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Currency conversion scam gets thumbs down from MEPs

MEPs from the Economic Affairs Committee in the European Parliament have boosted measures to tackle a currency conversion scam which affects travellers [1].

Dynamic currency conversion gives consumers who travel abroad the possibility to pay in their home currency instead of the local currency. Choosing the home currency option almost always increases costs for the consumer while the information provided never allows the consumer to make an informed decision [2].

The Economic Affairs Committee wants to give consumers the possibility to block currency conversion services on their cards when abroad. This would mean the consumer can tell his/her bank they do not want on-the-spot currency conversion offers when in a shop or at ATM when abroad. The committee also wants full transparency around the practice so that the full cost of paying either in the home currency or in the local currency are displayed next to one another, in the consumer's home currency.

Monique Goyens, Director General of the European Consumer Organisation (BEUC) said: "This is a step in the right direction concerning a practice which costs consumers billions of euros every year. It's high time that more light is shone on this scam. Consumers should always be able to make an informed decision, but today that is proving impossible."

The vote today also covered the fees associated with making cross-border payments, credit transfers or cash withdrawals from euro to non-euro currencies (and vice-versa) in the EU. Consumers currently pay high fees for these kinds of transactions [3]. The committee today voted to bring down the price of these transactions, so that it would not cost more than if the equivalent payment had been made in the local currency at national level [4].

Monique Goyens added:

"Cutting the costs of making cross-border payments or transfers is good news. The fees consumers pay don't reflect the costs financial providers have for making these kinds of payments. We call on Member States to follow the Parliament's position on this file, so that consumers see real improvement in cross-border payments and currency conversion services."

ENDS

[1] Dynamic currency conversion is also offered online.

[2] The consumer needs to know the exchange rate of his bank, the exchange rate of the merchant's bank, the conversion fees if any, and then be able to calculate in a fraction of a second what the best option is, all while being in a queue with people waiting behind them.

[3] A cross-border transaction from Bulgaria (which doesn't use the euro as currency) to Finland (which does use the euro) in euros is currently priced at between €15 and €24, even if the person transferring money from Bulgaria only sends €10. See European Commission press release from 28 March 2018: [http://europa.eu/rapid/press-release MEMO-18-2424_en.htm](http://europa.eu/rapid/press-release_MEMO-18-2424_en.htm).

[4] For example, a Croatian consumer who transfers euros to Italy will be charged the same fee as for a transfer in kuna made within Croatia. This will be particularly helpful as most cross-border transactions in non-euro area Member States take place in euros.

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