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Paris, March 24th 2009

**EUROPEAN DIRECT DEBIT TRANSACTIONS:  
FBF CONTESTS THE EUROPEAN COMMISSION'S ARBITRARY AND BELATED DECISION**

French banks contest the European Commission's decision to prohibit multilateral interchange fees for direct debit transactions, commencing in 2012. This mechanism, which was submitted for consideration by the European Commission, does not deal with user rates and charges. It defines the economic rules applicable between banks, with a view to set out clear and transparent costs for their participation in this cooperative system, which is intended to ensure universal treatment, efficiency and security in direct debit transactions.

The banking industry contests the merits of this decision, which offers no benefits for users, while presenting clear disadvantages. Instead of being billed in a transparent manner, the participant's payments will take other forms, whose real impact on users will be hard, if not impossible, to measure. In addition, by making the terms of the banks' participation not altogether visible, it will hamper the migration of direct debit transactions toward SEPA services and compromise the harmonisation of European means of payment. As a result, it will lead to market destabilisation and create a risk that customers will pay higher rates.

The question of such an inter-bank mechanism was put before the European Commission in 2006, at which time all European banks within the EPC had request that it be maintained. The belated decision that has been announced, even though the European Parliament had wanted the measure maintained, will lead banks to re-examine the very principle underlying the operation of SEPA, in light of ongoing and future investments, and the cost entailed by their customers.

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