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# FEES FOR CASH WITHDRAWAL WITH AN AUTOMATED TELLER MACHINE (ATM) (DEBIT) CARD IN THE EURO AREA

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## INTRODUCTION

Cash withdrawal from an ATM is not free of charge in Austria either. Depending on the current account package the consumer has at his/her main bank, **ATM cash withdrawals** are either **covered all inclusively** by the flat account maintenance fee that is billed quarterly (accounts with all-inclusive billing) **or** the cash withdrawal or POS payment costs **one individual booking fee or per-item fee** with accounts featuring per-item billing (for instance, 30 €-cents per booking). In addition to these fees billed pursuant to the current account agreement, the consumer incurs an annual fee for use of the debit card (ATM card) (e.g. € 21).

Several years ago, consumers in Austria began complaining with increasing frequency about being billed high ATM fees **in addition to the fees agreed in the current account contract with their main bank**. This specific case pertained to Euronet, a U.S. corporation independent of Austrian banks. Euronet introduced a fee of €1.95 per cash withdrawal at its ATMs. Instead of the fee being deducted from the amount paid out at the Euronet ATM, it is debited against the consumer's current account. What does it mean for Austrian bank customers when they have to pay additional fees at ATMs operated by so-called third-party service providers (such as Euronet)? It means they pay for an **ATM cash withdrawal three-fold**: first, the transaction costs (e.g. booking fee or per-item fee) charged by their main bank; second, an annual fee for the use of the ATM card; and third, a direct fee (of €1,95) that the ATM operating company (in this case, Euronet) charges the consumer who is withdrawing cash.

The complaints filed with the Chamber of Labour (AK) consumer advice office showed that several countries in the euro area apparently have fees of various amounts that are charged in addition to the fees the consumer incurs under his/her current account contract. In 2019, the Vienna Chamber of Labour (AK-Wien) consumer advice office in Vienna received numerous complaints from consumers about high fees for ATM cash withdrawals in the euro area.

AK-Wien therefore launched an online survey on its website [www.arbeiterkammer.at](http://www.arbeiterkammer.at) to pinpoint the euro area countries in which ATM fees are being charged. This survey was directed primarily at holidaymakers who spent their holidays in European countries and withdrew cash on site there.

This online questionnaire contained several questions regarding ATM cash withdrawals:

- Indicate the country/holiday destination where ATM cash withdrawals were carried out
- Amount withdrawn (in euro)
- Were fees charged (yes or no)?
- Amount of any fees (in euro)
- Question about company operating the ATM (bank)
- The way information is provided about fees (e.g. on a display screen, on a receipt slip)

## DATA COLLECTION METHOD

The online survey ran on the homepage of the Austrian Federal Chamber of Labour (BAK) and the regional Chambers of Labour for Vienna (AK-Wien), Tyrol (AK-Tirol) and Lower Austria (AK-Niederösterreich) **from 12 September to 31 October 2019**.

Over this period, 249 consumers took part in this survey and entered analysable data on the online questionnaire.

Altogether, 249 sets of data regarding fees were collected from different countries in the euro area.

## SUMMARY OF THE RESULTS

- In the AK online survey **249 sets of data regarding fees** for ATM cash withdrawals were collected in **13 countries** in the euro area. The survey sought primarily to record the experiences travellers had had on their summer holidays in connection with on-site ATM cash withdrawals.
- About 70% of the instances of consumers reporting about their experiences with ATM fees pertained to experiences in Greece (about 34%), in Spain (about 22%) and in Germany (about 14%). ATM fees were mentioned most frequently in association with Greece and Spain.
- The range of fees reported by survey participants spanned from €1.50 (**minimum value**, Ireland) to €6.50 (**maximum value**, Germany).
- The examination of fees in the most frequently mentioned travel destinations revealed the following picture:
  - In Greece the range of fees spanned from €1.29 to €5.00 (median: €3.00)
  - In Spain the range of fees spanned from €1.25 to €4.00 (median: €2.00)
  - In Germany the range of fees spanned from €1.95 to €6.00 (median: €5.00)
  - In Italy the range of fees spanned from €2.50 to €5.00 (median: €3.95).
- The **average amount of fees charged (median values)** varied greatly in 13 countries that were evaluated. The most expensive (average) withdrawal was in Germany (median: €5.00) whereas the least expensive was in Ireland (median: € 1.50).
- Are ATM fees legally allowed? The **Austrian Supreme Court (Oberster Gerichtshof, OGH)** ruled that ATM fees imposed by third-party providers are admissible. Its reasoning was that on undertaking a **cash withdrawal of this kind, consumers enter into a separate fee-based contract with the third-party provider** and the ATM fee is therefore incurred outside the framework agreement with their main bank. Under the law, a bank wishing to charge an ATM fee for each cash withdrawal (also from its own ATMs) must negotiate a corresponding agreement **individually with the individual customers**.
- Tips for consumers: First, inquire at your main bank about how ATM fees are billed under the current account contract. Second, when withdrawing cash abroad, pay attention to the fee notices on the ATM display – you can usually cancel the cash withdrawal after this fee information is given. Compare! Experience shows that there are substantial differences in fees among the individual operators and banks.

## DETAILED RESULTS

### On the question: In which countries are fees charged?

The following table shows the 13 euro area countries in which fees are charged (as a percent of the total of 249 instances mentioned) and in how many of these instances fees are charged (as a percent of the total).

#### Greece by way of example:

Nearly 34% of the 249 consumers who submitted analysable fee data to the survey submitted data pertaining to Greece. Of these entries pertaining to Greece, nearly 93% had to pay fees for the ATM cash withdrawal.

After Greece, **Spain** was the destination named second-most frequently. Travelers to Spain constituted 22% of the total in this specific case and about 84% of them reported fee-based cash withdrawals.

Coming in third and fourth for most frequently named travel destinations were **Germany** and **Italy**, each accounting for about 14% of the total. Of the total travellers in these two countries, about 58% of those in Germany and about 66% of those in Italy were charged fees for ATM cash withdrawals.

Other countries serving as travel destinations (column 2) and the percent of total travellers charged fees (column 3) in these countries are presented in the following table:

**Table 1:** Overview of the countries where ATM fees were incurred

Country	Times country named as a percent of total (249)	Percent of total travellers to country who were charged fees
Greece	33.73	92.86
Spain	22.09	83.64
Germany	14.46	58.33
Italy	14.06	65.71
Austria	5.62	35.71
Slovenia	2.81	28.57
France	2.41	16.67
Slovakia	1.61	25.00
Portugal	1.20	66.67
Ireland	0.80	50.00
Malta	0.40	100.00
Netherlands	0.40	100.00
Cyprus	0.40	100.00

### On the question: How high were the bank fees charged for the cash withdrawal?

A core piece of this online survey was to determine how high the fees being charged were. The table below presents the **ranges** of fees charged at the given holiday destination (13 countries); the right-hand column in this table shows the **median value**.

According to the AK online survey, an ATM cash withdrawal in **Germany** can cost as much as **€6.50**. In **Italy** and **Greece** the fees amounted to as much as **€5.00** whereas ATM cash withdrawal fees in **Spain, Portugal and Austria** cost as much as **€4.00** (see the table below):

**Table 2:** Fee ranges and median values in countries travelled to

Country	Range in euro	Median in euro
Germany	1.95 - <b>6.50</b>	5.00
Malta	5.00	5.00
Netherlands	5.00	5.00
Slovenia	4.00	4.00
Italy	2.50 - 5.00	3.95
Portugal	2.55 - 4.00	3.27
Greece	1.29 - 5.00	3.00
Austria	2.00 - 4.00	3.00
Cyprus	3.00	3.00
Slovakia	2.00	2.00
Spain	1.25 - 4.00	2.00
Ireland	<b>1.50</b>	1.50
France <sup>1)</sup>	No values indicated	

1) Survey participants did indicate that fees were charged but did not provide information about the fee amounts involved.

Source: Online Survey AK-Wien, arranged by median

The table also shows that the **median values** in the individual countries span from €5.00 (in Germany) to €1.50 (in Ireland). The **maximum value** for fees (€6.50) pertained to Germany whereas the **minimum value** (€1.50) pertained to Ireland.

### **On the question: Which banks/providers charged fees?**

The AK survey participants were also asked to name the bank or company operating the ATM. Hardly any consumers answered this question. The following enumeration is therefore exemplary in nature:

In **Greece** the following banks/providers were named:

Alpha Bank; N.B.o.G; Piraeus Bank; ATM; B.o. Chania; Euronet; Eurobank

In **Spain** the following banks/providers were notable:

Bankia, Euronet, Santander

In **Italy** consumers named the following banks/providers:

Euronet, Sparkasse

### **On the question: How was information provided about the fees being charged?**

The actual question on the AK-Wien survey read as follows: ***Were you informed of these fees, for example, on the display screen or for example, on a receipt slip?***

Being transparent about the fees being charged is important! Can consumers see on the display screen prior to concluding the transaction that fees are being charged? At ATMs abroad, receipts are often printed out – are the fees that were charged also printed out on this receipt slip?

As a rule, the participants in the AK Survey were sufficiently informed about the fees being charged. It was only in Greece (1.28%) and in Austria (20%) that customers found no indication that fees were being charged.

## Legal aspects of ATM cash withdrawal fees

### **What account fees are usually incurred for an ATM cash withdrawal and/or a POS payment (payment made in a store)?**

Under their current account contracts, Austrian bank customers use a debit card (ATM card) for cash withdrawals from an ATM or for cashless payments at POS terminals in stores. An ATM cash withdrawal is not free of charge. Depending on the current account package the consumer has at his/her main bank, ATM cash withdrawals are either covered all inclusively by the flat account maintenance fee that is billed quarterly (accounts with all-inclusive billing); or the cash withdrawal or POS payment costs one individual booking fee or per-item fee with accounts featuring per-item billing (for instance, €0.30 per booking). In addition to these fees billed pursuant to the current account contract, the consumer incurs the annual fee for the debit card (ATM card). Similar to the fees for an ATM cash withdrawal/POS payment, this ATM card fee is either covered at a flat rate by the account maintenance fee being billed on an ongoing basis or debited against the account once a year as a single price item (e.g €21.00).

### **Why can expensive ATM fees be incurred, nonetheless?**

In most cases, ATM fees are charged by so-called third-party providers, namely independent companies operating independently of banks. For several years now, ATM operators have been charging extra fees for cash withdrawals. Initially, these fee-based providers were found only outside Austria. This situation changed in 2016 with the business practices of the ATM operator Euronet. This company set up ATMs in Austria - especially in places frequented by tourists – and charges a fee of €1.95 per ATM cash withdrawal. This fee rate is debited against the consumer's bank account along with the amount withdrawn.

### **How can consumers recognize ATMs operated by third-party providers?**

If the ATM does not have a familiar bank logo on it, it might be operated by a third-party provider (such as Euronet), which charges an extra fee in addition to the main bank's fees described above. Consumers should pay attention to this fact especially with ATMs outside Austria and in the euro area. As a rule, information is displayed during the withdrawal process indicating that a fee is charged along with the cash withdrawal. The consumer must accept this fee by pressing a button or he/she can cancel the process at this point in time.

### **Do consumers have to agree to the ATM fees with the ATM operator?**

The law prescribes that the fee must be agreed to. **This requires clear information being given about the fees and their amount.** If a consumer does not agree to the fees, he/she must still be able to cancel the transaction in each case prior to the cash withdrawal.

### **In which countries are ATM fees especially high?**

Cash withdrawals are especially high for cash withdrawals from the ATMs of third-party providers in Germany. There are so-called processing companies (*Abwicklungsgesellschaften*) there who charge, for example, €6.50. From its activities of recent years, the AK consumer advice office is aware that these companies usually do not operate their ATMs directly at a branch bank. These ATMs can be found, for instance, at rest stops along the autobahns.

### **What is the legal situation regarding the ATM fees charged by third-party providers?**

The new practice of third-party providers resulted in Austria in a legal ban at the beginning of 2018 on the passing on of withdrawal fees charged by third-party providers, i.e. passing on of fees by the account-managing banks to the account holders. Consequently, the banks had to cover these fees themselves.

Many banks subsequently filed complaints against this law with the **Austrian Constitutional Court (Verfassungsgerichtshof)**, which then struck down the corresponding provision (Section 4a of the Consumer Payment Account Act (*Verbraucherzahlungskontogesetz - VZKG*)) effective 26 October 2018. The grounds given were that the new statutory provision violated the banks' basic right to integrity of property.

The **Austrian Supreme Court (Oberster Gerichtshof, OGH)** also ruled that ATM fees imposed by third-party providers are admissible. Its reasoning was that on undertaking a **cash withdrawal of this kind, consumers enter into a separate fee-based contract with the third-party provider** and the ATM fee is therefore incurred outside the framework agreement with their main bank.

**When may an account-managing bank charge fees for an ATM cash withdrawal?**

Under the law, a bank wishing to charge its customers an ATM fee in the future for each cash withdrawal (also from its own ATMs) must **negotiate** a corresponding agreement **individually with the individual customers**. This statutory provision, which has also been in force since 2018, has been ruled admissible by the Austrian Constitutional Court.

## **DEMANDS of the Federal Chamber of Labour**

### **No ATM fees**

The Austrian Federal Chamber of Labour (BAK) advocates that ATM cash withdrawals should not entail expensive additional costs. A customer's free access to his/her own cash is an essential function that a current account must fulfil. Bank customers should not be subject to double or triple charges. After all, account holders already have to pay not only account maintenance fees but as a rule, also annual fees for the use of their ATM card (debit card). Moreover, a line or item fee is also often incurred for an ATM cash withdrawal under the current account contract.

### **Sufficient cash infrastructure**

The banks must ensure that there are sufficient possibilities for their customers to withdraw their money at ATMs without incurring extra costs. Leaving other providers (third-party providers) to handle this service is unacceptable from the perspective of consumer friendliness. This is another matter that should be regulated at European level. If ATM cash withdrawals across the euro area become more expensive, however, this would constitute a penalization of the use of cash. High fees for ATM transactions also mean that consumers are being forced into cashless transactions. This price-control practice must be rejected, because it is equivalent to a discrimination of cash.

### **Unconditional retention of cash**

The Austrian Federal Chamber of Labour (BAK) calls for the **unconditional retention of cash**. The Austrian Federal Chamber of Labour (BAK) takes a critical view of all measures and steps by the banking industry aimed at forcing cashless business transactions (e.g. automated self-service banking services, Internet banking or payments with credit cards or ATM cards using NFC – Near Field Communication).

### **Freedom of choice regarding payment mode**

BAK advocates complete freedom of choice between cash and cashless (electronic) payments. In other words, consumers should decide for themselves whether or not they want to make a payment in cash. What makes this issue so highly significant is that each electronic payment also leaves behind an electronic trail that renders the steps a payer takes traceable and ultimately makes him or her as transparent as glass. Consumers concerned about the following matters should be respected:

- Commercial use of electronic data they leave behind (e.g. undesired transfer of data to third parties without consent)
- Danger of data misuse
- Being sent undesired advertising or personalized advertising messages based on tracking programs

### **European demand for the retention of cash**

BEUC, the umbrella association of European consumer protection organizations in Brussels, also calls for the protection of cash, which has an indispensable role to play in national economies. For more information on this subject: [http://www.beuc.eu/publications/beuc-x-2019-052\\_cash\\_versus\\_cashless.pdf](http://www.beuc.eu/publications/beuc-x-2019-052_cash_versus_cashless.pdf)