

PRESS RELEASE

24 major European banks participating in the Monnet project call for support of the European Commission

Brussels, June 15th 2011 – On the occasion of the conference on “The role and regulation of interchange fees in European payments cards” scheduled for June 15th 2011 in Brussels, **the 24 European banks associated to the Monnet project ask the European Commission to take further steps towards a clarification of the MIF’s future.**

Monnet would be a sustainable way to favor effectively competition in the payment scheme market, to create a consistent domestic market for card payments in Europe and to support competitiveness of the European economy. **The Monnet project is the contribution of the major European banks to implement SEPA successfully through the harmonization it would bring and to make progress in the area of cards, which are lacking behind other SEPA instruments. .**

The benefits of the Monnet project for all stakeholders involved are numerous. Firstly, the main objective of the project is to maintain existing service levels and low fee levels for merchants and cardholders at the European scale. Secondly, the Monnet project would substantially reduce fraud losses and bring security to cardholders and merchants. Thirdly, Monnet would be the ideal innovation vehicle. In fact, through Monnet, Europe would take advantage of a unique and overall solution for innovative payment services, such as e-payments, m-payments and contactless payments, for all European cardholders. Last but not least, Monnet’s value proposition has been built to satisfy European cardholders’ requirements (based on independent testing) and will include value-added services such as current account balance at ATM, P2P payments, saving options and loyalty program.

After a seven-month feasibility study, participating banks are ready to launch the Monnet card, but only under certain conditions. A viable, long-lasting business model, with clarity and legal certainty on the revenue side, is particularly needed, in order to justify necessary investments. **Uncertainty regarding MIFs (Multilateral Interchange Fees¹) remains the main obstacle for banks to invest in Monnet.** Georges Pauget, chairman of the Monnet project, declares: *“Feasibility has been studied and we*

¹ Multilateral Interchange Fees: a fee that an acquirer (merchant’s bank) pays to an issuer (cardholder’s bank) for services which the issuer provides to the merchants

identified the way to set-up Monnet. But any next step is impossible without a clear long lasting business model on interchange in Europe. We would like to have answers to our concrete questions through a constructive dialogue with the European Commission. If banks do not have a clear perspective on the revenue side, going ahead seems to be impossible.”

Studies about the cost of cash have been launched, but the results and their impact on the MIF calculation are not available for the time being. The methodology which will be used by the European regulation authorities to determine an acceptable MIF level is not known. In this context, clarification on methodology and timing of the next steps would be a first valuable step. Globally, the MIF issue needs to be clarified soon to keep the benefit of the on-going Monnet process.

Therefore, Monnet decided to raise this particular issue on the occasion of a conference gathering economists, policy makers, central bankers and innovators in order to debate all the questions related to MIFs. The objective of this conference is to initiate and build a constructive dialogue between experts who are advocating different positions.

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The Monnet project: 24 European banks from 7 European countries (Belgium, France, Germany, Italy, Portugal, Spain, and United Kingdom) are currently cooperating in the Monnet project to find a pan-European harmonized card payment solution. Monnet has the ambition to become the first truly European payment card scheme by issuing a homogeneous card in all European countries and by creating a consistent domestic market for card payments in Europe. It would bring a strong brick to the SEPA implementation in the area of cards.

Members of the Monnet Project: Banco Cooperativo, Banco Popular, Banco Sabadell, BBVA, BNL (BNP Paribas), BNP Paribas, BPCE, Caja Madrid, Crédit Agricole, Crédit Mutuel – CIC, Deutsche Bank, Deutsche Postbank, DZ BANK, Fortis (BNP Paribas), ICBPI, Intesa Sanpaolo, La Banque Postale, La Caixa, Santander, SIBS (on behalf of Portuguese banks), Société Générale, Unicredit, WorldPay