

## From Account to Account VI

– A survey of fees for card purchase and ATM withdrawals within the EES

### Summary

In this report, which is the sixth in the report series From Account to Account, the Finansinspektionen (Swedish Financial Supervisory Authority - FI) describes the results of a survey of currency exchange surcharges and fixed charges applied by Swedish banks to card transactions within the EES. The report also describes the measures taken by FI since publication of the previous report, which identified shortcomings in the way in which customers were informed. FI examined Förenings sparbanken, Handelsbanken, SEB, Nordea, ICA-banken and Skandiabanken.

#### Card charges

- The study shows that the banks follow the rules relating to charges for card transactions within the EU. This means that the charges applied by the banks when a credit card is used in Sweden are equivalent to the charges for similar transactions in EUR in another EU country. The currency exchange surcharges applied by the banks for transactions also correspond to the information that the banks give to customers.
- However, FI intends to conduct a further examination of the Dynamic Currency Conversion (DCC) service, whereby the exchange rate when a credit-card purchase is made is determined by the selling company, as opposed to the usual process of determining the exchange rate subsequently via the VISA or MasterCard networks. DCC is supposed to give customers the choice of paying in their own currency. In the case of the credit-card purchases made by FI, DCC was used without having been chosen by the customer. The service also resulted in a less favorable exchange rate for customers, who were not informed either by the selling company or by the bank.

#### Information to customers

- Since the previous report, the banks have described what measures they have taken to improve the quality of the information given to customers in conjunction with transborder payments. FI's checks in July and August showed that Handelsbanken and SEB had still not fulfilled the

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legal requirement to the effect that customers must be informed in writing of the cost of a payment transfer. The fact that FI had already leveled the same criticism at the banks earlier highlighted the issue of taking sanctions in accordance with the new powers given to FI by the new legislation that became effective on July 1. On November 15, FI's Board of Directors decided to impose a penalty of SEK 1 million each on Handelsbanken and SEB (see the decision on [www.fi.se](http://www.fi.se)). However, the banks have informed FI that they will be taking measures as a matter of urgency.

- Regarding other aspects of payment transfers, all the banks state that they are now providing information as required by the law. The information provided by the banks about exchange charges and exchange rates in conjunction with card transactions also shows a general improvement. During the current year, all of the banks except Föreningssparbanken will have started providing information in statements of account or similar documents stating the exchange rate applied following an ATM withdrawal or card purchase. This is not a legal requirement, however, but is the practice recommended by FI.
- On the other hand, the law states that customers must be informed of any surcharges applied for exchanging currency. Föreningssparbanken and SEB state that provision of this information will be introduced during the current year. Other banks have already begun providing the information. The obligation to provide information about exchange charges was introduced in 2001. FI intends to carry out checks in the new year to follow up compliance with the measures.
- Consumer protection has been strengthened by the action of the Swedish Consumers' Banking & Finance Bureau in preparing informative materials about payment transfers within the EU/EES and expanding its compilation of the charges applied for the banks' most common services.