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**Consultative Document to contribute to the Preparation of a Report
on the Application of Regulation (EC) No 2560/2001 on Cross-border Payments in euro**

At the request of the FBE regarding Consultative Document to contribute to the Preparation of a Report on the Application of Regulation (EC) No 2560/2001 on Cross-border Payments in euro (OJ L 344 of 28 December 2001, p. 13) the Finnish Bankers' Association wishes to give following comments.

General remarks

The statistics about the average prices of cross-border payments in Finland give an incorrect impression as the share of manually processed payments with a higher charges is only ca 3%; 97% of cross-border payments are electronic with very low prices if any.

The Finnish banks are of the opinion that the Regulation has acted as a catalyst for change in the European payments systems, but it has fulfilled its purpose and is not needed after 2008 as the payments industry is a) committed to realize SEPA, b) there will be a New Legal Frame-work in place, c) requirements to equalize prices of cross-border payments to the equivalent domestic payments has been met.

The Finnish Bankers Association would like to comment on some of the questions.

5.2. Provisions on Credit Transfers**Do banks continue to ask consumers of the choice of charging options?**

SHA is the default option in payments in Finland; however, banks and their customers should be given the option to use other charging options OUR and BEN for their specific needs – presently e.g. salary payments where the beneficiaries are entitled to receive full amount.

Do other problems in this field exist? NO**Are consumers aware of their rights in this area? YES**

Do stakeholders believe that Regulation (EC) No 2560/2001 should be amended to avoid any artificial circumvention of the Regulation in addition to what is foreseen in the New Legal Framework and thus resolve the problem described above? NO

Do stakeholders agree that that the problems described above in Spain have been resolved? YES

6.1. Impact on Charges for Payments made Cross-Border

Have the charges for cross-border and national payment transactions the same?
YES

Have the charges for cross-border transfers become cheaper? YES

In Finland domestic payments system is very cost-effective (electronic) and the banks have been able to offer very low price structures to the clientele.

Is a cross-border transfer below €12.500 cheaper than that above €12.500?

Until 31.12.2005 YES, from 1.1.2006 the price threshold increases to € 50.000 which all banks inform to apply accordingly.

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What are the charges for cross-border pmts (electronic) above €12.500 (OBS from 2006 €50.000): charges vary from bank to bank and each bank to provide information separately.

6.2. Impact on Consumer Awareness

Have all the Regulation's requirements been implemented? YES

Does the Regulation create any inconsistencies with other legislation in this resp
NO

Do stakeholders have any other comments on the provision of information in this resp NO

Are consumers aware of the Regulation and its scope? YES

Is there widespread use of IBAN and BIC codes? Yes for cross-border payments; IBAN or BIC are not needed in domestic payments, BBAN is sufficient for routing.

6.3. Impact of National Reporting Obligations

There are no statistical reporting requirements for the banks in Finland.

Are consumers reducing the size of their transactions to below the EUR 12 500 threshold in order to reduce charges? Occasionally

Are there any national obligations which prevent automation of pmt execution?
NO

6.4. Payment Infrastructures

Are there any changes in the exiting cross-border pmt infrastructures? YES, STEP2

Stakeholders are asked to comment on whether issues relating to the development of payment infrastructures should continue to be dealt with in the context of the NLF and self-regulation as is currently the case:

The banks in Finland are content with the development under the EPC to create SEPA. However, the banks find it demanding to commit to the time schedules set.

Stakeholders are asked to identify the key area where problems exist to establish a pan-European payments infrastructure and their view on how these can be overcome.

For the time being maybe the biggest questionable issue is the role of national payments systems in the future. According to the ECB the changeover from national to pan-European systems goes rapidly. The Roadmap does not give any opinion on that. The banks in Finland regard a rapid changeover as unrealistic. The proposed roadmap and the vision do not support the industry well enough in mastering the transition, as it will be a remarkable cost anyway. As such, the roadmap presents a number of additional and overlapping commitments without being too clear on the ultimate transition goal. The longer the industry needs to maintain the old and the new in parallel, the poorer the business case becomes.

The three main instruments are not defined yet far enough, and the expectation is that they will not be able to satisfy an acceptable level of functionality to replace present domestic variety of instruments. The development work will continue on other domestic

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and global initiatives. Competition between banks and bank groups as well as other payment providers in developing payment services will naturally continue also within SEPA. Presented time schedules seem to be unrealistic on many issues.

As the need for the change is 'regulator-driven', i.e. customer demand is unclear, the motivation to the industry should be sought also from areas, where the industry could add most value to customers (propelling new business and benefiting society) by better enabling automation of processes.

7.1. Impact on Charges for Payments made within a Member State

Stakeholders are asked to provide their views on the impact of Regulation (EC) No 2560/2001 on the price of national credit transfers.

In Finland the local payments system have been cost-effective and the banks have been able to keep price structures at low level.

The regulation forces the banks to offer the cross border payment at same price as domestic payments although the cross border payment service is more costly than domestic service e.g. SWIFT costs.

This has created an abnormal competition situation. In the past normal competition was based on the banks local costs but now the cross border effects to the price structures.

7.2. Impact on the functioning of the Internal Market

Stakeholders are asked to provide their views as to whether the reliability and speed of cross-border transfer has developed?

The development of EBA STEP2 and agreements on e.g. Credeuro Convention have added speed and certainty with regard to processing relevant transactions.

8. Scope

Stakeholders are asked to provide their views on the exclusion of cheques from the scope of Regulation (EC) No 2560/2001. Cheques should continue to be excluded from the scope.

Stakeholders are asked to provide input as to whether the scope of Regulation (EC) No 2560/2001 should be expanded to cover other payments instruments such as direct debits. Direct Debits should be excluded from the scope as the new SEPA DD model is only on the implementation phase. The service needs to be designed and taken into use, in addition the expected NLF covers adequately the business requirements.

RBR Study

Stakeholders are asked to provide comments on the conclusions of the RBR study.

The Finnish banks agree to most of the results of the study. However, the statistics about the average prices of cross-border payments in Finland give an incorrect impression as the share of manually processed payments with a higher charges is only ca 3%; 97% of cross-border payments are electronic with very low prices if any.

8.3.1 Stakeholders are asked to provide information on the sanctions schemes available in their Member States:

In Finland, general legislation provides for the possibility of sanctions.

8.3.4. Possible Solutions:

If no solution can be found between the payer and the bank to the dispute concerning the general terms or the payment transfer, consumer and small enterprise customers

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may turn to the Advisory Office for Bank Customers (Pankkialan Asiakasneuvontatoimisto). Address: Museokatu 8 A 7, FI 00100 HELSINKI, Finland. Telephone: +358 9 4056 1230.

A consumer customer may also take a dispute in writing to the Consumer Complaints Board (Kuluttajavalituslautakunta). Address: P.O. Box 306, FI-00531 HELSINKI, Finland. Telephone: +358 9 77261. The Consumer Complaints Board may give a recommendation on the matter. d what would be the estimated cost.

8.4. Review Clause

Stakeholders are requested to provide their views on the insertion of a revised clause, in particular

When should the legislation be reviewed?

The Finnish banks are of the opinion that the Regulation has acted as a catalyst for change in the European payments systems, but it has fulfilled its purpose and is not needed after 2008 as the payments industry is a) committed to realize SEPA, b) there will be a New Legal Frame-work in place, c) requirements to equalize prices of cross-border payments to the equivalent domestic payments has been met.