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European Commission
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**MINISTER FOR INDUSTRY,
BUSINESS AND FINANCIAL
AFFAIRS**

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Response to the Commission's public consultation on Transparency and Fees in Cross-Border Transactions in the EU

**MINISTRY OF INDUSTRY,
BUSINESS AND FINANCIAL
AFFAIRS**

Thank you for the opportunity to respond to the Commission's Consultation on Transparency and Fees in Cross-Border Transactions in the EU.

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Further integration and development of the Single Market in the financial services area, including the aim of creating an integrated market for payments in the EU, is an objective Denmark fully share. We also strongly support the European REFIT-program with the aim of simplifying legislation and reducing administrative burdens.

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In general, we support reducing fees on transaction services for both consumers and businesses. Low and reasonable prices on cross-border transactions could enable more trade and activity across the EU, supporting growth and creation of jobs as well as investment opportunities.

Possible initiatives to address these objectives should be based on a thorough analysis of the impact in line with the principles of the Better Regulation agenda. This includes analysis of benefits and costs for consumers, businesses and financial institutions; potential costs associated with legislative compliance; and the possible impact on other banking services if real costs in transaction services cannot be covered. Generally, less intrusive alternatives to regulation should be part of such an analysis.

Further, financial technology (Fintech) has developed significantly during the past few years and many new services imply easier ways of conducting transfers or even establish alternatives to already existing transaction services. We should be conscious not to "pick winners", nor in any way be biased towards specific solutions or services nor implement legislation which might have that effect.

The introduction of PSD2 should also be taken into account as payments and transactions services are closely interlinked. The payment area regulated in PSD2 taps into both Fintech and transaction services. Thus, this recently introduced regulation could very well have an effect on cross-border transactions and the cost associated with such transactions. There-

fore, it might be appropriate to await the effect that these developments in regulation and technology might have on transactions and the associated fees before new regulation is considered.

It should also be kept in mind that fees on cross-border transactions, including from Denmark to other Member States, are already declining. This development indicates market dynamics leading toward the cheapest and most efficient way of doing transactions.

Therefore, we would suggest that the Commission thoroughly investigates new developments in the market as well as societal costs, benefits and experience from past regulation (this could also include experiences from other areas such as the roaming regulation) before new legislation is proposed.

At the moment we are not convinced of the merits of including the Danish Krone in the regulation, and following this consideration Denmark has chosen not to use this discretion for non-euro Member States in the current regulation. However, if the Commission's analysis provides clear and sufficient grounds for including the Danish Krone and other non-euro currencies in the regulation, we would be open to look further into such an initiative in order to meet the objective of securing low and reasonable prices for cross-border transactions. In line with the Better Regulation principles, the analysis should also explore alternative approaches and ensure that possible initiatives leave room for new innovation and market dynamics.

I remain at your disposal for any comments or questions that you might have, and I look forward to a constructive dialogue on how best to achieve the objectives of well-functioning and integrated markets to the benefit of consumers and business.

Yours sincerely,



Brian Mikkelsen

Minister for Industry, Business and Financial Affairs