

1. CONCLUSIONS

The conclusions contained a summary of all the questions posed in the document. These questions are group together in order to facilitate responses.

1.1. Problems encountered in Implementation

1.1.1. Geographic Scope of Applications

- Given the application of Regulation (EC) No 2560/2001 to SEK, stakeholders are asked, for each question in this document, to also provide information on state of play as regards payments in SEK. Stakeholders should in particular indicate any differentiation in the treatment of euro and SEK cross-border payments (electronic payments and credit transfers).

There is no differentiation in the treatment of euro and SEK cross-border payments in Latvia.

National currency in Latvia is Latvian lats and Latvia does not belong to Euro zone. Therefore payments in SEK are treated in the same manner as payments in EUR and there are no differentiations as regards payments in SEK or EUR

1.1.2. Provisions on Credit Transfers

- Stakeholders are asked whether issues relating to the use of different cost options for transfers in euro have been resolved.

No.

- Do banks continue to ask consumers whether they wanted to pay all the charges (OUR) or share the charges (SHARE), the customer usually said pay all (OUR)?

Yes.

- Do other problems in this field exist?

Customers are not aware of the consequences of the usage of SHA option.

- 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 and thus resolve the problem described above?

Yes, it is highly suggested to include the SHA option as the only possible charging option for the EU regulated payments.

1.1.3. Provisions on Credit Transfers

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

Yes.

Bank of Latvia has not received any complaints against payments to Spanish banks.

1.2. Direct Impact of Regulation (EC) No 2560/2001

1.2.1. Impact on Charges for Payments made Cross-border

- Stakeholders are asked to provide their views on whether prices are equalised or whether problems still exist. In the latter case, stakeholders are asked to provide additional information as to exactly why prices are not equalised. Copies of any further studies/surveys that may have been undertaken at the national level are also welcome.

Charges are equalized, as it was found out in local survey during 2005.

In general prices for domestic and cross-border transfers in EUR are equal. Nevertheless some banks charge less for payments in euro to their "Parent banks" or "Foreign branches" than to other banks in EEA.

- Stakeholders are asked to provide their views on whether the prices for cross-border transfers have fallen. Copies of any further studies/surveys that may have been undertaken at the national level are also welcome.

The overall level of charges for the EU regulated payments has decreased.

With the implementation of Regulation charges for EUR payments have fallen. However these charges are still considerably higher than charges for payments in national currency.

- Stakeholders are asked to provide information on charges for cross-border payments (electronic payments and credit transfers) above EUR 12 500 and to compare them to charges below the threshold.

Charges differ from bank to bank. The charges for payments above threshold could be twice as high as charges for payments below threshold.

Some banks for EUR payments above 12500 EUR (50 000 EUR from 1 January 2006) charge more than for payments below this threshold. However there have not been done any surveys relating these issues. In general charges for EUR payments differ regarding payment type (electronic payment or credit transfer) and payment option used (OUR, SHA).

1.2.2. Impact on Consumer Awareness

- Have all the Regulation's requirements on the provision of consumer information been implemented?

Yes.

Yes.

- Does the Regulation create any inconsistencies with other legislation in this respect?

No.

No.

- Do stakeholders have any other comments on the provision of information in this respect?

There are inconsistencies with EU market practices since different charges for non-STP payments are applied in different countries, customers can not receive complete information on charges in accordance with Article 4 of Regulation. Regulation should facilitate the availability of information regarding any charges related to execution of europayments. The maximum amount of charges should be reasonable, for example some agreement within local markets should be achieved.

Stakeholders are asked to provide their views on the following aspects:

- Are consumers aware of the scope and/or detail of the Regulation? If not, where is information lacking?

Consumers are not adequately informed that despite the fact the beneficiaries receive the EU regulated payments in full, beneficiaries are charged for these incoming payments by separate transactions. These cases raise complaints about non-receipt of full amounts. Therefore the Regulation should clearly indicate that charges for the incoming EU regulated payments should be the same all across Europe (exact amount of charges should be stated in the regulation) or at least within national markets, who should communicate such information to consumers in accordance with Article 4 of the Regulation.

There have not been done any surveys on this matter.

- Do stakeholders have any other comments on consumer understanding of the Regulation?

No.

- Have the Regulation requirements (Articles 4(1) and (2)) been fully integrated into national law?

Yes.

Yes.

- Do consumers have the required information to make informed decisions?

Yes.

This information is freely available.

- Are consumers aware of the Regulation and its scope? If not, what actions could be undertaken to make consumers more aware?

Yes. It is advisable that additional explanations for Regulation should be provided in national language.

Regulation and official translation in national language is available.

- Is there widespread use of IBAN and BIC codes? Are consumers aware of their IBAN/BIC and what they are used for?

Yes. We see a problem that some countries have announced wide usage of IBANs+BICs, but use national bank codes+national account standards. This causes significant problems with processing of cross-border payments to these countries due to the fact that customers do not adequately communicate their IBANs and BICs to their counterparties.

Yes, from 1 January 2005 all national account numbers are IBAN and BIC has been the only bank identifier since 1995.

- Are IBAN and BIC the still correct standards to be used in this respect?

Yes, definitely.

Yes.

1.2.3. Impact on National Reporting Obligations

Stakeholders are asked to provide additional information, particularly on the non-implementation of Article 6.

At this stage in the debate, the Commission is reviewing the different options for resolve this inconsistencies between Articles 3 and 6 in Regulation (EC) No 2560/2001. In this respect, the Commission foresees examining two possible alternatives:

- Member States change their systems of collection of data and remove the reporting obligations between EUR 12 500 and EUR 50 000 in order to place banks in those countries on an equal footing with those of the countries which do not have this reporting obligation;
- No agreement on the development of systems is reached. An amendment of the Regulation in order to create a level playing field and bring Articles 3 and 6 in line with each other by raising the threshold to EUR 50 000.

All requirements of Regulation should be harmonised, because appearance of two different thresholds in different Articles is confusing. We support the second alternative.

Stakeholders are asked provide their views on the different options.

- Should changes in the Regulation be required, what would be a suitable timeframe?

The suitable timeframe for changes in the Regulation would be June 2006.

- Would an increase in the threshold create any inconsistencies with other legislation in this respect?

No.

- Stakeholders are asked to provide more detailed information on the nature of national obligations which prevent the automation of payments.

There are no national obligations which prevent the automation of payments.

1.2.4. Payments Infrastructures

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 New Legal Framework and self-regulation as is currently the case.

Yes.

1.3. Indirect Impact of Regulation (EC) No 2560/2001

1.3.1. 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, national payment card purchases and national ATM transactions.

Implementation of Regulation has not influenced prices of national credit transfers, card purchases or ATM transactions in national currency. Regarding national euro transfers the price for these transfers has not changed substantially as Latvia is not in Euro zone and national euro transfers are still processed through correspondent banks in Euro zone. However there have not been done relevant studies on prices for national transfers.

- Do stakeholders agree with the results of the study? If not, please provide additional information.

Yes, we agree.

Yes.

1.3.2. 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 transfers has developed since the adoption of Regulation (EC) No 2560/2001. Detailed evidence to support stakeholder views in this area is appreciated.

No. The intention of the Regulation and Directive 97/5/EC of 27 January 1997 to enable consumers to make the credit transfers rapidly, reliably and cheaply from one part of the Community to another as described in the introduction of the Regulation is too general and does not lay any obligations on the market participants. Up to now all efforts towards reliability and speed are supported by market participants without any legal obligations. However, the speed is not the same within the Community. According to our observations the execution time of the EU regulated payments varies from one to three days in other countries. The Regulation should clearly indicate the exact time by which the EU regulated payments should be delivered to beneficiaries.

1.4. Other Issues

1.4.1. Scope

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

Cheques should be excluded from the scope of Regulation.

Cheques are not widely used in Latvia therefore exclusion from the scope of Regulation would be welcomed.

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.

No. The scope of Regulation should not be expanded to cover other payments instruments such as direct debits until a clear and acceptable SEPA Direct Debit scheme is implemented and launched.

No. The current scope of Regulation is sufficient.

1.4.2. Competition

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

In general terms, on the question of “*the advisability of improving consumer services by strengthening the conditions of competition in the provision of cross-border payment services*”, any conclusions would be premature given the ongoing sectoral investigation into retail financial services.

1.4.3. Enforcement

Stakeholders are asked to provide information on the sanctions schemes available in their **Member States**.

This absence of reference to the competent authorities can be seen as a major weakness of Regulation (EC) No 2560/2001. The issue of core importance is that some mechanism is required to efficiently deal with and resolve problems effectively and efficiently. To solve this issue, two principle options could be foreseen:

First, it is possible to envisage, as several Member States do, that an authority has the power to apply sanctions for non-observance of the provisions of the Regulation.

A second option would be to establish the role of competent authorities and to make this Regulation enter in the annex of Regulation (EC) No 2006/2004, allowing cooperation between these authorities for these cross-border issues.

We support a second option to foster the cooperation between authorities for cross-border issues.

Stakeholders as requested to provide their view on the different options addressing dispute settlement. Member States are also asked to provide information on whether they have competent authorities or not. If yes, how many cases are dealt with and what would be the estimated cost.

There is no competent authority for settlement of disputes related with application of the Regulation in Latvia.

There is established Out-of-court institution – Ombudsmen at the Association of Commercial Banks which deals with customer complaints regarding payment services. In addition there is Consumer Rights Protection Bureau established where person can recourse in case it deems his rights have been violated. The Consumer Rights Protection Bureau is empowered with the rights to apply penalties as regards to persons that have violated legislative acts governing consumer protection.

1.4.4. Review Clause

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

- When should the legislation be reviewed (2010 in line with SEPA objectives)?

The legislation should be reviewed not earlier than in 2011, taking into account the existence and first experience of SEPA.

Legislation should be revised after meeting SEPA objectives.

Should the specific issues highlighted under the Article 8 be re-examined in the future? Should more/less issues be covered? If yes, which issues?

No.