

EURIM Status Report

E-Commerce Working party

March 1999

EUROPEAN
INFORMATICS
MARKET

EURIM



Draft EC Directive on Electronic Money

This report was initially prepared as a note to EURIM's MEP Members

Re: Amendment 9 – Article 2(4) and Amendment 18 – Article 2a (new)

We write to express concern that the wording of the two proposed amendments referred to above and given in detail on the attached appendix, may be construed to mean that no handling charges may be made for facilitating the redemption of E-money.

We fully endorse the principle that E-money should be issued and redeemed, by the originator of value, at par and without charge. That is not to say however that it should not be possible to levy charges against the users of E-money as they withdraw and repay value from and into the banking system. That must be a matter to be determined by market forces, alongside other payment and transmission products, without the influence of pricing regulation.

Indeed to discriminate against charging for the use of E-money would seriously handicap its viability, compared to the commercial frameworks of other payment and transmission products, including cash.

We think it unlikely that these amendments are intended to impose commercial restrictions on the handling of E-money and feel very strongly that for the avoidance of doubt, the draft Directive must make a clear distinction between charging for the commercial service associated with the circulation of E-money and discounting the value itself either upon original issue or ultimate redemption.

Another aspect of concern is the suggestion that E-money must be redeemable for "coins and bank notes". Whilst this would pose no difficulty for the relatively small amounts of value one might expect to redeem for a consumer, it would be quite impractical to suggest this must always be the case for large commercial users of E-money. Such organisations might be in possession of significantly large amounts of E-money, which more properly should be paid directly into the banking system.

APPENDIX ONE

Amendment 9 – Article 2(4) Mrs Torres Marques

4. For the purpose of applying Article 3 of Directive 89/646/EEC funds received in exchange for electronic money shall not be regarded as deposits within the meaning of the Article if the underlying contractual arrangements:

clearly establish the specific character of electronic money as an electronic surrogate for coins and banknotes; and do not provide the possibility of advancing funds with a view to and in exchange for the receipt of electronic money at a later stage;

ensure full redeemability of the funds received without charges, conditions or time periods other than those strictly necessary to carry out that operation.

Redeemability of electronic money is, in itself, not a sufficient reason for considering the funds advanced by the user to be deposits within the meaning of Article 3 of Directive 89/646/EEC.

The contract between the issuer and the user shall state that the stored electronic money is redeemable and if appropriate, the conditions and the formalities of redeemability.

Amendment 18 – Article 2a (new) Mrs Gebhardt

Redeemability

A bearer of electronic money may ask the issuer to redeem it in coins and bank notes free of charge.

The contract between an issuer and a bearer shall clearly state the conditions of redemption.

The contract may stipulate a minimum threshold for redemption. The threshold may not exceed EUR 10.