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HEADLINE: Swedes dispute currency conversion fees

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Sweden's banks have come under direct fire from the country's consumer organisations over the standard practice adopted by all card companies of charging currency conversion fees on withdrawal transactions made from ATMs in Eurozone countries.

Swedish banks, and their card subsidiaries, are robustly defending the policy, describing claims of over-charging as 'untrue' and calling the public outcry 'a non-issue.' Card companies point to legislation which allows financial institutions to charge extra fees for specialized services provided to their customers in Sweden.

This latest bank charges' controversy forms part of a broader campaign by Sweden's SKO, Sweden's consumer rights organization, which is aimed at pressuring banks to reduce banks charges on bank cards and account maintenance services.

The dispute over Eurozone ATM charges has the added twist of possible intervention by the Finansinspektion (FI), Sweden's financial markets supervisory authority. FI has responded to the dispute by confirming its intention to investigate the issue with a view to determining if banks are in breach of existing regulations.

"We are always concerned when consumers feel they are being charged too much by banks. We will look at the ATM charges situation closely. If we substantiate evidence of over-charging we will contact the banks concerned about this," said the FI's director general, Ingrid Bonde.

Swedish bank card companies insist that their bank ATM charges do not breach domestic or European laws, adding that commissions are charged only on the currency exchange element of withdrawal transactions, and not on the actual withdrawal of Euro-currency from ATMs located inside the Eurozone area.

"Swedish banks do not charge their cardholders a fee for withdrawing money from ATMs, whether these ATMs are in Sweden or within the Eurozone. However, there is a currency exchange administration fee charged for providing euro-currency converted to

current exchange rates," said SEB Kort's spokesperson, Kerstin Ottosson. SEB Kort is the credit cards division of Svenska Enskilda Banken (SEB), which also holds the Nordic franchise for Diners Club cards.

"If bank customers were to convert Swedish krona to euros in a bank or currency exchange bureau they would pay a similar administration fee. Banks are legally entitled to charge a currency exchange administration fee on ATM transactions carried out in Eurozone countries as this is an added service separate from simple money withdrawals in krona," said Ottosson.

The extent of that fee varies from bank-to-bank in Sweden. SEB Kort levies a 1.65 percent charge on Eurozone ATMs transactions using Visa cards. The charge for Diners Club and Eurocard is 2 percent, with the fee charged based on the full amount withdrawn in all cases.

SEB Kort is at the high-end of the charges-spectrum, with rivals Ikano Bank, Foreningsbanken (Swedbank), Svenska Handelsbanken and Nordea all imposing fees ranging from 1.45 to 1.5 percent for parallel Eurozone ATM transactions using Visa, Mastercard or Diners Club cards.

According to Swedish banks, the currency exchange administration fees are permitted under the Exchange Rate Act 2002 which allows financial institutions to impose handling and exchange conversion charges to clients. The act also covers currency exchange transactions resulting from use of bank cards in Eurozone-based ATMs by Swedish holders of all three cards.

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