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Hidden fees continue, despite EU transparency law: An open letter from the tech community to the European Parliament

Cross-border payments are a secret rip-off: European consumers lost 12.5 billion in hidden fees in a single year. In 2018, the European Union introduced a landmark rule to fix this. The goal was to give price transparency to consumers sending cross-border payments in the EU: **the Revised Cross-Border Payments Regulation (CBPR2)**.

Its goal is to ensure consumers understand what they're paying, before making a payment. The rule requires transparent pricing for consumers sending cross-border bank transfers from one EU country to another EU country, cross-currency (e.g. sending money from France to Romania). According to the law, "all currency conversion charges" must be shown to the consumer, before making the payment.

But today, big banks and other providers are continuing to hide fees in exchange rate mark-ups. That's when they deliberately give you an exchange rate that's much worse than the one you see on Google.

We came together with a group of tech companies in Europe to call on the European Parliament to take notice. As long as CBPR2 isn't applied and enforced, European consumers will continue to lose out.

An open letter from the tech community to the European Parliament: Hidden fees continue, despite EU transparency law

Dear Members of European Parliament,

In 2018, the European Union introduced a landmark rule to bring price transparency to consumers sending cross-border payments in the EU: **the Revised Cross-Border Payments Regulation (CBPR2)**.

CBPR2 was a hard-fought win for many in the European Parliament and promised to deliver increased price transparency for consumers across the Union - not only in dynamic currency conversion but also when making online payments and via credit transfers. The law requires transparent price disclosure for consumers sending cross-border credit transfers from one EU country to another EU country, cross-currency (e.g. sending money from France to Romania). According to the law, "all currency conversion charges" must be shown to the consumer, before making the payment.

But today, more than 1.5 years after these requirements came into force on 19 April 2020, banks and other providers are still hiding fees from consumers in exchange rate mark-ups. While some providers are now showing more transaction fees before making a payment, many continue to hide the exchange rate mark-up as a cost to the consumer. This is actively misleading consumers - and importantly, this is **not in line with the law**.

While 60% of remittances are sent intra-EU, many Europeans making payments are not aware of their new rights and the fact that a new law should make those payments fairer. National regulators have not taken strong action to enforce the rule, offering forbearance despite a two-year implementation period. This means consumers still don't know the true cost of sending money to family and friends cross-border. Without better enforcement of these new rules, CBPR2 will continue to fail the consumers it set out to help.

In its Retail Payments Strategy, the European Commission has recognised the potential to improve price transparency in all cross-border payments (not only intra-EU) within the Payment Services Directive review in 2022. **But without proper application and enforcement of current rules under CBPR2, how will the EU be able to enforce the same type of rules for remittances, and deliver on global goals?**

We are writing to you to ask your support to ensure all Europeans sending money cross-border are provided with the transparency guaranteed under CBPR2.

Sincerely,

Tech and fintechs of Europe

ABOUT WISE

Wise is a global technology company, building the best way to move money around the world. With the Wise account people and businesses can hold over 50 currencies, move money between countries and spend money abroad. Large companies and banks use Wise technology too; an entirely new cross-border payments network that will one day power money without borders for everyone, everywhere. However you use the platform, Wise is on a mission to make your life easier and save you money.

Co-founded by Kristo Käärmann and Taavet Hinrikus, Wise launched in 2011 under its original name TransferWise. It is one of the world's fastest growing, profitable technology companies and is listed on the London Stock Exchange under the ticker, WISE.

13 million people and businesses use Wise, which processes over £6 billion in cross-border transactions every month, saving customers over £1 billion a year.



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