



To members of the COREPER

20 January 2009

Dear Ambassador,

I write to you with reference to the revision of Regulation 2560/2001 on Cross-border Payments in the Community and the Presidency compromise proposal of 1 December.

BUSINESSEUROPE strongly supports the Commission proposal that the Member States shall remove settlement-based national reporting obligations on payment service providers for balance of payments statistics by 1 January 2012 at the latest. The removal of these obligations would significantly reduce administrative burdens for businesses, an objective which is strongly endorsed by the Council, European Parliament and the business community alike.

It is also essential for the well-functioning of a single European payments market (SEPA) with harmonized legislation and practices so that payment users and providers see no practical difference between domestic and cross-border Euro transactions.

We are therefore concerned that some countries have argued for the deletion of the above-mentioned proposal to remove national reporting obligations by 1 January 2012 at the latest. The difference in reporting requirements imposed on banks create different cost structures for payments businesses which would harm the creation of a level playing field in the single domestic payments market. In this context, we fully support the position of the European Payments Council which you find attached for ease of reference.

Yours sincerely,

Philippe de Buck

Encl. 1

Letter EPC001-09

Brussels, 15 January 2009

To:

Mr Giulio Tremonti, Minister of Finance of Italy  
Mr Pedro Solbes, Minister of Finance of Spain  
Professor Doutor Fernando Teixeira dos Santos, Minister of Finance of Portugal  
Mr Yiannis Papathanasiou, Minister of Finance of Greece  
Mr Plamen Oresharski, Minister of Finance of Bulgaria  
Mr Gheorghe Pogea, Minister of Finance of Romania

Copy:

The Czech presidency (Miroslav Kalousek, Czech Minister of Finance)  
European Commission (Commissioner Charly McCreevy, Internal Market and Services, Jörgen Holmquist, Director General Internal Market and Services)  
European Central Bank (Ms Gertrude Tumpel-Gugerell, Member of the Executive Board)  
EU Parliament Rapporteur for revision of Regulation 2560 (Ms Margarita Starkeviciute)  
Financial Attachés of the permanent representations to the EU in Brussels of Italy, Spain, Portugal, Greece, Bulgaria and Rumania  
The Governors of the National Central Banks of Italy, Spain, Portugal, Greece, Bulgaria and Rumania

Sent by e-mail

**Re: Revision of Regulation 2560/2001 of the European Parliament and of the Council on Cross-border Payments in the Community**

Dear Sir,

We refer to the Presidency compromise proposal of 1 December 2008 for a Regulation of the European Parliament and of the Council on Cross-border Payments in the Community (Document 15918/08, EF111, ECOFIN 524).

The signatories of this letter representing both the European payments industry through the European Payments Council and the three European Credit Sector Associations on the one hand and associations representing customers of payments services providers on the other including the European Association of Corporate Treasurers (EACT) and the European Association of Craft and Small and Medium-sized Enterprises (UEAPME) wish to express their discontentment with the position taken by your country with reference to Article 5 of the said Regulation on balance of payments reporting obligations.

We understand that your country has advocated for the deletion of the 'sunset' clause in paragraph 2 of Article 5 in the Presidency Compromise Proposal, dated 1 December 2008. The original text in

the Commission proposal was: 'With effect from 1 January 2012 at the latest, Member States shall remove settlement-based national reporting obligations on payment service providers for balance of payments statistics.'

In view of the objective to provide a single European Market and a Single Euro Payments Market (SEPA) with harmonised legislation and practices across Europe, the payments industry and its customers support the removal of balance of payments reporting obligations and reporting thresholds as soon as possible.

The signatories are therefore highly concerned about the removal of the above mentioned sunset clause and recommend its re-inclusion and even enforcement at an earlier date.

It is essential in an integrated payment market to ensure that payment users and providers see no practical difference between domestic and cross-border euro transactions. This was the first conclusion adopted by the Council of the European Union in its meeting of 22 January 2008 as stated in the Council Conclusions on the Single Euro Payments Area, 2844, 2nd Economic and Financial Affairs Council meeting: 'The Council emphasizes its support for the aim of the Single Euro Payments Area: to achieve an integrated market for payment services in euro which is subject to effective competition and where there is no distinction between cross-border and national payments in euro within the EU'.

The position taken by your country in the revision of Regulation 2560/2001 goes against this Council conclusion, of which you were however a full part. This is very surprising and disappointing.

The difference in reporting requirements imposed on banks in EU member states create different cost structures for payments business: the costs incurred as a result of complying with such requirements are borne in full by banks which face heavy competition constraints as a result. Also corporates have costs and dysfunctions in order to comply with the balance of payments reporting requirements. Cross-border transactions processed by banks in countries where related requirements continue to be in place are therefore more costly than the same cross-border transactions for banks operating in countries with no such obligations. With a view to creating a level playing field in the single domestic payments market the objective and final outcome of the revision of Regulation 2560/2001 can therefore only be the abolition of data collection based on payments. As long as national legislators insist on maintaining such reporting requirements, the corporate and the banking community strongly recommend to establish a harmonised procedure which would allow to handle these requirements in a standardised and fully electronic manner taking into consideration the SEPA formats.

Moreover, the quality of the data and the accuracy of the reporting are put into question with SEPA enabling companies, including multi-country ones, to centralise their payments on one account within the EEA. This could also trigger a regulatory asymmetry that would favour opening accounts in countries where banks are not subject to the reporting obligations.

As the rules for participants in the EU payments market are being harmonised, the same principle must apply for regulatory provisions in national markets. Last but not least it should also be taken into account that a number of member states are already applying sample-based methodologies to

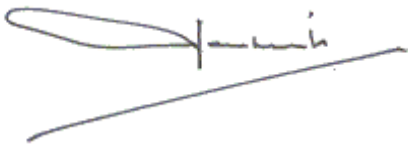
collect the data necessary to compile national balance-of-payments statistics, e.g. there is no rationale to maintain transaction-based data collection methods.

The banking industry has learned that the provision introduced by the Commission regarding the abolition of said reporting requirements is being opposed by Italy, Spain, Portugal, Greece, Bulgaria and Rumania. Should these countries maintain this position; the Commission's proposal will in fact be rejected. Such an outcome would violate the principles governing the realisation of SEPA and of the internal market.

The focus should be put on the disconnection of any reporting from payments/settlement and from payment service providers to achieve a level playing field for the market players across the EU.

All organisations having signed this letter urge you, in the true spirit of European market integration, to align your position with the majority of EU countries and repeal as soon as possible payments-based balance of payments reporting.

Yours sincerely,



Gerard Hartsink  
EPC Chair



FEDERATION BANCAIRE DE L'UNION EUROPEENNE  
BANKING FEDERATION OF THE EUROPEAN UNION  
BANKENVEREINIGUNG DER EUROPÄISCHEN UNION  
(aisbl)



EUROPEAN SAVINGS BANKS GROUP  
GROUPEMENT EUROPEEN DES CAISSES D'EPARGNE  
UROPAISCHE SPARKASSENVEREINIGUNG




EUROPEAN ASSOCIATION OF COOPERATIVE BANKS  
GROUPEMENT EUROPEEN DES BANQUES COOPERATIVES  
EUROPÄISCHE VEREINIGUNG DER GENOSSENSCHAFTSBANKEN



Guido Ravoet  
Secretary General



Chris De Noose  
Chairman of the  
Management Committee



Hervé Guider  
General Manager


Yours sincerely,



Olivier Brissaud  
Board Member for European Affairs  
European Association of Corporate Treasurers



Yours sincerely,



Andrea Benassi  
UEAPME - Secretary General

