.00	2.25	27
card payment domestic (EUR)	0.00	0.00	3	0.00	0.00	5	0.00	0.00	27

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

iff, London Economics and PaySys



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Table 88: The range of the minimum marginal cost of debit cards Germany – Ireland

	Germany			Greece			Ireland		
	Minimum	Maximum	N	Minimum	Maximum	N	Minimum	Maximum	N
ATM withdrawal domestic other provider (EUR)	0.00	7.50	41	1.03	1.47	3	0.00	0.25	5
ATM withdrawal domestic own provider (EUR)	0.00	7.50	40	0.00	0.00	3	0.00	0.25	5
ATM withdrawal euro area cross-border (EUR)	0.00	7.50	41	1.03	1.47	3	0.00	0.25	5
card payment cross border in eurozone (EUR)	0.00	0.00	44	0.00	0.00	1	0.00	0.25	5
card payment domestic (EUR)	0.00	0.00	44	0.00	0.00	4	0.00	0.25	5

Note: All costs in EUR. “/” indicates that no data was available.

Source: *London Economics*

Table 89: The range of the minimum marginal cost of debit cards Italy – Malta

	Italy			Luxembourg			Malta		
	Minimum	Maximum	N	Minimum	Maximum	N	Minimum	Maximum	N
ATM withdrawal domestic other provider (EUR)	0.00	2.90	17	0.75	1.90	4	2.50	3.33	2
ATM withdrawal domestic own provider (EUR)	0.00	1.00	17	0.00	1.50	4	0.00	0.00	2
ATM withdrawal euro area cross-border (EUR)	0.00	2.90	17	0.75	1.90	4	2.50	3.33	2
card payment cross border in eurozone (EUR)	0.00	0.00	18	0.00	0.00	4	/	/	0
card payment domestic (EUR)	0.00	0.00	18	0.00	0.00	4	/	/	0

Note: All costs in EUR. “/” indicates that no data was available.

Source: *London Economics*

Table 90: The range of the minimum marginal cost of debit cards Netherlands – Slovakia

	Netherlands			Portugal			Slovakia		
	Minimum	Maximum	N	Minimum	Maximum	N	Minimum	Maximum	N
ATM withdrawal domestic other provider (EUR)	0.00	0.00	6	0.00	0.00	7	1.50	1.75	3
ATM withdrawal domestic own provider (EUR)	0.00	0.00	6	0.00	0.00	7	0.20	0.75	3
ATM withdrawal euro area cross-border (EUR)	0.00	0.00	6	0.00	0.00	7	1.50	1.75	3
card payment cross border in eurozone (EUR)	0.00	0.00	6	0.00	0.00	7	0.00	0.15	3
card payment domestic (EUR)	0.00	0.00	6	0.00	0.00	7	0.00	0.15	3

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

Table 91: The range of the minimum marginal cost of debit cards Slovenia – Spain

	Slovenia			Spain		
	Minimum	Maximum	N	Minimum	Maximum	N
ATM withdrawal domestic other provider (EUR)	0.00	0.50	5	2.00	4.50	10
ATM withdrawal domestic own provider (EUR)	0.00	0.00	5	0.00	0.00	10
ATM withdrawal euro area cross-border (EUR)	0.00	0.50	5	2.00	4.50	10
card payment cross border in eurozone (EUR)	0.00	0.00	5			
card payment domestic (EUR)	0.00	0.00	5			

Note: All costs in EUR. “/” indicates that no data was available.

Source: *London Economics*

5.18.2.2

5.18.2.3 Credit and Deferred Debit Cards

Table 92: The range of the minimum marginal cost of credit and deferred debit cards Austria – Cyprus

	Austria			Belgium			Cyprus		
	Minimum	Maximum	N	Minimum	Maximum	N	Minimum	Maximum	N
ATM withdrawal domestic other provider (EUR)	3.00	3.63	3	0.00	5.00	3	4.20	4.50	2
ATM withdrawal domestic own provider (EUR)	3.00	3.63	3	0.00	0.00	3	4.20	4.50	2
ATM withdrawal euro area cross-border (EUR)	3.00	3.63	3	0.00	5.00	3	4.20	4.50	2
card payment cross border in eurozone (EUR)	0.00	0.00	2	0.00	0.00	3	0.00	0.00	1
card payment domestic (EUR)	0.00	0.00	2	0.00	0.00	3	0.00	0.00	1

Note: All costs in EUR. “/” indicates that no data was available.

Source: *London Economics*

iff, *London Economics and PaySys*



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Table 68: The range of the minimum marginal cost of credit and deferred debit cards Estonia – France

	Estonia			Finland			France		
	Minimum	Maximum	N	Minimum	Maximum	N	Minimum	Maximum	N
ATM withdrawal domestic other provider (EUR)	4.42	4.50	3	3.00	4.50	4	0.00	1.00	32
ATM withdrawal domestic own provider (EUR)	4.42	4.50	3	0.00	4.50	4	0.00	0.00	33
ATM withdrawal euro area cross-border (EUR)	4.42	4.50	3	3.00	4.50	4	0.00	1.00	32
card payment cross border in eurozone (EUR)	0.00	0.00	2	0.00	0.00	8	0.00	2.25	31
card payment domestic (EUR)	0.00	0.00	3	0.00	0.00	8	0.00	0.00	31

Note: All costs in EUR. “/” indicates that no data was available.

Source: *London Economics*

Table 93: The range of the minimum marginal cost of credit and deferred debit cards Germany – Ireland

	Germany			Greece			Ireland		
	Minimum	Maximum	N	Minimum	Maximum	N	Minimum	Maximum	N
ATM withdrawal domestic other provider (EUR)	0.00	7.50	41	1.00	1.47	3	1.90	2.54	4
ATM withdrawal domestic own provider (EUR)	0.00	7.50	40	0.00	0.00	5	1.90	2.54	4
ATM withdrawal euro area cross-border (EUR)	0.00	7.50	41	1.00	1.47	3	1.90	2.54	4
card payment cross border in eurozone (EUR)	0.00	0.00	37	0.00	0.00	1	0.00	0.00	1
card payment domestic (EUR)	0.00	0.00	37	0.00	0.00	4	0.00	0.00	1

Note: All costs in EUR. “/” indicates that no data was available.

Source: *London Economics*

Table 94: The range of the minimum marginal cost of credit and deferred debit cards Italy – Malta

	Italy			Luxembourg			Malta		
	Minimum	Maximum	N	Minimum	Maximum	N	Minimum	Maximum	N
ATM withdrawal domestic other provider (EUR)	2.50	4.00	18	4.48	4.50	8	3.33	5.00	2
ATM withdrawal domestic own provider (EUR)	0.00	4.00	17	0.00	4.50	8	0.40	0.60	2
ATM withdrawal euro area cross-border (EUR)	2.50	4.00	18	4.48	4.50	8	3.33	5.00	2
card payment cross border in eurozone (EUR)	0.00	0.00	18	0.00	0.00	8	/	/	
card payment domestic (EUR)	0.00	0.00	18	0.00	0.00	8	/	/	

Note: All costs in EUR. "/" indicates that no data was available.

Source: London Economics

Table 95: The range of the minimum marginal cost of credit and deferred debit cards Netherlands – Slovakia

	Netherlands			Portugal			Slovakia		
	Minimum	Maximum	N	Minimum	Maximum	N	Minimum	Maximum	N
ATM withdrawal domestic other provider (EUR)	4.00	4.50	6	0.00	6.25	8	2.30	15.00	3
ATM withdrawal domestic own provider (EUR)	4.00	4.50	6	0.00	6.25	8	1.99	5.00	3
ATM withdrawal euro area cross-border (EUR)	4.00	4.50	6	0.00	6.25	8	2.30	15.00	3
card payment cross border in eurozone (EUR)	0.00	0.00	6	0.00	0.00	7	0.00	0.00	3
card payment domestic (EUR)	0.00	0.00	6	0.00	0.00	7	0.00	0.00	3

Note: All costs in EUR. "/" indicates that no data was available.

Source: London Economics

Table 96: The range of the minimum marginal cost of credit and deferred debit cards Slovenia – Spain

	Slovenia			Spain		
	Minimum	Maximum	N	Minimum	Maximum	N
ATM withdrawal domestic other provider (EUR)	5.84	12.00	6	4.00	5.00	10
ATM withdrawal domestic own provider (EUR)	5.84	12.00	6	2.50	5.00	10
ATM withdrawal euro area cross-border (EUR)	5.84	12.00	6	4.00	5.00	10
card payment cross border in eurozone (EUR)	0.00	0.00	6			
card payment domestic (EUR)	0.00	0.00	6			

Note: All costs in EUR. “/” indicates that no data was available.

Source: *London Economics*

5.18.3 Non-euro area

5.18.3.1 Credit transfers - sending

Table 97: The range of the minimum marginal cost Bulgaria – Denmark									
	Bulgaria			Czech Republic			Denmark		
	Minimum	Maximum	N	Minimum	Maximum	N	Minimum	Maximum	N
from EEA to euro-zone cross-border credit transfer of EUR 10 in euro	17.00	22.00	4	7.63	11.73	5	1.45	2.69	5
from EEA to euro-zone cross-border credit transfer of EUR 100 in euro	17.00	22.00	4	7.63	11.73	5	1.45	2.69	5
from EEA to euro-zone cross-border credit transfer of EUR 75,000 in euro	22.00	150.00	4	29.33	58.66	5	1.45	2.69	5
within non euro-zone EEA domestic credit transfer of EUR 10 equivalent	0.51	1.02	5	0.12	0.23	5	0.00	0.27	5
within non euro-zone EEA domestic credit transfer of EUR 10 in euro	17.00	22.00	4	7.63	11.73	5	1.34	2.79	5
within non euro-zone EEA domestic credit transfer of EUR 100 equivalent	0.51	1.02	5	0.12	0.23	5	0.00	0.27	5
within non euro-zone EEA domestic credit transfer of EUR 100 in euro	17.00	22.00	4	7.63	11.73	5	1.34	2.79	5
within non euro-zone EEA domestic credit transfer of EUR 75,000 equivalent	0.51	6.12	5	0.12	0.23	5	0.00	0.27	5
within non euro-zone EEA domestic credit transfer of EUR 75,000 in euro	22.00	150.00	4	58.66	58.66	5	1.34	2.79	5

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

iff, London Economics and PaySys



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Table 98: The range of the minimum marginal cost Hungary – Lithuania

	Hungary			Latvia			Lithuania		
	Minimum	Maximum	N	Minimum	Maximum	N	Minimum	Maximum	N
from EEA to euro-zone cross-border credit transfer of EUR 10 in euro	5.00	17.31	9	5.71	15.00	5	11.59	11.59	3
from EEA to euro-zone cross-border credit transfer of EUR 100 in euro	5.00	78.22	9	5.71	15.00	5	11.59	11.59	3
from EEA to euro-zone cross-border credit transfer of EUR 75,000 in euro	5.00	375.00	9	5.71	15.00	5	11.59	11.59	3
within non euro-zone EEA domestic credit transfer of EUR 10 equivalent	0.00	0.73	10	0.00	0.36	5	0.41	0.41	3
within non euro-zone EEA domestic credit transfer of EUR 10 in euro	5.00	17.31	9	5.71	15.00	5	11.59	11.59	3
within non euro-zone EEA domestic credit transfer of EUR 100 equivalent	0.00	0.73	10	0.00	0.36	5	0.41	0.41	3
within non euro-zone EEA domestic credit transfer of EUR 100 in euro	5.00	78.22	9	5.71	15.00	5	11.59	11.59	3
within non euro-zone EEA domestic credit transfer of EUR 75,000 equivalent	0.00	71.25	10	0.00	2.86	5	0.41	0.41	3
within non euro-zone EEA domestic credit transfer of EUR 75,000 in euro	25.00	375.00	9	5.71	15.00	5	11.59	11.59	3

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

iff, London Economics and PaySys



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Table 99: The range of the minimum marginal cost Poland – Sweden									
	Poland			Romania			Sweden		
	Minimum	Maximum	N	Minimum	Maximum	N	Minimum	Maximum	N
from EEA to euro-zone cross-border credit transfer of EUR 10 in euro	0.00	7.14	9	3.26	30.00	10	0.00	1.17	5
from EEA to euro-zone cross-border credit transfer of EUR 100 in euro	0.00	7.14	9	3.26	30.00	10	0.00	1.17	5
from EEA to euro-zone cross-border credit transfer of EUR 75,000 in euro	0.00	59.54	9	37.50	187.50	10	0.00	1.17	5
within non euro-zone EEA domestic credit transfer of EUR 10 equivalent	0.00	0.00	9	0.22	1.30	10	0.00	1.17	5
within non euro-zone EEA domestic credit transfer of EUR 10 in euro	0.00	7.14	9	3.26	30.00	10	0.00	1.17	5
within non euro-zone EEA domestic credit transfer of EUR 100 equivalent	0.00	0.00	9	0.43	1.30	10	0.00	1.17	5
within non euro-zone EEA domestic credit transfer of EUR 100 in euro	0.00	7.14	9	3.26	30.00	10	0.00	1.17	5
within non euro-zone EEA domestic credit transfer of EUR 75,000 equivalent	0.00	0.00	9	0.43	6.52	10	0.00	1.17	5
within non euro-zone EEA domestic credit transfer of EUR 75,000 in euro	0.00	59.54	9	37.50	187.50	10	0.00	1.17	5

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

Table 100: The range of the minimum marginal cost United Kingdom			
	Poland		
	Minimum	Maximum	N
from EEA to euro-zone cross-border credit transfer of EUR 10 in euro	12.50	18.75	2
from EEA to euro-zone cross-border credit transfer of EUR 100 in euro	12.50	18.75	2
from EEA to euro-zone cross-border credit transfer of EUR 75,000 in euro	31.25	43.75	2
within non euro-zone EEA domestic credit transfer of EUR 10 equivalent	0.00	0.00	6
within non euro-zone EEA domestic credit transfer of EUR 10 in euro	12.50	18.75	2
within non euro-zone EEA domestic credit transfer of EUR 100 equivalent	0.00	0.00	6
within non euro-zone EEA domestic credit transfer of EUR 100 in euro	12.50	18.75	2
within non euro-zone EEA domestic credit transfer of EUR 75,000 equivalent	0.00	25.00	6
within non euro-zone EEA domestic credit transfer of EUR 75,000 in euro	31.25	43.75	2

Note: All costs in EUR. “/” indicates that no data was available.

Source: *London Economics*

iff, London Economics and PaySys



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5.18.3.2 Credit transfer – receiving

Table 101: The range of the minimum marginal cost Bulgaria – Denmark

	Bulgaria			Czech Republic			Denmark		
	Minimum	Maximum	N	Minimum	Maximum	N	Minimum	Maximum	N
from EEA to euro-zone cross-border credit transfer of EUR 10 in euro	0.00	0.00	5	0.00	0.27	5	0.00	0.10	5
from EEA to euro-zone cross-border credit transfer of EUR 100 in euro	0.00	10.20	4	3.91	11.73	4	0.00	2.69	5
within non euro-zone EEA domestic credit transfer of EUR 100 equivalent	0.00	6.00	5	0.00	0.27	5	0.00	0.10	5
within non euro-zone EEA domestic credit transfer of EUR 100 in euro	0.00	10.20	4	3.91	11.73	4	0.00	2.69	5
within non euro-zone EEA domestic credit transfer of EUR 75,000 equivalent	0.00	100.00	5	0.00	0.27	5	0.00	0.10	5
within non euro-zone EEA domestic credit transfer of EUR 75,000 in euro	75.00	75.00	4	3.91	46.93	4	0.00	2.69	5

Source: London Economics

Table 102: The range of the minimum marginal cost Hungary – Lithuania									
	Hungary			Latvia			Lithuania		
	Minimum	Maximum	N	Minimum	Maximum	N	Minimum	Maximum	N
from EEA to euro-zone cross-border credit transfer of EUR 10 in euro	0.00	0.00	9	0.00	0.00	2	0.35	0.41	3
from EEA to euro-zone cross-border credit transfer of EUR 100 in euro	0.00	6.94	8	0.00	0.00	2	1.45	2.32	3
within non euro-zone EEA domestic credit transfer of EUR 100 equivalent	0.00	0.00	9	0.00	0.00	2	0.35	0.41	3
within non euro-zone EEA domestic credit transfer of EUR 100 in euro	0.00	6.94	8	0.00	0.00	2	1.45	2.32	3
within non euro-zone EEA domestic credit transfer of EUR 75,000 equivalent	0.00	0.00	9	0.00	0.00	2	0.35	0.41	3
within non euro-zone EEA domestic credit transfer of EUR 75,000 in euro	0.00	150.00	8	0.00	0.00	2	1.45	2.32	3

Source: London Economics

Table 103: The range of the minimum marginal cost Poland – Sweden

	Poland			Romania			Sweden		
	Minimum	Maximum	N	Minimum	Maximum	N	Minimum	Maximum	N
from EEA to euro-zone cross-border credit transfer of EUR 10 in euro	0.00	0.00	8	0.00	0.76	9	0.00	0.00	5
from EEA to euro-zone cross-border credit transfer of EUR 100 in euro	0.00	4.76	7	/	/	/	0.00	0.00	5
within non euro-zone EEA domestic credit transfer of EUR 100 equivalent	0.00	0.00	8	0.00	0.87	9	0.00	0.00	5
within non euro-zone EEA domestic credit transfer of EUR 100 in euro	0.00	4.76	7	/	/	/	0.00	0.00	5
within non euro-zone EEA domestic credit transfer of EUR 75,000 equivalent	0.00	0.00	8	0.00	4.89	9	0.00	0.00	5
within non euro-zone EEA domestic credit transfer of EUR 75,000 in euro	0.00	23.82	7	/	/	/	0.00	0.00	5

Note: All costs in EUR. “/” indicates that no data was available.

Source: *London Economics*

Table 104: The range of the minimum marginal cost United Kingdom			
	United Kingdom		
	Minimum	Maximum	N
from EEA to euro-zone cross-border credit transfer of EUR 10 in euro	0.00	0.00	6
from EEA to euro-zone cross-border credit transfer of EUR 100 in euro	0.00	2.50	6
within non euro-zone EEA domestic credit transfer of EUR 100 equivalent	0.00	0.00	6
within non euro-zone EEA domestic credit transfer of EUR 100 in euro	0.00	8.75	6
within non euro-zone EEA domestic credit transfer of EUR 75,000 equivalent	0.00	7.50	6
within non euro-zone EEA domestic credit transfer of EUR 75,000 in euro	0.00	100.00	6

Note: All costs in EUR. “/” indicates that no data was available.

Source: *London Economics*

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5.18.4 Card transactions

5.18.4.1 Debit cards

Table 105: The range of the minimum marginal cost of debit card transactions Bulgaria – Denmark

	Bulgaria			Czech Republic			Denmark		
	Minimum	Maximum	N	Minimum	Maximum	N	Minimum	Maximum	N
ATM withdrawal cross-border from non-euro zone EEA into euro zone (in EUR)	3.50	4.55	5	3.63	4.89	5	5.03	5.53	5
ATM withdrawal non-euro zone EEA domestic other provider (LCY currency)	0.26	0.51	5	1.17	1.56	5	0.64	4.03	5
ATM withdrawal non-euro zone EEA domestic own provider (LCY currency)	0.00	0.15	5	0.20	0.39	5	0.00	0.10	5
card payment non-euro zone EEA domestic (LCY currency)	0.00	0.00	5	0.00	0.00	5	0.00	0.10	5
card payment cross-border from non-euro zone EEA into euro zone (in EUR)	0.00	0.25	5	0.00	0.00	5	0.50	0.75	5

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

Table 106: The range of the minimum marginal cost of debit card transactions Hungary – Lithuania

	Hungary			Latvia			Lithuania		
	Minimum	Maximum	N	Minimum	Maximum	N	Minimum	Maximum	N
ATM withdrawal cross-border from non-euro zone EEA into euro zone (in EUR)	4.48	9.03	8	2.50	4.96	3	2.90	2.90	3
ATM withdrawal non-euro zone EEA domestic other provider (LCY currency)	0.90	3.12	8	2.14	4.86	3	2.00	2.90	3
ATM withdrawal non-euro zone EEA domestic own provider (LCY currency)	0.00	0.97	8	0.00	0.00	3	0.00	0.40	3
card payment non-euro zone EEA domestic (LCY currency)	0.00	0.05	8	0.00	0.10	4	/	/	/
card payment cross-border from non-euro zone EEA into euro zone (in EUR)	0.00	0.05	8	0.00	1.20	4	/	/	/

Note: All costs in EUR. "/" indicates that no data was available.

Source: London Economics

Table 107: The range of the minimum marginal cost of debit card transactions Poland – Sweden									
	Poland			Romania			Sweden		
	Minimum	Maximum	N	Minimum	Maximum	N	Minimum	Maximum	N
ATM withdrawal cross-border from non-euro zone EEA into euro zone (in EUR)	0.00	5.00	8	1.54	4.00	10	1.50	1.65	5
ATM withdrawal non-euro zone EEA domestic other provider (LCY currency)	0.00	1.19	8	0.75	1.73	10	0.00	0.00	5
ATM withdrawal non-euro zone EEA domestic own provider (LCY currency)	0.00	0.00	8	0.00	0.25	10	0.00	0.00	5
card payment non-euro zone EEA domestic (LCY currency)	0.00	0.00	2	0.00	0.00	10	0.00	0.00	5
card payment cross-border from non-euro zone EEA into euro zone (in EUR)	0.00	1.75	2	0.00	0.00	10	0.75	0.83	5

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

Table 108: The range of the minimum marginal cost of debit card transactions Poland – Sweden

	United Kingdom		
	Minimum	Maximum	N
ATM withdrawal cross-border from non-euro zone EEA into euro zone (in EUR)	3.00	5.49	6
ATM withdrawal non-euro zone EEA domestic other provider (LCY currency)	0.00	2.50	5
ATM withdrawal non-euro zone EEA domestic own provider (LCY currency)	0.00	0.00	6
card payment non-euro zone EEA domestic (LCY currency)	0.00	0.00	6
card payment cross-border from non-euro zone EEA into euro zone (in EUR)	1.00	3.25	6

Note: All costs in EUR. “/” indicates that no data was available.

Source: *London Economics*

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5.18.4.2 Credit cards

Table 109: The range of the minimum marginal cost of credit and deferred debit card transactions Bulgaria – Denmark

	Bulgaria			Czech Republic			Denmark		
	Minimum	Maximum	N	Minimum	Maximum	N	Minimum	Maximum	N
ATM withdrawal cross-border from non-euro zone EEA into euro zone (in EUR)	5.10	13.27	5	1.17	4.91	4	5.03	8.22	10
ATM withdrawal non-euro zone EEA domestic other provider (LCY currency)	1.02	6.00	5	1.17	3.74	4	0.61	6.72	10
ATM withdrawal non-euro zone EEA domestic own provider (LCY currency)	1.02	3.51	5	1.17	3.74	4	0.00	3.36	10
card payment non-euro zone EEA domestic (LCY currency)	0.00	0.00	5	0.00	0.00	5	0.00	0.10	10
card payment cross-border from non-euro zone EEA into euro zone (in EUR)	0.00	0.25	5	0.00	0.00	5	0.50	1.00	10

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

Table 110: The range of the minimum marginal cost of credit and deferred debit card transactions Hungary – Lithuania

	Hungary			Latvia			Lithuania		
	Minimum	Maximum	N	Minimum	Maximum	N	Minimum	Maximum	N
ATM withdrawal cross-border from non-euro zone EEA into euro zone (in EUR)	1.00	8.00	7	3.57	6.00	5	2.00	2.90	3
ATM withdrawal non-euro zone EEA domestic other provider (LCY currency)	0.45	5.21	7	3.14	5.00	5	2.00	2.90	3
ATM withdrawal non-euro zone EEA domestic own provider (LCY currency)	0.45	5.21	7	0.71	5.00	5	0.58	2.90	3
card payment non-euro zone EEA domestic (LCY currency)	0.00	0.00	7	0.00	0.00	5	0.00	0.00	1
card payment cross-border from non-euro zone EEA into euro zone (in EUR)	0.00	0.00	7	0.00	1.00	5	0.00	0.00	1

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

Table 111: The range of the minimum marginal cost of credit and deferred debit card transactions Poland – Sweden

	Poland			Romania			Sweden		
	Minimum	Maximum	N	Minimum	Maximum	N	Minimum	Maximum	N
ATM withdrawal cross-border from non-euro zone EEA into euro zone (in EUR)	0.00	3.00	6	2.17	5.00	6	1.50	6.21	5
ATM withdrawal non-euro zone EEA domestic other provider (LCY currency)	0.00	3.00	7	0.98	3.34	8	0.00	4.66	5
ATM withdrawal non-euro zone EEA domestic own provider (LCY currency)	0.00	3.00	6	0.50	3.34	8	0.00	4.66	5
card payment non-euro zone EEA domestic (LCY currency)	0.00	1.67	7	0.00	0.00	8	0.00	0.00	5
card payment cross-border from non-euro zone EEA into euro zone (in EUR)	0.00	1.75	2	0.00	0.00	8	0.75	0.83	5

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

Table 112: The range of the minimum marginal cost of credit and deferred debit card transactions Poland – Sweden

	United Kingdom		
	Minimum	Maximum	N
ATM withdrawal cross-border from non-euro zone EEA into euro zone (in EUR)	3.13	6.75	4
ATM withdrawal non-euro zone EEA domestic other provider (LCY currency)	0.00	4.69	4
ATM withdrawal non-euro zone EEA domestic own provider (LCY currency)	0.00	4.69	4
card payment non-euro zone EEA domestic (LCY currency)	0.00	0.00	6
card payment cross-border from non-euro zone EEA into euro zone (in EUR)	1.38	1.50	5

Note: All costs in EUR. “/” indicates that no data was available.

Source: London Economics

iff, London Economics and PaySys



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5.19 Data Tables: Account fees and card fees

5.19.1 Average account fee and card fees combined

The following table shows the average monthly cost a consumer would have to pay in order to have a current account and a debit card. These average values are provided both for a basic current account with a basic debit card and also for a more expensive current account with the correspondingly more expensive debit card (if it exists otherwise with the same basic debit card).

Table 113: Average monthly cost of having a current account and debit card, by Member State and in euro

Country	More expensive account and debit card	Basic account and debit card	Number of banks
Austria	5.53	4.11	6
Belgium	2.91	2.91	7
Bulgaria	0.82	0.82	5
Cyprus	0.00	0.00	2
Czech Republic	6.20	6.20	5
Denmark	0.34	0.34	5
Estonia	0.64	0.64	3
Finland	2.68	1.80	5
France	4.77	4.73	25
Germany	4.21	2.71	33
Greece	0.00	0.00	3
Hungary	2.06	1.11	7
Ireland	1.54	1.54	5
Italy	4.40	3.42	17
Latvia	0.93	1.55	5
Lithuania	1.69	1.69	3
Luxembourg	2.98	2.98	4
Malta	0.00	0.00	1
Netherlands	1.75	1.75	6
Poland	8.74	2.68	6
Portugal	0.42	0.42	7
Romania	0.76	0.76	10
Slovakia	7.66	7.66	2
Slovenia	1.96	1.96	5
Spain	6.37	6.37	5
Sweden	3.02	3.02	5
United Kingdom	0.00	0.00	6

Source: London Economics

Table 114: Average monthly cost of having a credit or deferred debit card, by Member State and in euro

Country	More expensive account and debit card	Basic account and debit card	Number of banks
Austria	0.98	0.98	2
Belgium	1.26	1.26	4
Bulgaria	1.30	1.30	5
Cyprus	0.00	0.00	1
Czech Republic	1.53	1.53	5
Denmark	0.95	2.85	10
Estonia	0.91	0.91	2
Finland	1.39	1.39	8
France	3.05	3.05	30
Germany	1.60	1.60	37
Greece	0.00	0.00	1
Hungary	1.42	1.42	7
Ireland	0.89	0.89	1
Italy	2.49	2.39	18
Latvia	1.38	0.70	9
Lithuania	3.64	3.64	3
Luxembourg	1.38	1.38	8
Malta	0.88	0.88	6
Netherlands	1.76	1.76	8
Poland	0.90	0.66	7
Portugal	0.93	0.93	8
Romania	0.37	0.37	3
Slovakia	1.53	1.53	6
Slovenia	1.42	1.42	5
Spain	2.34	2.34	6
Sweden	1.92	1.97	2
United Kingdom	0.00	0.00	4

Source: London Economics

5.19.2 Range of account fee and card fees

The following table shows for each country the cheapest and the most expensive cost of having either a basic or a more expensive current account and debit card. Column two and three show the cost of the cheapest and the most expensive basic account. Column four and five show the highest and lowest cost of having a more expensive account (one with a cheaper transaction fee) and column six finally gives the number of banks on which this observation is based.

Table 115: Range of fees charged for having a current account and a debit card, by Member State and type of account, in euro

	Basic account		Expensive account		Number of banks
	Minimum	Maximum	Minimum	Maximum	
Austria	0.00	9.00	0.00	9.49	6
Belgium	0.00	10.00	0.00	10.00	7
Bulgaria	0.51	1.28	0.51	1.28	5
Cyprus	0.00	0.00	0.00	0.00	2
Czech Republic	0.00	23.47	0.00	23.47	5
Denmark	0.00	1.68	0.00	1.68	5
Estonia	0.00	0.96	0.00	0.96	3
Finland	0.00	3.50	1.50	4.40	5
France	2.83	27.08	2.98	27.08	25
Germany	0.00	6.90	0.00	10.00	33
Greece	0.00	0.00	0.00	0.00	3
Hungary	0.00	2.66	0.00	2.66	7
Ireland	0.00	0.42	0.00	4.42	5
Italy	0.00	8.58	0.00	18.33	17
Latvia	0.29	6.00	0.00	3.71	5
Lithuania	1.42	2.00	1.42	2.00	3
Luxembourg	1.00	4.83	1.00	4.83	4
Malta	0.00	0.00	0.00	0.00	1
Netherlands	1.00	3.00	1.00	3.00	6
Poland	1.31	5.24	1.31	3.71	6
Portugal	0.00	0.80	0.00	0.80	7
Romania	0.00	2.47	0.00	2.47	10
Slovakia	5.63	9.69	5.63	9.69	2
Slovenia	1.90	2.02	1.90	2.02	5
Spain	4.17	7.85	4.17	7.85	5
Sweden	0.00	5.34	0.00	5.34	5
United Kingdom	0.00	0.00	0.00	0.00	6

Source: London Economics

iff, London Economics and PaySys



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5.20 Data Tables: Average monthly cost based on typical profile

Based on the profiles set out in the methodology section, we calculated typical monthly profiles. Here, we split these average monthly costs into their components and look at how much the 'typical' consumer will spend on each of the following:

5.20.1 Card fees

- 1) Debit card transactions: This is the cost of making all the debit card transactions foreseen in the profile. It is split into two separate parts, namely the cost of making these transactions using a basic debit card (maximum marginal cost) and using a debit card with cheaper marginal cost (minimum marginal cost).
- 2) Credit card transactions: Similarly to debit card transactions, this is the cost of using a credit card in a typical month. Since we did not include credit card ATM withdrawals in our typical monthly profile, this cost zero everywhere.
- 3) Debit card and credit card fees: these are the monthly fees associated with owning a debit or credit card fee, irrespective of any transactions.

5.20.2 Account fees

- 1) Basic monthly account fees: these are the average monthly fees of accounts which are associated with the most expensive marginal cost of making credit transfers.
- 2) Expensive monthly account fees: these are the average monthly fees of accounts which are associated with the cheapest marginal cost of making credit transfers.

5.20.3 Transaction fees

- 3) Minimum transfer fees: these are the fees which accrue due to the credit transfers set out in our profile based on the current account with the cheapest transaction costs.
- 4) Maximum transfer fees: as above, but this time for the account with the highest marginal transaction costs.
- 5) Minimum and maximum transfer fees via a branch: these fees were not used for calculating the average monthly profile, but are included for completeness.

5.20.4 Combined

Under combined minimum and combined maximum fees, the total monthly costs for a typical user are listed.

- 1) Combined minimum costs: these are based on a user with an expensive current account, an expensive debit card and the associated cheap transactions costs.
- 2) Combined maximum cost: these are based on a user with a cheap current account, a basic debit card and the associated higher transaction costs.

As a result, it is therefore not always the case that the combined minimum cost is cheaper than the combined maximum cost.

It should also be noted that it is not possible to add up the individual costs to arrive at the figure for combined transaction cost. This is due to the fact that we use only the data from banks which provide all the information necessary to calculate the particular cost of interest. Hence, more banks will provide information for only monthly account fees say, than for all transactions, monthly account fees, debit card fees, etc.

Table 116: Average monthly cost based on typical profile for debit card, credit card and deferred debit card – euro area

Country	Cheapest debit card transaction costs	Most expensive debit card transaction costs	N	Cheapest credit card transaction costs	Most expensive credit card transaction costs	N	Debit card monthly fee	N	Credit card monthly fee	N	Deferred debit card monthly fee	N
Austria	1.77	4.62	7	0.00	0.00	7	0.60	7	0.46	7	0.00	7
Belgium	0.18	0.18	7	0.00	0.00	7	0.26	7	0.72	7	0.00	7
Cyprus	2.58	2.58	2	0.00	0.00	2	0.00	2	0.00	2	0.00	2
Estonia	2.41	2.41	3	0.00	0.00	3	0.64	3	0.85	3	0.00	3
Finland	4.67	4.67	5	0.00	0.00	5	1.80	5	1.57	5	0.00	5
France	0.83	0.83	27	0.00	0.00	27	2.94	27	0.46	27	3.21	27
Germany	2.78	3.39	44	0.00	0.00	44	0.24	44	1.62	44	0.00	44
Greece	0.78	0.78	5	0.00	0.00	5	0.00	5	0.00	5	0.00	5
Ireland	2.25	3.65	5	0.00	0.00	5	0.11	5	0.83	5	0.00	5
Italy	2.60	4.03	17	0.00	0.00	17	0.73	17	2.24	17	0.00	17
Luxembourg	0.00	0.00	4	0.00	0.00	4	1.15	4	1.38	4	1.38	4
Malta	2.92	2.92	2	0.00	0.00	2	0.00	2	0.88	2	0.00	2
Netherlands	0.00	0.00	6	0.00	0.00	6	0.25	6	1.76	6	0.00	6
Portugal	0.00	0.00	7	0.00	0.00	7	0.42	7	0.94	7	0.22	7
Slovakia	4.92	4.92	3	0.00	0.00	3	0.77	3	1.53	3	0.00	3
Slovenia	0.37	0.37	5	0.00	0.00	5	0.00	5	0.00	5	1.40	5
Spain	4.10	4.10	10	0.00	0.00	10	1.66	10	2.34	10	0.00	10

Note: All costs in EUR.

Source: London Economics

iff, London Economics and PaySys



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Table 117: The average cost of a current account and the average cost of making all transactions in our profile using the cheapest method – euro area						
Country	Basic monthly account fee	Expensive monthly account fee	N	Cheapest transfer fees	Most expensive transfer fees	N
Austria	3.57	2.96	10	1.27	2.74	10
Belgium	1.85	1.85	10	10.26	10.26	10
Cyprus	0.00	0.00	3	31.17	31.17	3
Estonia	0.00	0.00	3	3.52	3.52	3
Finland	0.88	0.00	5	0.00	0.00	5
France	1.42	1.38	26	3.22	13.56	26
Germany	3.05	1.95	34	0.18	2.34	34
Greece	0.00	0.00	4	28.90	28.90	4
Ireland	1.43	0.00	5	1.27	1.27	5
Italy	3.72	2.94	19	21.51	21.51	19
Luxembourg	1.83	1.83	4	1.87	1.87	4
Malta	0.00	0.00	3	7.33	7.33	3
Netherlands	1.56	1.56	7	0.00	0.00	7
Portugal	0.00	0.00	7	4.65	4.65	7
Slovakia	4.75	4.75	3	2.16	2.16	3
Slovenia	1.96	1.96	5	3.74	3.74	5
Spain	2.47	2.47	6	33.17	33.17	6

Note: All costs in EUR.

Source: London Economics

iff, London Economics and PaySys



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Table 118: The average cost per month of making all transfers in our profile in the branch – euro area

Country	Cheapest transfer fees	N	Most expensive transfer fees	N
Austria	15.33	9	14.27	9
Belgium	8.96	6	8.96	6
Cyprus	63.25	2	63.25	2
Estonia	7.04	3	7.04	3
Finland	29.70	5	30.58	5
France	22.63	6	35.83	6
Germany	14.69	31	9.46	31
Greece	153.75	4	153.75	4
Ireland	4.58	3	6.47	3
Italy	64.86	19	51.80	19
Luxembourg	7.43	3	12.93	3
Malta	264.00	3	264.00	3
Netherlands	111.50	1	111.50	1
Portugal	22.58	3	22.58	3
Slovakia	38.54	5	38.54	5
Slovenia	15.33	9	14.27	9
Spain	8.96	6	8.96	6

Note: All costs in EUR

Source: London Economics

iff, London Economics and PaySys



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Table 119: The average combined costs of all operations using the cheapest method – euro area			
Country	Combined cheapest fees	Combined most expensive fees	N
Austria	11.47	7.73	6
Belgium	14.57	14.57	7
Cyprus	32.83	32.83	2
Estonia	7.42	7.42	3
Finland	8.44	9.32	5
France	17.54	12.98	25
Germany	9.43	8.29	33
Greece	29.62	29.62	4
Ireland	5.86	5.89	5
Italy	31.99	31.84	17
Luxembourg	7.60	7.60	4
Malta	14.33	14.33	1
Netherlands	3.51	3.51	6
Portugal	6.24	6.24	7
Slovakia	13.90	13.90	2
Slovenia	7.47	7.47	5
Spain	49.37	49.37	5

Note: All costs in EUR

Source: London Economics

iff, London Economics and PaySys



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Table 120: Average monthly cost based on typical profile for debit card, credit card and deferred debit card – non-euro area												
Country	Cheapest debit card transaction costs	Most expensive debit card transaction costs	N	Cheapest credit card transaction costs	Most expensive credit card transaction costs	N	Debit card monthly fee	N	Credit card monthly fee	N	Deferred debit card monthly fee	N
Bulgaria	0.45	0.45	5	0.00	0.00	5	0.00	5	0.65	5	/	0
Czech Republic	1.44	1.44	5	0.00	0.00	5	0.21	5	0.77	5	/	0
Denmark	2.55	2.55	5	0.40	0.40	5	0.11	15	0.41	15	0.22	5
Hungary	1.77	1.77	8	0.00	0.00	7	0.14	15	0.66	15	/	0
Latvia	2.79	2.79	4	0.00	0.00	5	0.35	9	0.63	9	/	0
Lithuania	2.60	2.60	3	0.00	0.00	3	0.85	6	1.82	6	/	0
Poland	0.32	1.24	8	0.00	0.00	5	0.35	13	0.22	13	/	0
Romania	1.13	1.13	8	/	/	0	0.28	8	0.00	8	/	0
Sweden	0.00	0.00	5	0.00	0.00	5	0.76	10	0.96	10	/	0
United Kingdom	0.42	0.42	6	0.00	0.00	6	0.00	12	0.00	12	/	0

Note: All costs in EUR , “/” means no data available.

Source: London Economics

iff, London Economics and PaySys



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Table 121: The average cost of a current account and the average cost of making all transactions in our profile using the cheapest method – non-euro area

Country	Basic account monthly fee	Most expensive monthly account fee	N	All transactions Cheapest transfer fees	All transactions Most expensive transfer fees	N
Bulgaria	0.82	0.82	10	23.21	23.21	10
Czech Republic	5.78	5.78	10	11.22	11.22	10
Denmark	0	0	15	2.78	5.06	15
Hungary	1.47	0.64	18	13.24	20.52	16
Latvia	0.77	0.7	10	10.71	10.70	10
Lithuania	0	0	6	15.65	15.65	6
Poland	6.32	1.49	19	2.25	3.08	15
Romania	0.6	0.6	17	17.06	20.02	17
Sweden	1.49	1.49	10	2.56	2.56	10
United Kingdom	0	0	12	5.21	5.21	12

Note: All costs in EUR

Source: London Economics

iff, London Economics and PaySys



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Table 122: The average cost per month of making all transfers in our profile in the branch – non-euro area

Country	Cheapest transfer fees	Most expensive transfer fees	N
Bulgaria	33.36	32.90	6
Czech Republic	30.34	29.92	2
Denmark	49.38	46.51	12
Hungary	165.36	18.29	9
Latvia	32.84	33.83	4
Lithuania	16.99	16.49	2
Poland	32.42	7.86	3
Romania	33.46	33.74	8
Sweden	91.82	76.44	10
United Kingdom	20.42	20.42	6

Note: All costs in EUR

Source: London Economics

iff, London Economics and PaySys



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5.21 Payment Institutions

5.21.1 euro area Transfers and Cards

Table 123: Payment institutions – cost of sending hypothetical transactions Austria – Ireland									
	Austria	Belgium	Cyprus	Estonia	Finland	France	Germany	Greece	Ireland
Cost of sending EUR 10 domestically	4.90	3.95	4.85	4.90	4.90	4.90	5.70	3.13	3.95
Cost of sending EUR 100 domestically	8.90	5.95	6.10	8.90	8.90	8.90	10.45	4.28	5.95
Cost of sending EUR 10 cross-border within euro area	4.90	5.20	7.23	4.90	4.90	4.90	5.70	6.18	3.95
Cost of sending EUR 100 cross-border within euro area	8.90	7.70	9.23	8.90	8.90	8.90	10.45	9.89	5.95

Note: All costs in EUR

Source: London Economics

iff, London Economics and PaySys



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Table 124: Payment institutions – cost of sending hypothetical transactions Italy – Spain

	Italy	Luxembourg	Malta	Netherlands	Portugal	Slovakia	Slovenia	Spain
Cost of sending EUR 10 domestically	4.90	2.45	4.90	4.90	4.90	4.90	4.90	3.18
Cost of sending EUR 100 domestically	8.90	4.45	8.90	8.90	8.90	8.90	8.90	5.12
Cost of sending EUR 10 cross-border within euro area	4.90	2.45	4.90	4.90	4.90	4.90	4.90	7.00
Cost of sending EUR 100 cross-border within euro area	8.90	4.45	8.90	8.90	8.90	8.90	8.90	10.00

Note: All costs in EUR

Source: London Economics

Table 125: Payment institutions – cost of using credit cards Germany – Slovenia

	Germany	Slovakia	Slovenia
Cost of domestic card payment EUR 50	0.00	0.00	/
Cost of euro area card payment EUR 50	0.00	0.00	/
Cost of withdrawing EUR 100 domestically (own provider)	5.00	3.99	12.52
Cost of withdrawing EUR 100 domestically (other provider)	5.00	3.99	12.52
Cost of withdrawing EUR 100 within euro area	5.00	3.99	12.52

Note: All costs in EUR, “/” means no data available.

Source: London Economics

5.21.2 Non-euro area Transfers and Cards

**Table 126: Payment institutions – cost of sending hypothetical transactions
Bulgaria – United Kingdom**

	Bulgaria	Czech Republic	Hungary	Romania	UK
Cost of sending EUR 10 domestically	/	2.00	2.33	1.74	1.70
Cost of sending EUR 100 domestically	/	2.00	3.00	1.74	2.89
Cost of sending EUR 10 cross-border to euro area	3.50	1.18	2.33	0.50	10.94
Cost of sending EUR 100 cross-border to euro area	3.50	1.18	3.00	5.00	10.98

Note: All costs in EUR, “/” means no data available.

Source: London Economics

Table 127: Payment institutions – cost of using credit cards United Kingdom

	United Kingdom
Cost of domestic card payment EUR 50	0.00
Cost of euro area card payment EUR 50	1.44
Cost of withdrawing EUR 100 domestically (own provider)	4.05
Cost of withdrawing EUR 100 domestically (other provider)	4.05
Cost of withdrawing EUR 100 within euro area	4.82

Note: All costs in EUR

Source: London Economics

iff, London Economics and PaySys



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6 Annex Surcharging

6.1 Summary of the literature

The first subsection looks at findings in the literature about the decision of the merchant about whether or not to use surcharges and the appropriate surcharge level for the merchant. In the second subsection, the literature on the topic of the impact of surcharges on the consumer is examined. There is little literature on the subject of online surcharges so this topic is dealt with separately in the fourth subsection. The section concludes with a discussion of some of policy implications put forward by the authors of the literature.

6.1.1 Surcharges and merchant decision-making

This subsection focuses on the decision of the merchant whether to differentiate in prices between cardholders and cash users. The literature suggests that this decision is driven by efficiency and cost concerns and the level of competition in the merchant's market.

6.1.1.1 Efficiency and costs

Many authors (for example, Bolt and Chakravorti, 2011; Economides and Henriques, 2011) see surcharges as a way for the price incentives to accurately reflect the underlying costs of payment instruments, leading to the most efficient payment instrument being chosen and the greatest social benefit.

6.1.1.2 Unit transaction costs

Whether the costs to the merchant associated with cash sales are higher or lower than the cost of card payments is not clear and may depend on the type of merchant and type of product sold. Jonker (2011) uses the results of a survey of 1,008 Dutch merchants in 2007 to look at the unit transaction costs of cards across different businesses. He finds that merchants of many products or high valued products may prefer to opt for uniform prices and not to surcharge. This is because unit transaction costs fall once they accept card payments. On the other hand, merchants of medium or low value products or who have few customers will see average unit costs rise through card acceptance. The author argues that, in general, if card acceptance increases average unit transaction costs, merchants will be less likely to accept cards or more likely to surcharge

6.1.1.3 Merchant perception of costs

The survey used by Jonker (2011) also focuses on the merchants' perceptions of costs associated with each payment method. The author shows that these perceptions have a statistically significant effect on acceptance and surcharging decisions. Perception of costs has a stronger effect on the acceptance of credit cards than on debit cards. The author suggests that this could be because merchants feel they have to accept debit cards or risk loss of business because they are more widely used. An alternative reason suggested is that if a credit card is not accepted, a customer may not be able or willing to pay cash instead so they can be given the option to pay with debit card instead.

6.1.2 Competition

The level of competition can influence the merchant's decision of whether or not to apply surcharges.

Although Jonker (2011) finds that merchants are sensitive to costs of card payments, he argues that costs are not the most important factor in determining acceptance and surcharging, and competition is at least as important. He finds that moderate competition can encourage retailers to accept debit cards or to accept debit cards without surcharge. In intensely competitive markets, retailers are more likely to accept credit cards. Monopolistic merchants who surcharge charge more than merchants in moderate competition. The author notes that this is a case where merchants with market power may set fees which distort the market.

This point is also mentioned by Economides and Henriques (2011). However, they point out that if merchants have a very high degree of market power as in the case of a monopoly, then the price in the goods market is *already* determined by consumer willingness-to-pay. In this case, the increase in merchant fees is not passed on to the consumer but the cardholders benefit from the discount in cardholder fees. This implicitly corrects some of the existing distortion of market power in the market. On the other hand, if merchants are highly competitive, then the no-surcharge rule will introduce a big distortion as prices would have previously represented costs.

6.2 Surcharges and consumer decision-making

A merchant's decision of whether or not to surcharge will depend in part on the sensitivity of his or her customers to the extra cost.

6.2.1 Sensitivity and personal characteristics

A consumer survey analysed by Bolt et al. (2008) asks which method consumers would use to pay confronted with certain surcharges. They use a probit model to see how consumer decisions vary with age, gender, income and education. The variable to be explained is whether people will use a particular payment method if there is a surcharge on a EUR 10 payment. They find that age is a significant factor as younger respondents are more likely to use card and are thus less sensitive to surcharges. Men are found to be significantly less likely to use cash when there is a surcharge but not significantly more likely to use debit card in this case. The authors note that these results suggest that the men tend to look for other ways to evade a surcharge. Interestingly, they also show that low and high income earners are more sensitive to surcharges relative to middle income earners.

Jonker (2011), in his attempts to identify the factors influencing debit card acceptance, uses average income level of consumers in a region to proxy consumer demand. This is shown to have a positive relationship with increase debit card acceptance. He also finds that urbanisation increases the acceptance of credit cards but not debit cards. Staff size has positive effect on card acceptance and a negative on surcharging.

6.2.2 Switching to another card or another merchant

Two recent studies suggest that surcharges do influence the choice of payment instrument. A Reserve Bank report cited by Bolt and Chakravorti (2011) showed that if one network's card is surcharged more than another's, consumers dramatically reduce their use of the card with the surcharge.

Bolt et al. (2008) compare the frequency of card payments between retailers that surcharge and retailers that do not. They find that increasing the fee level by EUR 0.09 results in a decrease in card share by almost 3 percentage points.

Koboldt et al. (2011) consider alternative strategies of merchants to avoid card payments, instead of just not accepting them or surcharging. Merchants can also only accept card for payment over a certain value or for certain items, offer cash discounts based on payment method, introduce their own card or ask customers to pay with a different instrument.

In order to know whether or not it is safe to apply a surcharge, the merchant must compare the propensity of the customers to switch to another retailer with the propensity to switch to another payment. Survey results show that the latter is substantially stronger than the former. They conclude from this that the common argument that merchants cannot afford to surcharge or discourage card payments in other ways because of the risk of losing business is overstated.

The Australian Reserve Bank removed surcharge restrictions in 2003 and Simon et al. (2010) argue that since then surcharging in Australia has increased at the point of sale for credit cards. This has resulted in a change in relative prices of credit cards and debit cards, leading to the decline in credit card use.

However, more generally, Economides and Henriques (2011) note that the consequences of removing the no-surcharge rule are not fully known. For example, they argue, it is not clear whether the number of card transactions or the number of merchants that accept card payments will increase or decrease.

6.3 Survey of retailers in Member States where surcharging is allowed

The survey questionnaire used in this survey is provided below.

Surcharging survey

Do you apply, at the present time, a surcharge when a customer pays with a credit card?

1. Yes
2. No

Did you apply such a surcharge in

1. 2009 (Y / N)
2. 2008 (Y / N)

To which of the following cards do you apply a surcharge:

- international card scheme MasterCard
- international card scheme Visa
- international card scheme Maestro
- international card scheme V PAY
- other international card schemes (Amex, JCB, Diners Club, CUP etc.)
- domestic bank cards
- PayPal
- Other

For each card subject to a surcharge

Do you apply a surcharge on all credit card payments or only below / above a certain threshold?

1. All payments
2. Below a certain threshold
3. Above a certain threshold

What is the threshold? £/EUR _____ (question not asked if surcharge applies to all payments)

As a percentage, what is the typical surcharge applied % _____

What is the total annual sales subject to the surcharge? % _____

Do you apply a surcharge when a customer pays with a debit card?

1. Yes
2. No

Did you apply a surcharge in

1. 2009 (y/n)
2. 2008 (y/n)

Do you apply a surcharge on all debit card payments or only below/above a certain threshold? (single code – are mutually exclusive)

1. All Payments
2. Above a certain threshold
3. Below a certain threshold

What is the threshold? £/EUR _____ (question not asked if surcharge applies to all payments)

As a percentage, what is the typical surcharge applied % _____

What is the total annual sales subject to the surcharge? % _____

Do you provide reductions for the use of certain payment instruments?

1. Yes
2. No

Please tick the payment instruments for which you provide a reduction

1. Cash
2. Cheque
3. Debit Card
4. Credit Card
5. Other

For each payment instrument listed in Q14a, please indicate whether a reduction is provided for all payments or only below/above a certain threshold

1. All Payments
2. Above a certain threshold
3. Below a certain threshold

What is the threshold? £/EUR _____ (question not asked if reduction applies to all payments)

As a percentage, what is the typical reduction applied % _____

What is the total annual sales subject to the reduction? % _____

6.3.1 Key results of the survey

The tables below provide detailed background information for the discussion of the actual surcharging in selected Member States in the main body of the report.

Table 128: Comparing firms' current surcharging behaviour with their past behaviour 2011 vs 2009

Country	No 2011 surcharge		2011 surcharge	
	No 2009 surcharge	2009 surcharge	No 2009 surcharge	2009 surcharge
Belgium	93%	0%	0%	7%
Denmark	91%	0%	5%	5%
Finland	99%	0%	1%	1%
France	96%	0%	1%	3%
Germany	91%	0%	2%	7%
Ireland	86%	0%	5%	10%
Netherlands	90%	0%	3%	8%
Spain	91%	0%	3%	6%
UK	86%	0%	4%	10%

Source: Analysis of surcharge survey

Table 129: Average surcharge by country and sector (%)

Country	Catering/ Restaurants	Entertainment / Recreation	Retail	Travel/Hotel/ Hospitality	Other
Belgium				0.010	
Denmark	0.026		0.016	0.017	0.021
Finland				0.010	0.004
France	0.030	0.022	0.033	0.035	0.034
Germany	0.039	0.037	0.025	0.027	0.029
Ireland	0.028	0.010	0.026	0.024	0.027
Netherlands	0.027	0.027	0.030	0.030	0.020
Spain	0.033	0.041	0.026	0.030	0.025
UK	0.039	0.023	0.022	0.026	0.027

Source: Analysis of surcharge survey

Table 130: Average share of total annual sales subject to surcharge by country and sector (%)

Country	Catering/ Restaurants	Entertainment / Recreation	Retail	Travel/Hotel/ Hospitality	Other
Belgium			0.000	0.008	
Denmark	0.097		0.006	0.026	0.012
Finland			0.000	0.007	0.017
France	0.001	0.041	0.015	0.022	0.005
Germany	0.008	0.030	0.011	0.084	0.019
Ireland	0.036	0.033	0.032	0.348	0.024
Netherlands	0.185	0.029	0.015	0.100	0.040
Spain	0.017	0.110	0.041	0.102	0.034
UK	0.016	0.040	0.048	0.269	0.053

Source: Analysis of surcharge survey

Table 131: National sector expenditure (millions / in euro), by country and sector

Country	Catering/ Restaurants	Entertainment / Recreation	Retail	Travel/Hotel/ Hospitality	Other
Belgium	14972	16321	51078	14972	
Denmark	8178	12415	27499	8178	
Finland	9174	10844	26189	9174	
France	101734	92467	292398	101734	
Germany	116410	123590	342510	116410	
Ireland	12309	4956	17977	12309	
Netherlands	22157	26358	69744	22157	
Spain	125648	51506	169560	125648	
UK	141362	115335	246941	141362	

Note: Catering/Restaurants and Travel/Hotel/Hospitality are made up of Transport services [CP73]; Package holidays [CP096]; and Restaurants and hotels [CP11]. Entertainment/Recreation is made up of Recreation and culture [CP09]. Retail is made up of data on Food [CP01]; Alcoholic beverages, tobacco and narcotics [CP02]; Clothing and footwear [CP03]; and Furnishings, household equipment and routine maintenance of the house [CP05].

Source: Eurostat: *Final consumption expenditure of households by consumption purpose - COICOP 3 digit - aggregates at current prices [nama_co3_c]*

6.4 Data on the use of cards in payment transactions

6.4.1 Cards and cash

Table 132: Relative shares of cash and cards

	Austria		Belgium		Bulgaria		Cyprus		Czech Republic		Germany		Denmark		Estonia		Greece		Spain		Finland		France		Hungary	
	Cash	Card	Cash	Card	Cash	Card	Cash	Card	Cash	Card	Cash	Card	Cash	Card	Cash	Card	Cash	Card	Cash	Card	Cash	Card	Cash	Card	Cash	Card
2000	63%	37%	46%	54%			39%	61%	87%	13%	70%	30%	13%	87%	89%	11%	85%	15%			55%	45%	30%	70%	92%	8%
2001	60%	40%	46%	54%	90%	10%	39%	61%	84%	16%	68%	32%	12%	88%	85%	15%	89%	11%			52%	48%	29%	71%	88%	12%
2002	55%	45%	46%	54%	89%	11%	40%	60%	84%	16%	67%	33%	10%	90%	82%	18%	90%	10%	63%	37%	49%	51%	29%	71%	86%	14%
2003	54%	46%	46%	54%	89%	11%	40%	60%	82%	18%	68%	32%	9%	91%	79%	21%	86%	14%	62%	38%	47%	53%	28%	72%	85%	15%
2004	53%	47%	45%	55%	86%	14%	42%	58%	83%	17%	69%	31%	8%	92%	74%	26%	86%	14%	59%	41%	45%	55%	28%	72%	83%	17%
2005	50%	50%	42%	58%	79%	21%	42%	58%	84%	16%	71%	29%	7%	93%	70%	30%	84%	16%	57%	43%	41%	59%	29%	71%	82%	18%
2006	49%	51%	42%	58%	75%	25%	40%	60%	83%	17%	70%	30%	6%	94%	65%	35%	85%	15%	56%	44%	38%	62%	28%	72%	80%	20%
2007	48%	52%	43%	57%	88%	12%	40%	60%	79%	21%	68%	32%	6%	94%	61%	39%	84%	16%	54%	46%	34%	66%	27%	73%	78%	22%
2008	46%	54%	45%	55%	86%	14%	43%	57%	79%	21%	68%	32%	6%	94%	58%	42%	84%	16%	54%	46%	61%	39%	27%	73%	76%	24%
2009	45%	55%	46%	54%	88%	12%	46%	54%	78%	22%	68%	32%	5%	95%	55%	45%	85%	15%	54%	46%	36%	64%	28%	72%	76%	24%
2010	43%	57%	46%	54%	90%	10%	46%	54%	75%	25%	66%	34%	4%	96%	54%	46%	87%	13%	53%	47%	31%	69%	27%	73%	75%	25%
2011	41%	59%	46%	54%	87%	13%	45%	55%	72%	28%	65%	35%	4%	96%	52%	48%	88%	12%	52%	48%	30%	70%	26%	74%	74%	26%

Note: Austria cash value taken from 2010

Source: ECB Statistical Data Warehouse

iff, London Economics and PaySys



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Table 133: Relative shares of cash and card

	Ireland		Italy		Lithuania		Luxembourg		Latvia		Malta		Netherlands		Poland		Portugal		Romania		Sweden		Slovenia		Slovakia		UK	
	Cash	Card	Cash	Card	Cash	Card	Cash	Card	Cash	Card	Cash	Card	Cash	Card	Cash	Card	Cash	Card	Cash	Card	Cash	Card	Cash	Card	Cash	Card	Cash	Card
2000	67%	33%	59%	41%			0%	0%	71%	29%			49%	51%	85%	15%	53%	47%	94%	6%	56%	44%	54%	46%			40%	60%
2001	65%	35%	54%	46%			30%	70%	79%	21%			47%	53%	83%	17%	50%	50%	96%	4%	52%	48%	54%	46%			39%	61%
2002	59%	41%	55%	45%			29%	71%	80%	20%	79%	21%	49%	51%	84%	16%	49%	51%	81%	19%	44%	56%	55%	45%	85%	15%	38%	62%
2003	66%	34%	46%	54%			28%	72%	80%	20%	77%	23%	47%	53%	83%	17%	48%	52%	79%	21%	43%	57%	57%	43%	84%	16%	36%	64%
2004	63%	37%	44%	56%			27%	73%	78%	22%	77%	23%	45%	55%	83%	17%	48%	52%	74%	26%	44%	56%	57%	43%	83%	17%	36%	64%
2005	59%	41%	43%	57%			27%	73%	79%	21%	75%	25%	47%	53%	82%	18%	47%	53%	73%	27%	38%	62%	57%	43%	81%	19%	35%	65%
2006	57%	43%	43%	57%	82%	18%	27%	73%	76%	24%	73%	27%	45%	55%	80%	20%	46%	54%	90%	10%	38%	62%	56%	44%	66%	34%	34%	66%
2007	55%	45%	43%	57%	81%	19%	27%	73%	74%	26%	69%	31%	44%	56%	79%	21%	45%	55%	87%	13%	35%	65%	56%	44%	65%	35%	33%	67%
2008	54%	46%	47%	53%	81%	19%	26%	74%	72%	28%	67%	33%	43%	57%	77%	23%	44%	56%	85%	15%	25%	75%	56%	44%	65%	35%	32%	68%
2009	54%	46%	44%	56%	80%	20%	26%	74%	71%	29%	65%	35%	42%	58%	76%	24%	42%	58%	86%	14%	24%	76%	56%	44%	62%	38%	31%	69%
2010	51%	49%	52%	48%	80%	20%	23%	77%	70%	30%	63%	37%	40%	60%	74%	26%	37%	63%	85%	15%	23%	77%	55%	45%	61%	39%	29%	71%
2011	50%	50%	52%	48%	79%	21%	22%	78%	69%	31%	60%	40%	39%	61%	72%	28%	36%	64%	83%	17%	21%	79%	61%	39%	60%	40%	28%	72%

Source: ECB Statistical Data Warehouse

6.4.2 Cards, cash and cheques

Table 134: Relative shares of cash, cheques and cards (AT – DE)																		
	Austria			Belgium			Bulgaria			Cyprus			Czech Republic			Germany		
	Cash	Card	Cheque	Cash	Card	Cheque	Cash	Card	Cheque	Cash	Card	Cheque	Cash	Card	Cheque	Cash	Card	Cheque
2000	29%	17%	55%	17%	19%	64%				1%	2%	97%	40%	6%	53%	19%	8%	73%
2001	32%	21%	48%	16%	19%	65%				2%	3%	95%	49%	9%	41%	20%	9%	70%
2002	33%	27%	39%	17%	20%	62%				2%	3%	95%	81%	15%	4%	23%	11%	66%
2003	34%	29%	36%	20%	23%	57%				2%	3%	94%	80%	18%	2%	27%	13%	60%
2004	34%	31%	35%	20%	25%	55%				3%	4%	92%	78%	16%	5%	32%	14%	53%
2005	35%	35%	29%	22%	29%	49%				3%	4%	93%	76%	15%	9%	36%	15%	49%
2006	35%	36%	29%	24%	33%	44%				3%	5%	91%	78%	16%	6%	33%	14%	53%
2007	33%	35%	32%	25%	33%	42%				4%	6%	91%	75%	20%	5%	35%	17%	48%
2008	32%	38%	30%	29%	36%	35%				4%	5%	91%	76%	20%	4%	37%	18%	45%
2009	34%	42%	25%	32%	38%	30%				5%	6%	89%	75%	21%	4%	42%	20%	38%
2010	38%	51%	11%	33%	39%	27%				6%	7%	88%	72%	24%	4%	43%	22%	35%
2011	32%	46%	21%	32%	39%	29%				6%	7%	87%	69%	26%	4%	44%	24%	32%

Source: ECB Statistical Data Warehouse

iff, London Economics and PaySys



STUDY ON THE IMPACT OF DIRECTIVE 2007/64/EC ON PAYMENT SERVICES IN THE INTERNAL MARKET AND ON THE APPLICATION OF REGULATION (EC) NO 924/2009 ON CROSS-BORDER PAYMENTS IN THE COMMUNITY

Table 135: Relative shares of cash, cheques and cards (DK – FR)

	Denmark			Estonia			Greece			Spain			Finland			France		
	Cash	Card	Cheque	Cash	Card	Cheque	Cash	Card	Cheque	Cash	Card	Cheque	Cash	Card	Cheque	Cash	Card	Cheque
2000	2%	15%	83%	88%	11%	1%	6%	1%	94%				11%	9%	80%	3%	6%	91%
2001	2%	17%	80%	85%	15%	1%	8%	1%	91%				12%	11%	76%	3%	7%	90%
2002	2%	20%	78%	82%	17%	1%	9%	1%	89%	10%	6%	85%	16%	16%	68%	3%	7%	90%
2003	2%	24%	73%	78%	21%	0%	8%	1%	90%	8%	5%	88%	18%	20%	62%	3%	8%	90%
2004	3%	31%	67%	74%	26%	0%	9%	1%	89%	9%	6%	85%	20%	24%	56%	4%	9%	87%
2005	3%	33%	64%	69%	30%	0%	9%	2%	89%	9%	7%	84%	24%	34%	42%	4%	10%	86%
2006	3%	44%	53%	65%	35%	0%	9%	2%	89%	9%	7%	83%	23%	38%	38%	4%	11%	85%
2007	3%	51%	46%	61%	39%	0%	9%	2%	90%	10%	8%	82%	21%	41%	38%	4%	12%	84%
2008	4%	60%	36%	57%	42%	0%	10%	2%	89%	12%	10%	78%	32%	20%	48%	5%	13%	82%
2009	3%	65%	32%	55%	45%	0%	11%	2%	87%	14%	12%	74%	25%	44%	31%	6%	15%	80%
2010	3%	69%	28%	54%	46%	0%	11%	2%	87%	15%	14%	71%	24%	53%	23%	6%	16%	79%
2011	3%	76%	21%	52%	48%	0%	13%	2%	86%	17%	16%	68%	24%	56%	20%	6%	17%	77%

Source: ECB Statistical Data Warehouse

Table 136: Relative shares of cash, cheques and cards (HU – LV)

	Hungary			Ireland			Italy			Lithuania			Luxembourg			Latvia		
	Cash	Card	Cheque	Cash	Card	Cheque	Cash	Card	Cheque	Cash	Card	Cheque	Cash	Card	Cheque	Cash	Card	Cheque
2000	89%	8%	3%	4%	2%	94%	6%	4%	91%							67%	28%	5%
2001	86%	12%	2%	6%	3%	90%	5%	5%	90%				13%	31%	56%	75%	20%	5%
2002				7%	5%	87%	7%	6%	87%				15%	36%	49%	79%	19%	2%
2003				10%	5%	85%	5%	6%	88%				15%	38%	47%	78%	20%	1%
2004				9%	6%	85%	6%	7%	87%				16%	43%	40%	77%	22%	1%
2005				3%	2%	96%	6%	8%	86%				17%	46%	37%	78%	21%	1%
2006				3%	2%	95%	6%	9%	85%	72%	16%	12%	11%	29%	61%	76%	24%	0%
2007				3%	2%	95%	7%	9%	84%	73%	18%	9%				73%	26%	0%
2008				4%	3%	93%	8%	9%	83%	75%	18%	7%				71%	28%	0%
2009				5%	4%	91%	8%	11%	81%	76%	19%	5%				71%	29%	0%
2010				5%	5%	91%	12%	11%	77%	75%	19%	5%				70%	30%	0%
2011				5%	6%	89%	13%	12%	76%	76%	20%	4%				68%	31%	0%

Source: ECB Statistical Data Warehouse

Table 137: Relative shares of cash, cheques and cards (MT – SE)

	Malta			Netherlands			Poland			Portugal			Romania			Sweden		
	Cash	Card	Cheque	Cash	Card	Cheque	Cash	Card	Cheque	Cash	Card	Cheque	Cash	Card	Cheque	Cash	Card	Cheque
2000				48%	50%	1%	64%	12%	24%	3%	3%	94%	15%	1%	84%	54%	42%	4%
2001				47%	52%	0%	67%	14%	19%	4%	4%	93%	24%	1%	75%	50%	47%	3%
2002	6%	2%	92%	49%	51%	0%	69%	13%	18%	4%	4%	91%	30%	7%	63%	42%	55%	3%
2003	6%	2%	93%	47%	53%	0%	76%	15%	9%	5%	5%	90%	32%	9%	59%	40%	53%	7%
2004	6%	2%	92%	45%	55%	0%	83%	17%	0%	5%	6%	89%	34%	12%	54%	41%	51%	8%
2005	7%	2%	91%	47%	53%	0%	81%	18%	2%	6%	7%	87%	37%	14%	49%	36%	58%	6%
2006	7%	2%	91%	45%	55%	0%	79%	20%	1%	6%	8%	86%	37%	4%	59%	35%	59%	6%
2007	7%	3%	90%	44%	56%	0%	78%	21%	1%	7%	8%	85%	41%	6%	54%	33%	61%	6%
2008	8%	4%	88%	43%	57%	0%	77%	23%	1%	7%	9%	83%	44%	8%	48%	24%	70%	7%
2009	8%	4%	88%	42%	58%	0%	76%	24%	1%	9%	12%	80%	54%	9%	37%	23%	73%	4%
2010	8%	5%	87%	40%	60%	0%	74%	26%	1%	9%	15%	76%	46%	8%	46%	22%	75%	3%
2011	9%	6%	85%	39%	61%	0%	72%	27%	1%	10%	18%	72%	53%	11%	36%	21%	77%	3%

Source: ECB Statistical Data Warehouse

Table 138: Relative shares of cash, cheques and cards (SI – UK)									
	Slovenia			Slovakia			UK		
	Cash	Card	Cheque	Cash	Card	Cheque	Cash	Card	Cheque
2000	45%	38%	18%				5%	8%	87%
2001	50%	42%	8%				6%	9%	86%
2002	51%	42%	7%	84%	14%	2%	6%	10%	84%
2003	55%	42%	4%	83%	16%	1%	6%	12%	82%
2004	56%	42%	2%	82%	16%	1%	7%	13%	80%
2005	56%	42%	2%	80%	18%	2%	8%	15%	78%
2006	55%	44%	1%	66%	33%	1%	8%	16%	76%
2007	55%	44%	1%	65%	35%	1%	8%	17%	74%
2008	55%	43%	1%	65%	35%	0%	9%	19%	71%
2009	56%	43%	1%	61%	38%	0%	10%	22%	68%
2010	55%	44%	1%	61%	38%	0%	11%	26%	63%
2011	60%	39%	1%	60%	40%	0%	12%	30%	58%

Source: ECB Statistical Data Warehouse

iff, London Economics and PaySys



STUDY ON THE IMPACT OF DIRECTIVE 2007/64/EC ON PAYMENT SERVICES IN THE INTERNAL MARKET AND ON THE APPLICATION OF REGULATION (EC) NO 924/2009 ON CROSS-BORDER PAYMENTS IN THE COMMUNITY

7 Annex Passporting: Detailed Analysis of Passporting Activities of APIs

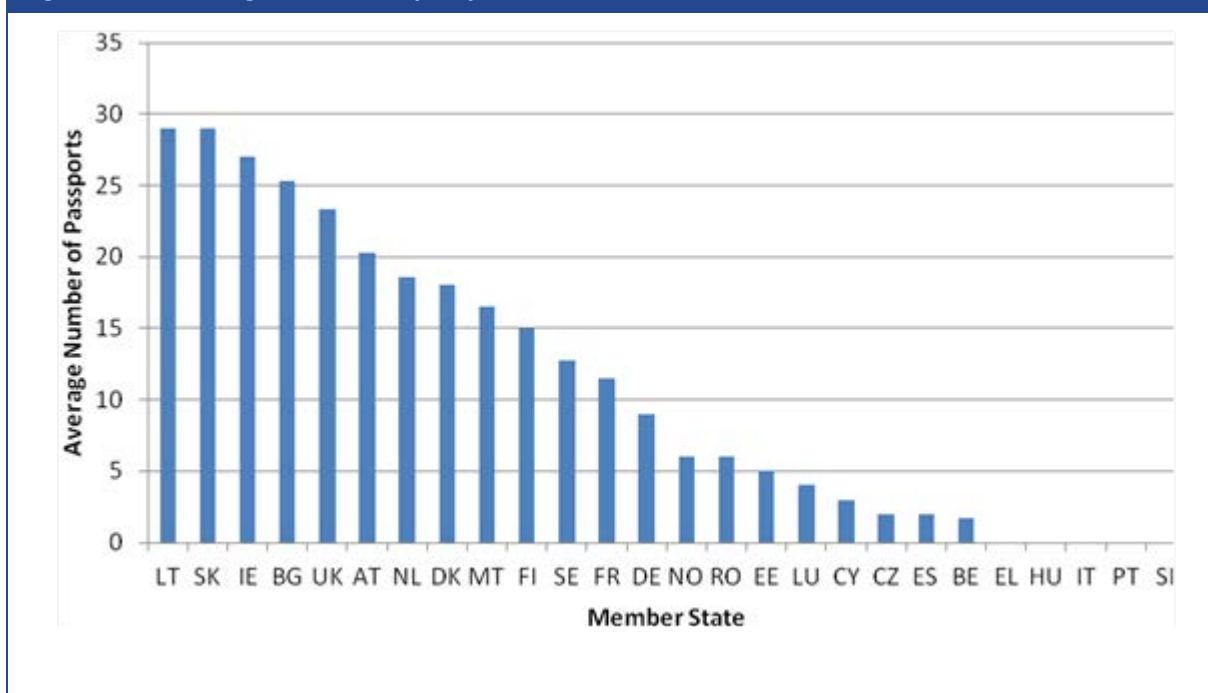
In terms of the total number passports held by APIs in the various EEA State, the United Kingdom has by far the highest number with 2721, followed at a distance by the Netherlands (186).

As the number of APIs varies greatly across EEA States, an analysis focusing on the average number of passports per API provides a better picture of the difference in passporting activity of the APIs. Moreover, as a number of APIs automatically passports in all or quasi-all EEA States, the analysis distinguishes between this type of APIs from the APIs having obtained passports on a more selective basis.

The average number of payment services passported by payment institutions (shown in the figure below) differs significantly across EEA States:

- On average, APIs in Lithuania and Slovakia hold 29 passports.
- By contrast, APIs from 6 EEA States (Belgium, Estonia, Cyprus, Czech Republic, Luxembourg and Spain) hold, on average, less than 5 passports.

Figure 48: Average number of passports of APIs

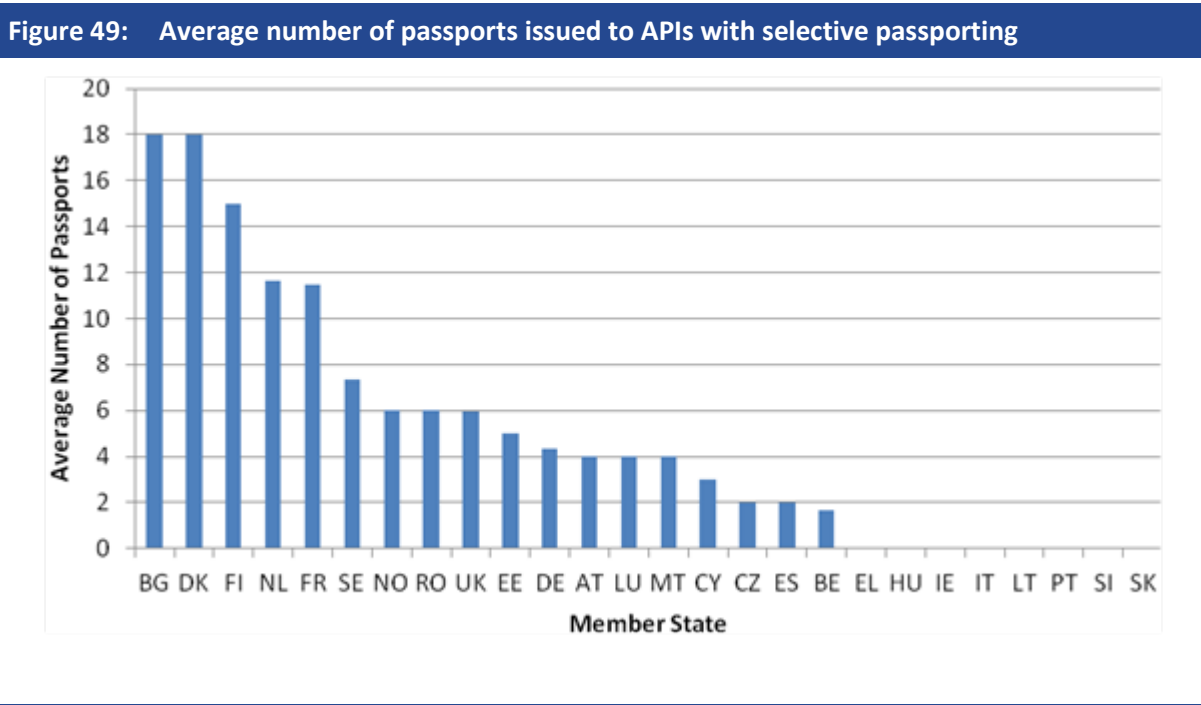


Note: Latvia and Poland are not included, since there are no authorised payment institutions in these two countries

Source: Registers on the web sites of the competent authorities and complementary information provided by the authorities

The next figure focuses on the average number of passports issued to payment institutions who sought passports on a selective basis. Two groups of States with selective passporting can be distinguished.

- A group of APIs from 5 States sought, on average, more than 10 passports per API – this group includes APIs from Bulgaria, Denmark, Finland, France and Netherlands;
- By contrast, APIs from Austria, Belgium, Cyprus, Czech Republic, Estonia, Germany, Luxembourg and Spain sought, on average, 5 or fewer passports.



Note: Latvia and Poland are not included, since there are no authorised payment institutions in these two countries

Source: *Registers on the web sites of the competent authorities and complementary information provided by the authorities*

In order to gain a deeper understanding of the APIs approach to choosing host countries for passporting the table overleaf shows, for each host country, the relative importance (in terms of the number of passports issued) of the different EEA countries.

In a large majority of the EEA countries, the United Kingdom is consistently the largest source of passports, followed by the Netherlands.

Figure 50: Distribution of passports from each EEA State into all other EEA States

		Receiver Country																													
		AT	BE	BG	CY	CZ	DE	DK	EE	EL	ES	FI	FR	HU	IE	IS	IT	LI	LT	LU	LV	MT	NL	NO	PL	PT	RO	SE	SI	SK	UK
Home country	AT		0.0%	0.0%	0.0%	9.1%	3.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	20.0%	0.0%	0.0%
	BE	0.0%		0.0%	0.0%	0.0%	3.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.3%	0.0%	0.0%	0.0%	0.0%	0.0%	7.7%	0.0%	0.0%	0.0%	12.5%	0.0%	0.0%	0.0%	
	BG	4.0%	3.6%		14.3%	9.1%	3.1%	5.6%	16.7%	8.3%	3.4%	0.0%	3.3%	9.1%	0.0%	0.0%	3.3%	0.0%	0.0%	0.0%	0.0%	0.0%	3.8%	0.0%	5.6%	5.9%	0.0%	5.6%	0.0%	14.3%	6.7%
	CY	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	8.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	12.5%	0.0%	0.0%	0.0%	6.7%
	CZ	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	9.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	14.3%	0.0%
	DE	20.0%	10.7%	0.0%	0.0%	18.2%		0.0%	0.0%	8.3%	10.3%	0.0%	3.3%	9.1%	4.3%	0.0%	10.0%	50.0%	0.0%	23.8%	0.0%	0.0%	23.1%	0.0%	11.1%	5.9%	0.0%	0.0%	20.0%	14.3%	13.3%
	DK	4.0%	3.6%	0.0%	0.0%	0.0%	3.1%		0.0%	8.3%	3.4%	8.3%	3.3%	9.1%	4.3%	33.3%	0.0%	0.0%	25.0%	4.8%	14.3%	0.0%	3.8%	7.1%	5.6%	0.0%	0.0%	5.6%	0.0%	0.0%	6.7%
	EE	0.0%	0.0%	20.0%	0.0%	0.0%	0.0%	5.6%		0.0%	0.0%	8.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	14.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.6%	0.0%	0.0%	0.0%
	EL	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	ES	4.0%	3.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	6.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	FI	4.0%	3.6%	0.0%	0.0%	0.0%	3.1%	5.6%	16.7%	0.0%	3.4%		3.3%	0.0%	4.3%	0.0%	0.0%	25.0%	4.8%	14.3%	0.0%	3.8%	7.1%	0.0%	0.0%	0.0%	5.6%	0.0%	0.0%	0.0%	6.7%
	FR	4.0%	14.3%	20.0%	14.3%	9.1%	9.4%	5.6%	16.7%	8.3%	10.3%	8.3%		18.2%	8.7%	0.0%	10.0%	0.0%	25.0%	14.3%	14.3%	16.7%	7.7%	0.0%	11.1%	11.8%	37.5%	5.6%	20.0%	14.3%	20.0%
	HU	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	IE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	IS	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	IT	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	LI	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	LT	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	LU	0.0%	0.0%	0.0%	0.0%	0.0%	3.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	9.1%	0.0%	0.0%	3.3%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	5.6%	0.0%	0.0%	0.0%	0.0%	0.0%
	LV	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	MT	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.6%	0.0%	0.0%	3.4%	0.0%	0.0%	0.0%	0.0%	0.0%	3.3%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	5.6%	0.0%	0.0%	0.0%
	NL	16.0%	17.9%	20.0%	28.6%	18.2%	15.6%	16.7%	16.7%	16.7%	10.3%	25.0%	13.3%	18.2%	8.7%	33.3%	6.7%	0.0%	25.0%	23.8%	14.3%	33.3%		21.4%	11.1%	17.6%	12.5%	16.7%	20.0%	28.6%	26.7%
	NO	0.0%	0.0%	0.0%	0.0%	9.1%	3.1%	5.6%	0.0%	0.0%	0.0%	0.0%	3.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.6%	0.0%	0.0%	0.0%	6.7%
	PL	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	PT	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	RO	0.0%	3.6%	0.0%	0.0%	0.0%	3.1%	0.0%	0.0%	0.0%	3.4%	0.0%	3.3%	0.0%	0.0%	0.0%	3.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
SE	4.0%	3.6%	0.0%	0.0%	0.0%	3.1%	11.1%	16.7%	0.0%	6.9%	16.7%	6.7%	0.0%	4.3%	0.0%	6.7%	0.0%	4.8%	0.0%	0.0%	3.8%	7.1%	11.1%	5.9%	0.0%	0.0%	0.0%	0.0%	0.0%	6.7%	
SI	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
SK	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
UK	40.0%	35.7%	40.0%	42.9%	27.3%	46.9%	38.9%	16.7%	41.7%	44.8%	33.3%	53.3%	18.2%	65.2%	33.3%	46.7%	50.0%	0.0%	23.8%	28.6%	50.0%	42.3%	57.1%	38.9%	52.9%	25.0%	44.4%	20.0%	14.3%		

Note: Latvia and Poland are not included, since there are no authorised payment institutions in these two countries

Source: Registers on the web sites of the competent authorities and complementary information provided by the authorities

The data on the passporting activity of APIs can also be used to assess whether APIs of two countries have a particular affinity for each other's home market. To examine quantitatively whether such particular affinities exist based on a standard indicator of bilateral trade, we have constructed a variable called "Bilateral flow of passports" which is equal to the average of each country's share of the total number of inward passports in the host country,

$$\text{Bilateral flow of passports} = \frac{1}{2} (\text{Passport}_{i,j}/\text{Passports in}_j + \text{Passport}_{j,i}/\text{Passports in}_i)$$

Where:

- $\text{Passport}_{i,j}$ = number of passports from country i to country j
- Passports in_j = total number of passports into country j
- $\text{Passport}_{j,i}$ = number of passports from country j to country i
- Passports in_i = total number of passports into country ij

By construction, the maximum value of this indicator of reciprocal passport activity is 1.

The data reported in the table below show that a number of country pairs, typically neighbouring countries, show a certain degree of integration. In particular the following country pairs are worthy of notice:

- Austria – Germany
- Czech Republic – Hungary
- Czech Republic – Slovakia
- Belgium – Netherlands
- Germany - Luxembourg

Table 139: Bilateral passport flows between EEA countries

APIs not having passported to 28 or more EEA States		All APIs	
Pairs of countries	Bilateral flow of passports	Pair of countries	Bilateral flow rate
ES,FR	28.3%	ES,FR	28.3%
CZ,SK	25.0%	CZ,SK	26.7%
CZ,HU	25.0%	CZ,HU	25.0%
BE,NL	23.6%	BE,NL	22.4%
AT,DE	18.9%	CY,UK	18.3%
DE,LU	18.9%	BE,RO	18.3%
BE,RO	18.3%	CY,RO	16.7%
CY,UK	17.5%	CY,EL	16.7%
CY,EL	16.7%	DE,LU	16.0%
CY,RO	16.7%	AT,ES	14.1%
BE,DE	13.8%	EE,FI	13.3%
EE,FI	13.3%	BE,DE	12.5%
BG,EE	12.8%	HU,LU	12.5%
MT,SE	12.5%	LU,PL	12.5%
LU,PL	12.5%	BE,ES	12.5%
AT,CZ	12.5%	IT,LU	12.5%
DK,MT	12.5%	BG,EE	12.0%
ES,MT	12.5%	EE,SE	12.0%
HU,LU	12.5%	FR,RO	11.6%
IT,MT	12.5%	DK,NO	11.1%
AT,ES	12.5%	NO,SE	10.3%
BE,ES	12.5%	NO,UK	10.1%
AT,IT	12.5%	EE,LV	10.0%
IT,LU	12.5%	DK,EE	10.0%
AT,SI	12.5%	BE,IT	10.0%
EE,SE	12.3%		
FR,RO	11.6%		
DE,NL	11.3%		
DK,NO	11.1%		
NO,SE	10.6%		
NO,UK	10.6%		
EE,LV	10.0%		
DK,EE	10.0%		
BE,IT	10.0%		

Note: only country pairs with a flow rate of more than 10% are listed in the table

Source: Registers on the web sites of the competent authorities and complementary information provided by the authorities.

The table presents the number of API authorised payment institutions providing the seven different payment services in each Member State. Some payment institutions are licensed to perform more than one activity, thus the total does not correspond to the total number of authorised payment institutions.

As was shown earlier in the previous Chapter, money remittance (Activity 6) is the most common with 328 APIs providing such services and the United Kingdom hosting more than half of the payment institutions carrying out such payment services.

These APIs engaged in remittance activities account also account for the majority of all the passports held APIs (i.e. for 65% of all passports) (see table below).

Table 140: Share of passporting APIs and share of total passports by activity combination

Activity Combination	Share of passporting PIs	Share of all passports	Activity Combination	Share of passporting PIs	Share of all passports
1,2	0.0%	0.0%	2,3,4,5,7	0.0%	0.0%
1,2,3	0.0%	0.0%	2,3,5	0.6%	0.3%
1,2,3,4	0.0%	0.0%	2,4	1.1%	0.9%
1,2,3,4,5	0.6%	0.8%	2,4,5	0.0%	0.0%
1,2,3,4,5,6	0.6%	0.8%	2,4,5,7	0.0%	0.0%
1,2,3,4,5,6,7	0.0%	0.0%	2,5	0.6%	0.1%
1,2,3,4,6	0.0%	0.0%	2,5,6	0.0%	0.0%
1,2,3,4,6,7	0.0%	0.0%	3	0.6%	0.0%
1,2,3,5	1.1%	1.7%	3,4	1.1%	1.2%
1,2,3,5,6	1.7%	1.0%	3,4,5	1.1%	0.8%
1,2,3,5,6,7	0.6%	0.1%	3,4,5,6	1.1%	1.0%
1,2,3,6	1.1%	0.9%	3,4,5,6,7	0.0%	0.0%
1,2,4,5,6	0.6%	0.8%	3,4,5,7	1.1%	0.1%
1,2,4,5,7	0.0%	0.0%	3,5	8.0%	6.7%
1,2,4,6,7	0.6%	0.8%	3,5,6	2.8%	1.3%
1,2,5,6	0.6%	0.8%	3,5,7	0.0%	0.0%
1,2,6	1.1%	1.6%	3,6	2.3%	2.0%
1,3,4,5	0.0%	0.0%	3,6,7	0.6%	0.4%
1,3,4,5,6	0.6%	0.8%	4	0.0%	0.0%
1,3,4,5,6,7	0.6%	0.8%	4,5	1.1%	1.6%
1,3,5	0.0%	0.0%	4,5,7	0.0%	0.0%
1,3,5,6,7	0.0%	0.0%	5	4.0%	3.3%
1,3,6,7	0.6%	0.8%	5,6	1.1%	0.8%
1,4,5	0.0%	0.0%	5,7	0.6%	0.1%
1,4,5,7	0.0%	0.0%	6	59.7%	65.0%
1,5	0.6%	0.8%	6,7	0.6%	0.8%
1,5,7	0.6%	0.1%	7	0.6%	0.8%
2,3,4,5	0.0%	0.0%			

Note: Latvia and Poland are not included, since there are no authorised payment institutions in these two countries

Source: Registers on the web sites of the competent authorities and complementary information provided by the authorities

Table 141: Provision of cross-border payment services in various EU Member States

	2010				2011				Change 2011- 2010	Share of APIs providing cross- border services without branches or use of agents
	Branch	Agent	Without branch	Total	Branch	Agent	Without branch	Total		
Austria	2		69	71	3		124	127	56	98%
Belgium										
Bulgaria	0	1	43	44	0	1	81	82	38	99%
Cyprus	0	4	37	41	0	5	91	96	55	95%
Czech Republic	0	3	42	45	1	3	99	103	58	96%
Denmark										
Estonia	0	1	42	43	0	1	85	86	43	99%
France										
Finland										
Germany										
Greece										
Hungary										
Ireland	5	8	70	83	8	11	83	102	19	81%
Italy	0	5	40	45	13	10	98	121	76	81%
Latvia	0	2	39	41	0	3	93	96	55	97%
Lithuania	0	2	43	45	0	2	99	101	56	98%
Luxembourg										

Malta										
Poland	3	5	43	51	6	6	92	104	53	88%
Portugal										
Spain	0	1	45	46	2	1	105	108	62	97%
Slovakia	0	1	39	40	0	4	80	84	44	95%
Slovenia	0	2	42	44	0	2	88	90	46	98%
Sweden										
United Kingdom										

Source: European Central Bank Payments statistics(<http://sdw.ecb.europa.eu/reports.do?node=100000761>)

8 Annex List of Organisations, Legal Experts and Other Stakeholders consulted

8.1 Complaint boards

Table 142: Self-declared competences of the complaint boards						
Member State and Organisation	competent authority – Art. 80 PSD	out-of-court settlement body – Art. 83 PSD	competent authority – access to payment serv. – Art. 28 PSD	competent authority Art. 10 Reg. 924	out-of-court settlement body Art. 11 Reg. 924	other complaints in relation with payment services
AT Gemeinsame Schlichtungsst. der Österreichischen Kreditwirtsch.		X			X	
BE SPF Economie Belgium	X			X		
BE Service de médiation Banques - Crédit – Placements		X			X	
BG Bulgarian National Bank	X		X	X		
BG Conciliation Committee for Payment Disputes		X			X	
CY Central Bank of Cyprus	X	X	X	X	X	
CZ Financial's Arbitrator Office		X			X	
DE Deutsche Bundesbank		X			X	
DE Federal Financial Supervisory Authority	X					
DE Bundesverband der Deutschen Volks- und Raiffeisenbanken		X			X	
DE Bundesverband öffentlicher Banken		X			X	
DK The Danish Complaint Board for Banking Services		X				
DK The Danish Financial Supervisory Authority	X		X			X
EE Central Bank of Estonia			X			
EE Estonian Financial Supervision Authority	X					
ES Banco de España		X			X	
HU Hungarian Financial Supervisory Authority	X		X	X		
LT The State Consumer Rights Protection Authority	X					
LU Commission de surveillance du secteur financier	X	X	X	X	X	
NL Authority for the Financial Markets	X					

PL National Bank of Poland			X			
PT Lisbon Arbitration Centre for Consumer Complaints		X			X	
RO National Bank of Romania	X*		X			
RO Romanian Financial Guard	X					
SE The National Board for Consumer Disputes		X				
SE Finansinspektionen			X			
SI Banka Slovenije	X		X	X		
UK Office of Fair Trading			X			

Note: * = “only in the fields related to Title II PSD – not for responsibilities connected with consumers/SME protection”

Source: *Own answers of the organisations*

8.2 Consumer associations

Table 143: Consumer associations surveyed		
MS	Respondents to long questionnaire	Respondents to short questionnaire
AT	ArbeiterKammer Wien	Verein für Konsumenteninformation (VKI)
BE	OVIO-CRIOC Test-Achats	
BG	Bulgarian Financial Forum (abv.org)	
CY		Cyprus Consumers' Union & Quality of Life (consumersunion.org.cy) Cyprus Consumers' association
CZ	Poradna - Debt Advisory Centre (financnitisen.cz)	SOS (Consumer Defence Association of South-Moravia region)
DE	Verbraucherzentrale Bundesverband e.V. (Federation of German Consumer Organisations)	
DK	TAENK Forbrugerrådet (Danish Consumer Council)	
EE	Tarbijate Kaitse Ühendus - Association of Consumers' Protection (UGANDI)	
EL	Consumer Association Quality of Life (EKPIZO)	
ES	Asociación de Usuarios de Bancos Cajas y Seguros ADICAE (Spanish Association of Users of Banks, Savings Banks and Insurances)	
FI		Kuluttajavirasto - ECC Net Finland (Kuluttajavirasto.fi)
FR		UFC-Que Choisir
HU	Országos Fogyasztóvédelmi Egyesület - National Association for Consumer Protection (ofe.hu)	
IE		ECC Net Ireland (eccireland.ie)
IT	AltroConsumo	
LT	Lietuvos Banku Asociacija - Bank Client Association (lbka.lt)	ECC Net Lithuania*
LU		ECC Net Luxembourg (cecluxembourg.lu)
LV	Patērētāju tiesību aizsardzības centru (PTAC) -	Latvijas Patērētāju interešu aizstāvības

	Consumer Rights Protection Centre of Latvia, Financial Services Surveillance unit	asociācija - Latvian National Association for Consumer Protection (patertajs.lv)
MT		I-Għaqda tal-Konsumaturi
NL	Consumentenbond (Consumentenbond.nl) Nibud (nibud.nl)	
PL		Federacja Konsumentów - Polish Consumer Federation (federacja-konsumentow.org.pl)
PT	Associação Portuguesa para a Defesa do Consumidor (Deco)	
RO	Conso.ro	
SI	Zveza potrošnikov Slovenije - Slovene Consumer Association (ZPS.si)	
SK		Združenia slovenských spotrebiteľov - Association of Slovak Consumers (zss.sk)
SE	Konsumentverket - Swedish Consumer Agency (Konsumentverket.se)	
UK		Which?

Note: *= The answer from ECC Lithuania was only included in the analysis for Regulation 924/2009. Consumer associations and ECC-Net centres answers included in the results.

8.3 Competent authorities

Table 144: Competent authorities surveyed			
Country	Name of competent authority	Country	Name of competent authority
Austria	Financial Market Authority (FMA)	Latvia	Financial and Capital Market Commission (FKTK)
Belgium	National Bank of Belgium	Lithuania	Bank of Lithuania
Bulgaria	Bulgarian National Bank	Luxembourg	Commission de Surveillance du Secteur Financier (CSSF)
Cyprus	Central Bank of Cyprus	Malta	Malta Financial Services Authority
Czech Republic	Czech National Bank	Netherlands	De Nederlandsche Bank
Denmark	Danish FSA - Finanstilsynet	Poland	Financial Supervision Authority -KNF
Estonia	Estonian Financial Supervision Authority	Portugal	Banco de Portugal
Finland	Financial Supervisory Authority – Finanssivalvonta	Romania	National Bank of Romania
France	Autorité de Contrôle prudentiel - Banque de France	Slovakia	National Bank of Slovakia
Germany	Federal Financial Supervisory Authority (BaFin)	Slovenia	Banka Slovenije
Greece	Bank of Greece	Spain	Banco de España
Hungary	Hungarian Financial Supervisory Authority - Penzügyi Szervezetek Allami Felügyelete	Sweden	Swedish FSA – Finansinspektionen
Ireland	Central Bank of Ireland	United Kingdom	Financial Services Authority
Italy	Banca d'Italia		

8.4 Legal experts

Our thanks to the legal experts consulted.

Table 145: Legal experts consulted		
MS	Legal experts	Coding
AT	Dr. Stephan Keiler, LL.M. and Mr. Tobias Eberharter, University of Salzburg	LEQL16 SK (AT)
BE	Observatoire du Crédit et de l'Endettement ASBL	LEQL1 ASBL (BE)
BG	Ivan Mangatchev, New Bulgarian University	LEQL2 IM (BG)
DE	Achim Tiffe, institut für finanzdienstleistungen e.V (<i>iff</i>)	LEQL3 iff (DE)
EE	bnt Bergmann Klauberg Krauklis Attorneys-at-Law	LEQL4 BK (EE)
ES	Elena Perez-Carrilo, University of Santiago de Compostela	LEQL5 UniSanCom (ES)
IE	Mel Cousins	LEQL6 MC (IE)
IT	Prof. Diana Cerini, Università degli Studi di Milano Bicocca	LEQL7 DC (IT)
LT	Yvonne Goldammer, bnt Vilnius	LEQL8 LT)
LU	Christian Deprez, researcher, University of Luxemburg	LEQL9 CD (LU)
LV	Girts Osis, bnt Klauberg Kraulis	LEQL10 KK (LV)
MT	David Gonzi, Gonzi & Associates	LEQL11 (MT)
PT	Espanha e associados, sociedade de advogados, R.L.	LEQL13 EspeAss (PT)
RO	Rodica Diana Apan, CUN Baia Mare, Technical University Cluj Napoca	LEQL14 RDA (PT)
UK	Prof. Toni Williams, University of Kent	LEQL15 TW (UK)

8.5 Other stakeholders

We wish to extend our thanks to the other stakeholders who contributed information to our study. They included:

- Marinella Ivanonva Petrova Ashikova, legal adviser (BG),
- Jakub Gorka, University of Warsaw, Faculty of Management (PL),
- Marija Zeltina, Latvian Consumer association (LV),
- The Mortgage Credit Complaint Board (DK),
- Lisbon Arbitration Centre for Consumer Complaints (PT),
- Finish Consumer Agency (FI).