



Cross-border payments in euro: cheaper thanks to increased efficiency



The Belgian Bankers' and Stockbroking Firms' Association (ABB-BVB) is a member of the Belgian Finance Federation

THE INTRODUCTION of euro coins and banknotes on 1 January 2002 and the adoption by the European Commission of a Regulation⁽¹⁾ on cross-border payments in euro are important steps on the way towards a genuine European payments area.

The principal aim of the Regulation is to ensure equal tariffing for cross-border payments in euro within the European Union and for domestic payments.

What to do in order to make sure that the domestic payments tariff will be applied to your cross-border payments?

I. Who can benefit from this?

Any person who, either as a private person or as a company, wants to make a cross-border payment, be it as ordering customer or as beneficiary.

II. What are the transactions and amounts concerned?

- Withdrawals of euro banknotes from cash dispensers and electronic payment transactions in euro by means of a payment card up to 50,000 EUR.
- Credit transfers in euro⁽²⁾ up to 50,000 EUR.

The rule does not apply to cheques.

III. Which countries and areas are concerned?

The European Economic Area, which includes the Member States of the European Union (EU):

Austria, Belgium, Cyprus, Czechia, Denmark, Estonia, Finland, France, French Guyana, Germany, Gibraltar, Greece, Guadeloupe, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Martinique, Netherlands, Portugal (including the Azores and Madeira), Poland, Réunion, Slovakia, Slovenia, Spain (including the Canary Islands, Ceuta and Melilla), Sweden and the United Kingdom and Iceland, Liechtenstein and Norway.

IV. Customer duties

- In order to make sure that your cross-border credit transfer will benefit from the domestic payments tariff, you must communicate to your bank the International Bank Account Number (IBAN) of the beneficiary as well as the Bank Identifier Code (BIC) of the beneficiary's bank. See also below.
In accordance with implicit national practices, you also need to mention that your transfer is to be carried out using the 'shared costs' system (SHA) between the originator (yourself) and the beneficiary, whereby each party carries the costs of its own bank.
- VAs for cross-border invoicing in the European Union, a supplier who accepts payment by cross-border credit transfer, shall communicate his IBAN and the BIC of his bank to his customers.

V. Bank duties

For any of these transactions, your bank must inform you of the charges which will be levied. Any modification of the charges shall be communicated in advance of the date of application. This obligation to inform also applies to cheques.

In case of a currency exchange, the exchange charges must also be communicated.

Your bank must also communicate your IBAN and its BIC to you. By 1 July 2003 at the latest, this information will be indicated on or added to your statements of account.

Other regulations governing credit transfers

Tariffing for credit transfers to which the Regulation does not apply, is different from that governing domestic payments. More information about these specific tariffs can be obtained from your bank.

The Law of 9 January 2000 on cross-border credit transfers⁽³⁾ specifies the information the bank must give you about its conditions and the time needed for executing the order. This Law applies to all credit transfers:

- ▶ within the European Union and the Member States of the European Economic Area (Iceland, Liechtenstein and Norway),
- ▶ in euro or in a currency of one of those countries,
- ▶ and for a maximum amount of 50,000 euro or its equivalent.

As soon as the bank accepts your order for a cross-border credit transfer, it must commit itself, at your request, as for the time needed for executing the order, the fees and charges, except those in connection with the exchange rate which would be applied, if any.

It is your duty to provide all the information needed for executing the order, i.e. the beneficiary's bank account number and the correct identification of his bank.

For this category of credit transfers, all charges, including those which are due to foreign banks, must be paid by you, unless you explicitly order your bank to do otherwise. Please pay attention to this.

- (1) *Regulation (EC) No. 2560/2001 of the European Parliament and of the Council of 19 December 2001 on cross-border payments in euro.*
- (2) *This includes credit transfers in Swedish Crown (SEK). Your bank will gladly provide you with further information on this subject.*
- (3) *This law has transposed Directive 97/5/EC on cross-border credit transfers into Belgian law.*

IBAN & BIC

The *International Bank Account Number* (IBAN) is the beneficiary's bank account number in cross-border payments.

The IBAN consists of 34 alphanumeric characters at most and has a fixed length per country (for Belgium: 16 characters). The IBAN is made up of a country code (2 letters), a check number (2 digits) and a national account number (completed, for some countries).

The account number is preceded by the label 'IBAN' and split into sets of 4 characters separated by a blank space. In electronic registration, the label 'IBAN' and the blanks are left out.

The *Bank Identifier Code* (BIC), also called S.W.I.F.T. code, identifies the beneficiary's bank. The BIC consists of 8 or 11 alphanumeric characters and is made up of a bank code (4 characters), a country code (2 letters), a place code (2 characters) and may include, for some bank, a branch code (3 characters).

The BIC is preceded by the label 'BIC', which is left out in electronic registration.

Examples

Belgium: 539-0075470-34
IBAN: BE68 5390 0754 7034
BIC: BANKBEBB

France: 18206 00010 30569664001 17
IBAN: FR76 1820 6000 1030 5696 6400 117
BIC: BANKFRPP882

Netherlands: 12.34.56.789
IBAN: NL97 BANK 0123 4567 89
BIC: BANKNL2A

Funds transfer orders

It is preferable to communicate your funds transfer orders to your bank electronically.

Otherwise, you must use the credit transfer form provided by your bank (maybe a special credit transfer form in accordance with the European Regulation).

As for domestic payments, nothing changes: you keep using national account numbers and credit transfer forms.

Where can you obtain more information?

Your bank will be pleased to provide you further information.

You can also have a look at the website of the Belgian Bankers' Association (<http://www.abb-bvb.be>), where you will find a general explanation as well as detailed specifications and implementation guidelines.