

MANAGEMENT REPORT

2008

FBF



FEDERATION  
BANCAIRE  
FRANCAISE

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## Brothers surviving us the dead...

François Villon

The aim of sustainable development is to satisfy the needs of the current generation without compromising possibilities for future generations. It is based on ecological, economic and social pillars. To face up to this global challenge, initiatives have been launched all over the world. As

banking activity irrigates all of society's fields, banks are also highly involved.

They have neither the power nor the inclination to act as a substitute for all stakeholders to organise sustainable development but nonetheless, they are effective players in their areas of expertise.

To punctuate the French Banking Federation's presentation of its activities, five artists have each illustrated one key theme which is a testament to the diversity of the initiatives undertaken by banks in the area of sustainable development.

## 2008 : a year of disruption



Georges Pauget  
Chairman of the FBF



Ariane Obolensky  
Chief Executive Officer of the FBF

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**T**he international financial crisis reached a new level in September 2008 with the collapse of Lehman Brothers and the resulting wave of widespread mistrust in bank signatures. In a few short weeks, the international banking landscape was transformed with the collapse of several institutions in the United States and many banks in a number of European countries either merging or being nationalised.

**This crisis of confidence led to financial market paralysis** despite the actions taken by central banks. This is why, as was the case to some extent throughout the world, in mid-October European Union governments decided to implement concerted measures, adapted in each country, in order to guarantee confidence in its banking and financial system and ensure the sound financing of its economy. The French plan follows this strategy by providing banks with the medium-term funds and the equity capital required to continue their lending activity. Banks have committed to an annual increase in overall outstanding loans of 3% to 4% at end-2009, which constitutes a major effort against a difficult economic backdrop, and therefore a backdrop of weakening demand, particularly among individuals.

**Even though they have been affected by the crisis, French banks are holding up relatively well overall** thanks to the diversification of their businesses and the quality of their assets. The 400,000 employees who work in the French banking industry, particularly those who are in contact with customers, are taking action to support their customers, businesses and households during this difficult period. The increase in overall outstanding loans was 8% at end-December 2008, a figure which is higher than the euro zone average. Banks are therefore indisputably fulfilling their role of financing the economy.

**On a global level, it is now essential to make a return to a healthy and solid financial system as soon as possible.** In November, the G20 launched discussions to reform the international financial system. The initiatives defined must take place within the framework of an open market economy, increased cooperation between regulators, a rejection of protectionism and the search for effective and proportionate regulation.

**The French banks that share these objectives are keen for Europe to play an active role** in this exercise. They are contributing to the initiatives with the desire to re-establish and then develop financial activities which will then result in economic growth, against a backdrop of increased security and stability. As such, the banking industry is emphasising the regulation of all financial players, the implementation of appropriate cross-border financial and banking supervision, the improvement of prudential Basel II regulations and accounting standards in order to combat their procyclical effects. In any case, international discussions must be based on consultation with all market players. This is essential for such a project which will condition our future economic growth.

31 December 2008

# KEY EVENTS AT THE

## JANUARY

01. French banks apply the new European solvency ratio, following the IRB Advanced approach.

03. Bank mediation applies to all disputes involving the execution of a bank contract, in line with the Chatel Act.

24. The FBF signs partnership agreements for the financing of five university research chairs in investment banking and financial markets.

28. All banks are able to receive SEPA credit transfers. This new European credit transfer is gradually replacing the credit transfer used up until now in France.

## FEBRUARY

07. The FBF signs the Charter for promoting online authentication, as part of the "Surf Intelligently" communication campaign launched by Government authorities.

13. As part of the High-Level Committee, the FBF and AMAFI present a study carried out in collaboration with Accenture on the appeal of Paris as a financial centre for talented young people from major emerging countries.

18. France successfully migrates to Target2, the single system for large-value euro-denominated payments, shared by the European central banks.

## MARCH

04. The FBF launches a new collection of practical guides aimed at craftsmen, tradesmen and independent professionals.

19. The National SEPA Committee, co-chaired by the FBF and the Banque de France, provides a satisfactory report on the success of the SEPA credit transfer launch.

## APRIL

07. The FBF distributes seven videos on its website on different professions in the banking industry.

16. The FBF announces that French and German banks are jointly examining the possibility of a European payment card system.

17-18. The FBF welcomes the Executive Committee and the Board of the European Banking Federation.

28. The FBF publishes the first report on bank – SME/microbusiness relations.

## MAY

15. The FBF signs the national commitment to the integration of young people from less affluent areas, as part of the Government's Espoir Banlieues plan.

22. The FBF and ASF sign twelve professional commitments in order to improve the information provided to and confi-

dence of borrowers who hold variable-rate home loans.

26-29. The FBF is a partner at IOSCO's 33rd annual conference in Paris which brought together financial market regulations from around the world.

28. In order to make switching bank easier, the banking profession proposes to offer a standard new service to help banking mobility during 2009 at the latest.

## JUNE

04. The FBF takes part in a simulation of a major technical incident (power cut affecting the entire Paris region) which notably impacts the financial sector. Results of the test were positive.

30. French banks apply the recommendations of the Financial Stability Forum regarding transparency in their financial communication on their June 2008 accounts. These recommendations are based on the joint work of the FBF, AMF and the Banking Commission.

## JULY

01. France takes over the Presidency of the European Union. At this time, the FBF proposes five key priorities in order to make progress in banking and financial integration and thereby promote jobs and growth in Europe.

07. The FBF presents the results of a sur-

# FBF IN 2008

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vey by Ifop on Europeans and money on the occasion of France's taking over the Presidency of the EU.

16. The European Commission publishes a proposed directive which revises the community framework governing mutual funds (UCITS).

17. The ECB decides to launch the Target2-securities project, which is supported by the banking profession.

## AUGUST

04. The Economic Modernization Act favours increased competitiveness of the French financial market. It notably plans to modernise the legal framework for public offerings and the law which governs financial instruments and market infrastructure.

## SEPTEMBER

01. Georges Pauget, Chief Executive Officer of Crédit Agricole SA, becomes Chairman of the FBF for one year.

08. The new student loan aims to broaden access to credit for all students.

23. The FBF indicates that it supports an improvement in the responsiveness of the National Database on Household Credit Repayment Incidents (FICP [Fichier national des Incidents de remboursement de Crédit aux Particuliers]) when a report is presented to the CCSF.

30. French banks request steering of the SEPA project at the EPC's plenary mee-

ting. They decide to no longer take part in votes and to freeze investment until the SEPA project is overhauled.

## OCTOBER

15. The European Commission authorises certain assets held for trading by banks to be reclassified.

16. The amended Finance Act defines the Government's plan to finance the economy. It rolls out at a national level the principles approved by EU Member States.

21. The banking profession makes commitments to SMEs in order to respond to the Government's economic financing plan.

21. Credit institutions are committing to helping their clients to better manage a bridge loan transaction against the backdrop of a downturn in the housing market.

31. The FBF banking committee and the conseil général of Oise sign an agreement between banks and community workers with the aim of promoting the support of vulnerable persons. This agreement is the first of its kind in France.

## NOVEMBER

12. The FBF and the Credit Mediator define the framework of their cooperation with regard to the implementation of the credit mediation system to be provided to companies.

15. The G20 conference is a launch pad for initiatives to reform the global financial system. The French banking profession contributed to the work carried out prior to this.

18. The FBF Executive Committee meets MEPs in Strasbourg. Discussions deal with the financial crisis and major European banking issues.

25. The banking profession makes commitments to improve transparency with regard to borrower insurance and make clients' choices easier.

27. The FBF welcomes the Bank Committee Convention which brings together 90 FBF regional committee chairmen.

## DECEMBER

01. The EBIC (European Banking Industry Committee) announces the adoption of common principles in favour of banking mobility.

03. The AFECEI adopts the accessibility charter on the right to an account: this was approved by the Ministry of the Economy in late December.

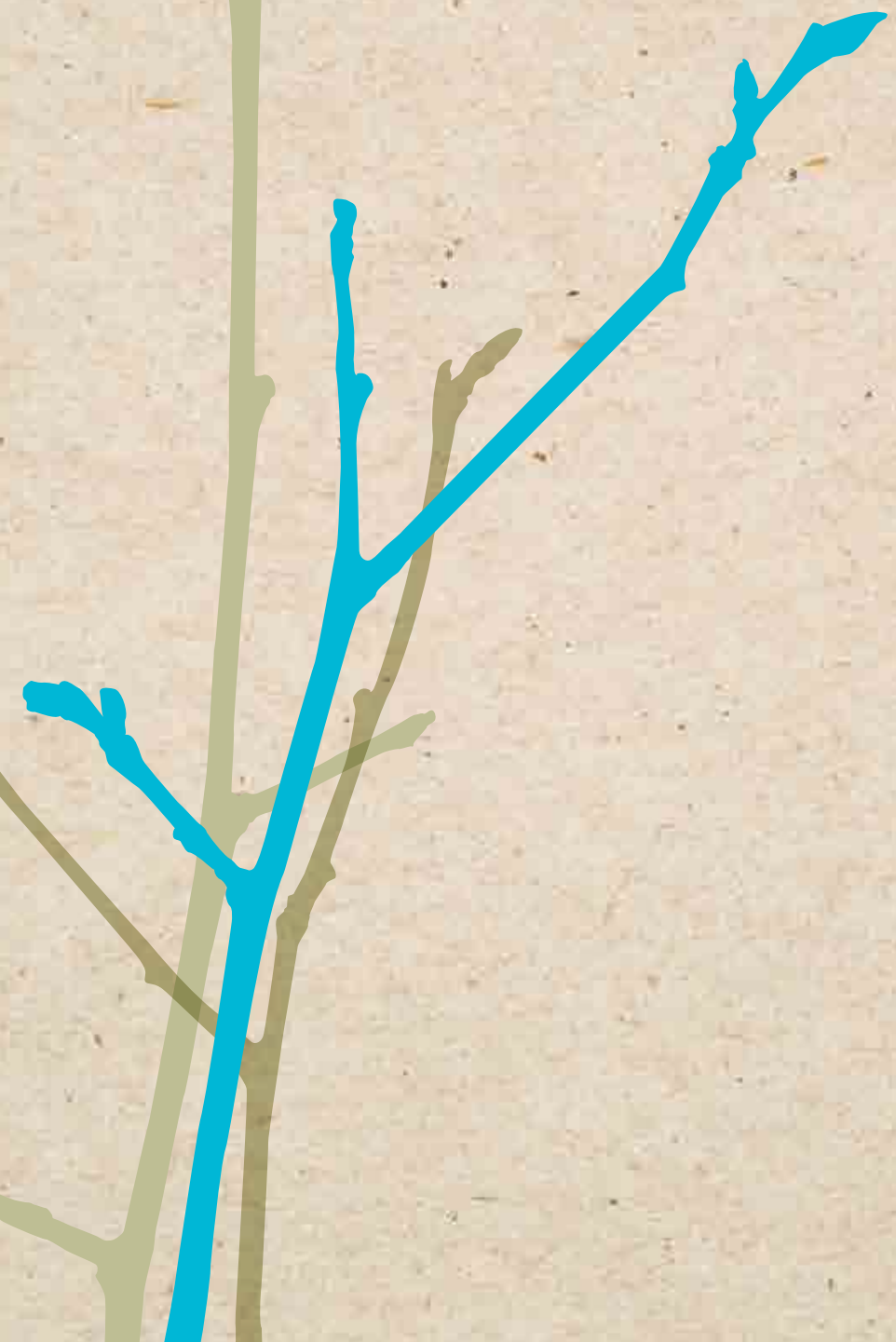
08. The European Commission validates the mechanism for strengthening banks' equity capital detailed in France's economic financing plan.

27. The Finance Act for 2009 doubles the limit for zero-interest rate loans for new buildings until the end of 2009. It also sets out the principles for the ecological zero-interest rate loan.

CHAPTER

001

THE  
INTERNATIONAL  
FINANCIAL  
CRISIS



# INTERNATIONAL ACTION TO COMBAT THE CRISIS

**Initiatives to find solutions to the financial crisis have picked up pace since the crisis deepened in autumn 2008 and the major tensions on the money markets. French banks are contributing to the work being done both on a European and international level.**

The international financial crisis blew up in the summer of 2007 following the uncontrolled distribution of loans in the United States which had a rapid knock-on effect on the global financial system through securitization mechanisms. The crisis intensified in September 2008, paralysing the interbank market. Several initiatives were implemented with a view to restoring confidence and enabling the continued financing of the economy. French banks have been taking part in upstream discussions at European and international summits since the beginning of 2008 in an effort to find solutions to the crisis. They have underlined the need to act on a global scale in order to increase the effectiveness of measures implemented.

## **Concrete measures on a European level...**

The European summit of 12 October 2008, organised by the French Presidency of the European Union, was a key step in the European response to the crisis. French banks are hailing the principles approved which aim to restore confidence in the banking and financial system, create conditions which enable the refinancing market to return to normal and ensure the sound financing of the European economy. These principles were set out by each Member State based on its specific needs.

On 15 October 2008, the European Commission authorised certain illiquid assets held-for-trading to be reclassified into portfolios corresponding to their held-to-maturity horizon as of the third quarter of 2008. This reduces the procyclical impacts of accounting standards and the difference between IFRS and US accounting standards. The IASB<sup>(1)</sup> published additional recommendations on assessing financial instruments in the event of market inactivity.

French banks support these initiatives which enable the actual risk of default of these assets to be better taken into account, rather than simply considering their immediate market value

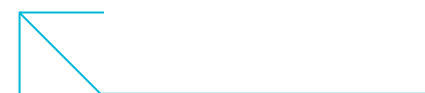
## **...and on an international level**

The G20 conference which took place on 15 November 2008 was the launch pad for initiatives to reform the global financial system. Priority initiatives must be implemented before the end of March 2009, in particular regarding increased transparency and tighter regulations.

French banks have highlighted the need for regulations which are drawn up in collaboration with professionals. They desire coordinated supervision on a global level and have underlined that regulations governing the markets as well as accounting and prudential regulations must ultimately have genuine economic logic.

## **HARMONIZING DEPOSIT GUARANTEES**

The amendment to the directive governing deposit guarantee schemes, adopted on 18 December 2008, brings the minimum deposit guarantee level to 50,000 euros as of the end of June 2009, with the standard increasing to 100,000 euros at the end of 2010. The time permitted to return deposits in the event that a bank collapses has been reduced to 35 days. In France, the guarantee cap is currently 70,000 euros.



(1) IASB: International Accounting Standards Board. A private organization that establishes international accounting standards.



## A FRENCH PLAN TO ENSURE THE FINANCING OF THE ECONOMY

### INITIAL SUBSCRIPTION OF THE SPPE IN DECEMBER 2008

Etablissement	Issue in billions of euros
Banque Populaire	0.95
BNP Paribas	2.55
Caisse d'Épargne	1.10
Crédit Agricole	3.00
Crédit Mutuel	1.20
Société Générale	1.70
Total	10.50

The French plan to finance the economy was announced in mid-October: it sets out the principles approved by Eurogroup. However, the recovery of the economy depends on several factors, particularly the confidence of economic participants.

### Facilitating bank refinancing

The first aspect of the plan created the Société de financement de l'économie française (SFEF) which is able to obtain funds from institutional investors on the market, thanks to the Government guarantee, in order to lend them to the banks that require them. The banks can then in turn ensure that the necessary financing is available to households and companies.

In order to benefit from these loans, the banks provide the SFEF with high-quality assets as collateral. In addition, they repay the SFEF at an interest rate escalated by an amount which corresponds to the Government guarantee. At the end of December 2008, the SFEF had carried out two public issues, for a total amount of 11 billion euros.

subscribe to subordinated debt securities issued by banks which are eligible as Tier One Capital even though French banks have solid levels of equity capital, as the Governor of the Banque de France has stated on several occasions. Following approval by the European Commission in December to issue up to 21 billion euros, the six main French banks decided to issue subordinated debt securities for a total amount of 10.5 billion euros in December 2008, with each banking group determining its individual needs, notably based on the increase in its outstanding loans. This contribution to equity capital represents an investment for the Government which will benefit from returns based on market conditions.

### Increasing banks' financing potential

The second aspect of the plan created the Société de Prise de Participation de l'Etat (SPPE), a state-owned investment company created with the aim of strengthening the equity capital of financial institutions, either when they are in difficulty and their collapse would create a risk for the system as a whole, or in order to increase their financing potential. As such, the Government may

### Supporting SME financing

The economic financing plan also plans for the issue of additional funds which will enable banks and OSEO to continue financing SMEs. The amount available totals some 22 billion euros, of which:

- 17 billion euros comes from net inflows to the livret de développement durable (LDD) and livret d'épargne populaire (LEP) savings accounts;
- and an additional 5 billion euros from the Government's issue of additional intervention capacity to OSEO.

# THE BANKING PROFESSION IS COMMITTED TO ROLLING OUT THE FRENCH PLAN

In order to support the implementation of the economic financing plan, French banks are taking measures which aim to facilitate lending to households, companies and local authorities.

## Loans to the economy

The French plan must enable banks to develop a credit offering which corresponds to the needs expressed by households, companies and local authorities. Banks are committed to achieving 3% to 4% growth in the overall amount of outstanding loans at the end of 2009, all the while maintaining a high level of solvency.

## Financing and supporting SMEs

In order to effectively roll out the stimulus plan to SMEs, on 21 October 2008, banks adopted a number of commitments:

- more responsive and up-to-date information on SME outstanding loans;
- implementation of dialogue on a national level with company leaders;
- closer support of SMEs, particularly the smallest ones. In order to do this, banks will adapt their factoring business for companies, regardless of their size;
- a stronger partnership with OSEO, which, in certain cases, will enable files that may pose problems to be re-examined.

Banks are committed to using the funds which come from livret d'épargne populaire (LEP) and livret de développement

durable (LDD) savings account inflows to finance SMEs and regularly monitor their use.

## Monitoring clients that have subscribed to a bridge loan

Credit institutions are also announcing their commitment to helping clients to manage a bridge loan transaction in the best way possible against the backdrop of a downturn in the housing market:

- improved information from the client upstream of the bridge loan request;
- preventative monitoring of clients committed to a bridge loan;
- researching tailored solutions for clients that are experiencing difficulties paying off their bridge loan.

## Principles of ethical governance

Banks are committed to implementing principles of ethical governance. These principles notably prohibit parachute payments to executives when a bank or institution fails. Accordingly, the banks are adopting the recommendations proposed by the Association française des entreprises privées (AFEP) and the French Business Confederation (ME-DEF) on executive remuneration.



### PRACTICAL INFORMATION

As part of the measures to roll out the French plan, the FBF is distributing practical information in the form of free mini-guides which can be downloaded from [www.lesclesdelabanque.com](http://www.lesclesdelabanque.com).

These guides cover:

- property bridge loans
- factoring and credit insurance



## Credit mediation – a desire to cooperate

On 12 November 2008, France's major banks took part in the implementation of the credit mediation system for loans to companies, which is aimed at resolving companies' cash flow and financing difficulties. It notably contains their desire to:

- not reduce the overall amount outstanding of each company, nor to increase personal guarantees, unless warranted by an exceptional situation;

- support companies in their projects and, whenever possible, plan for additional risk taking;

- put networks into action so that the company is made aware of the possibility of recourse to the credit mediator.

In exchange, the Credit Mediator undertakes to carry out its task in strict compliance with confidentiality and banking secrecy regulations and to not ask banks to run higher than normal levels of risk.

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## BANKS ARE TAKING ACTION THROUGHOUT THE COUNTRY

The SME support plan includes nationwide monitoring of company financing in each regional department. It includes the implementation of credit mediation. The banks are highly involved throughout the whole system.

### A thousand bankers over the country

The nationwide monitoring of company financing implemented by the Government is being carried out by the prefects with the support of the Trésoriers payeurs généraux (TPG) and departmental directors of the Banque de France.

The 109 FBF banking committees are taking action throughout the country and participating in meetings organised in the regional departments by the prefects, notably with the aim of assessing the local situation and monitoring the commitments made by the banks. Each month, bank and company representatives meet the public authorities in order to exchange views and ideas.

Bankers also take part in restricted departmental monitoring cells which bring together the TPG and the director of the Banque de France. Responsible for monitoring the financial situation of economic players, they meet at least once per month.

The banks are launching several initiatives in order to relay the collective commitments of the banking profession and explain the French economic financing plan, including press conferences with prefects, meetings with companies and their representatives, systems to help companies in difficulty with their strategy, etc.

To achieve this, 1,000 bankers have been working throughout the country since October 2008.

## Mediator correspondents in each network

Credit mediation for companies is a part of the economic financing plan monitoring drawn up in each department. Mediation is open to any company facing economic financing difficulties (increased cash requirement, new investment, etc.) that has not been able to reach a solution with its bank(s) or with OSEO. In the event of more structural economic difficulties, the institution will be directed towards the usual organizations implemented by Government

authorities, such as CODEFI<sup>(1)</sup> or CIRI<sup>(2)</sup>. Once informed of the mediation approach initiated by their client, the banks confirm or annul their position regarding the request for financing. The departmental mediator, the Banque de France, then intervenes, seeking a possible solution with the company and its bank(s).

The banks confirm their desire to cooperate and appoint credit mediator correspondents in each of their networks. FBF representatives and the Credit Mediator meet regularly to discuss the system.

(1) CODEFI: Comité Départemental d'Examen des problèmes de Financement des entreprises (Departmental Corporate Finance Analysis Committee).

(2) CIRI: Comité Interministériel pour la Restructuration Industrielle (Interministerial Industrial Restructuring Committee).

## KEY FIGURES

11

### An increase in outstanding loans

The amount of outstanding household loans totalled 942 billion euros at the end of December 2008, representing an annual increase of 6.8%. These outstanding include:

- home loans: 701 billion euros outstanding, representing an annual increase of 8%;
- cash advances: 154 billion euros, representing an annual increase of 2.5%.

Total outstanding loans to companies amounted to 782 billion euros at the end of December 2008, representing a gross annual increase of 9.5%.

Source: Banque de France

### Demand: the main lever for SME financing

Lending activity is linked to company demand, which itself depends on economic trends.

In November 2008, 50% of companies asked said they planned to invest in 2009, compared to 60% in November 2007.

For 67% of entrepreneurs questioned, weak demand is the main obstacle to investment, up 10 points in six months and 15 points over one year.

Source: OSEO, 48th half-yearly survey, January 2009

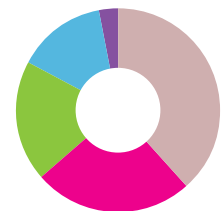
### Credit mediation: a positive report

- Out of the 3,443 files opened by companies and accepted into mediation, 1,426 (41%) have been investigated, as at 4 January 2009.
- In 63% of cases, the outcome was positive (successful mediation).
- 901 companies have been able to find solutions to their financing problems which were putting their continued business at risk.
- 8% of files which were ineligible for mediation were directed towards support networks.
- The vast majority of files (96%) involve companies with less than 50 employees.
- Outstanding loans are less than 50,000 euros in 64% of cases.

Source: Médiateur du crédit

### COMPANIES IN MEDIATION BY SECTOR OF ACTIVITY

Source: Médiateur du crédit, January 2009







## SOCIAL COHESION

As seen by Bertrand Bataille



This human pyramid, which is sometimes

precariously balanced, is a representation of social cohesion and society with all its wealth and diversity.

The social body is a living body. The economic health of the body as a whole is clearly contingent on the health of each of its members. Each one of them should be able to benefit from the services offered by the banks, which are as much tools for integrating people in difficulty into society. As such, they can continue to develop in the banking circle but also in the social circle.

People who are vulnerable and threatened by precariousness must be supported so that they may succeed in their projects. Social cohesion as a whole depends on it. ”

CHAPTER

02

FINANCE  
AND BANKING  
IN EUROPE



# FIVE KEY PRIORITIES FOR THE FRENCH PRESIDENCY OF THE EUROPEAN UNION

As part of the French Presidency of the European Union in the second half of 2008, the FBF presented five priority areas for banking in Europe. However, the financial crisis somewhat disrupted the initial plan: the French Presidency was characterised by the development of a European response to the crisis.

French banks have always supported the integration on a European level of the banking and financial markets. The country's six-month Presidency of the European Union was an opportunity to progress in this area. Since June 2008, the FBF has proposed five priority areas:

## Financial crisis

The priority is for a normalization of the market for bank refinancing and recourse to more realistic accounting methods for valuing assets when markets fail. The FBF also recommends adopting structural methods which notably include banking supervision for all lending institutions and revisions to the role of rating agencies.

Generally speaking, the aim is to avoid regulations which would be liable to accentuate the impacts of an economic cycle or could distort competition and negatively impact European banks.

## Banking supervision

The current fragmentation of banking supervision at the national level decreases the effectiveness of the supervision of cross-border banking groups. The financial crisis has clearly revealed the need for a supervisory framework tailored to the size of pan-European groups. It is for this reason that the FBF wishes to change from a national to a European system of banking supervision.

## Financial markets

Integration of the financial markets must be completed. The FBF is supporting the creation of a European asset management market through amendments to the UCITS directive. With regard to post-trade activities, the FBF desires rigorous monitoring of the Clearing and Settlement Code of Conduct and the implementation of the Target2-Securities platform.

## Retail Banking

The FBF has long been campaigning for a single retail banking market integrated in a pragmatic manner. The FBF is favourable to the development of a pan-European market for home loans and supports European commitments on client mobility.

## Payments

The FBF is underlining the need to harmonise the adaptation of the directive on payment services (PSD) and to clarify the legal and economic framework in order for the SEPA (Single Euro Payments Area) project to progress and for payment methods to be genuinely harmonised.

### A DISRUPTED SCHEDULE

The deepening of the crisis in September 2008 partially disrupted the schedule of France's Presidency. The European Union is developing a concerted action plan in order to restore confidence in the banking and financial system and amending the directive governing deposit guarantee systems, etc. France is actively participating in the development of a European response to the crisis.





## CAMPAIGNING FOR INTEGRATED SUPERVISION OF PAN-EUROPEAN GROUPS

### A GROUP OF EXPERTS ON SUPERVISION

In October 2008, the European Commission entrusted the task of drawing up recommendations on the European cross-border financial institution supervision framework to a group of experts chaired by Jacques de Larosière. French banks want the work of the Larosière group to enable significant progress to be made with regard to improvements to cross-border banking group supervision.

**The revision of the Capital Requirements Directive (CRD) must be an opportunity to make progress on the supervision of cross-border banking groups. It must also help to strengthen financial stability in Europe and include initial responses to the crisis.**

### Insufficient progress on banking supervision

The revision of the Capital Requirements Directive (CRD), launched in autumn 2008 by the European Commission, is an opportunity to strengthen prudential supervision of pan-European groups. For the moment, this supervision is mainly organised at a national level, while banking groups manage risks in an integrated and centralised manner.

Brought into action by the revision of this directive, the FBF is responding to all consultations carried out over the summer of 2008. The FBF have noted the positive steps taken in the proposed directive published by the European Commission on 1 October 2008. In particular, this directive stipulates the recognition of supervisory colleges and, above all, gives a highly influential role to the supervisor of the parent company.

However, the compromise adopted by the EU Council in December 2008 moves further away from the initial objective of implementing a system of integrated supervision, returning to a system that is increasingly based on the national supervisor.

In the FBF's opinion, improving European supervision requires a move from a national to a European system, including:

- supervision of pan-European groups by supervisory colleges, with a decision-making role entrusted to the supervisor of the parent company. The aim of these colleges is to improve cooperation between the supervisors of major subsidiaries and branches and that of the parent company;
- strengthening the role and powers of the CEBS<sup>(1)</sup> in order to promote cooperation and the convergence of national supervisors' practices;
- including a European dimension in the mandates of national supervisors, requiring them to cooperate with their European counterparts.

### Adapting securitization regulations

Revisions to the CRD also involve securitization. In this area, banks have agreed on the importance of strengthening commitments of participants and transparency. The FBF does not agree with the EU Council's proposal requesting that institutions involved in a securitization transaction retain 5% of the risk.

An agreement between the European Parliament and the EU Council on the revisions to the CRD is expected before April 2009. The text is likely to come into effect in April 2010.

(1) CEBS: Committee of European Banking Supervisors. A consulting committee made up of high-ranking representatives of national banking authorities and central banks of EU Member States.

# COMPLETING THE INTEGRATION OF FINANCIAL MARKETS

The Financial Services Action Plan for 1999 to 2004 has accomplished much toward the integration of financial markets. However, more progress must be made in the areas of asset management and post-trade activities.

## Towards a European asset management market

The banking profession is fully behind the development of a genuine European asset management market, notably providing management companies with a European passport.

On 13 January 2009, the European Parliament adopted Ecofin's compromise position on the revision of the UCITS directive launched by the European Commission during the summer of 2008. The new text includes the European passport for asset management companies. This passport will enable asset management companies to develop their activities from one single country.

The challenge lies in guaranteeing that the funds created comply with the regulations of the countries in which said funds are domiciled.

Moreover, French banks support the initiatives which:

- promote the cross-border distribution of UCITS funds thanks to new electronic notification procedures between national regulators;
- authorise the merger of harmonised investment funds, both on a national and cross-border basis;
- simplify the information disclosed by the asset management company to a potential investor – key information must simplify fund comparison.

Following its formal adoption by the European Union Council, the directive must be adapted by Member States before mid-2011.

According to the EFAMA<sup>(1)</sup>, the European financial management industry represented 6,142 billion euros at the end of 2008.

## Post-trading activities: the Target2-securities project is underway

After two years of consultation and feasibility studies, the ECB decided to launch the Target2-securities (T2S) project on 17 July 2008. The aim of this project is to implement a single settlement platform for euro-denominated securities transactions. As users of settlement-delivery securities infrastructures, French banks are highly supportive of this project. This single platform will contribute to the integration and sound functioning of the European settlement-delivery systems. It will also ensure greater transaction efficiency and security. It is the banks' wish that users be fully involved in the project's governance.

The ECB is entrusting the implementation and operational management of Target2-securities to the German, Spanish, French and Italian central banks. The operational launch of T2S is scheduled for 2013.

## ASSESSING THE POST-TRADING ACTIVITY CODE OF CONDUCT

The Commission is committed to assessing the entire implementation of the Clearing and Settlement Code of Conduct adopted in November 2006. For the banking profession, certain commitments still seem to be beyond the expectations of issuers and operators, for example, the comparability of services and prices. The separation of activities and accounting also remains insufficient. This precise assessment is essential.

## WHAT IS SETTLEMENT-DELIVERY OF SECURITIES?

The settlement-delivery of securities comprises the transfer of the securities to the buyer and the payment of the corresponding funds to the seller. It ensures that an asset is only delivered if payment is made and vice-versa.

(1) EFAMA: European Fund and Asset Management Association. An organization that represents investment industry professionals in Europe.

## RETAIL BANKING IN EUROPE IS PROGRESSING

French banks have long supported the integration of the European retail banking markets. For the FBF, European retail banking will progress thanks to directives aiming at complete targeted harmonization.

### Consumer credit: progress for European retail banking

French banks have welcomed the directive of 23 April 2008 governing credit for consumers. The text will enable European consumer credit markets to function better thanks to complete targeted harmonization around key points. It will ensure a high level of protection for consumers and provide them with the possibility of playing the competition to their advantage.

The directive must be adapted by Member States before June 2010. In France, the adaptation bill must be presented to Parliament by the end of the first quarter of 2009.

### Supporting an integrated European home loan market

The banking profession is campaigning for the harmonised development of a European home loan market which would be beneficial to both consumers and lenders. However, the integration of this market will depend more on supply than demand.

Following the European Commission's White Paper in December 2007, the FBF notably identified three important points:

- security deposits must be taken into account: widely used in France, this offers consumers some flexibility – this refers to home loans not mortgage loans;

- contractual freedom must retain its place in the commercial relationship in order to stimulate competition;

- in the event of early repayment, a fair and objective indemnity which offsets the costs incurred by the bank must be possible.

Planned during a period of sharp growth in outstanding home loans, the development of a harmonised market must lastly take into account the new crisis situation and the sharp slowdown in activity on the housing markets.

### Common principles to assist banking mobility

On 1 December 2008, European banks published their Common Principles for Bank Account Switching in each EU country. These principles fulfil the European Commission's request to develop common self-regulation rules for banking mobility at a national level. They notably stipulate that clear and exhaustive information shall be provided to clients on mobility and allocate a leading role to the new bank in assisting its new client. The Principles will apply as of 1 November 2009 and constitute major progress in the majority of Member States which, until now, did not offer any banking mobility assistance. In France, banks have been making account switching easier since 2005. A new service will be implemented as standard in 2009.

# KEY FIGURES: BANKS IN EUROPE AND AROUND THE WORLD

## French banks are active in Europe and throughout the world

French credit institutions were present in 963 locations in 87 different countries around the world in 2007.

Source: Banking Commission

At the end of 2006 in the European Economic Area, French banks were present in 508 locations (twice the amount of 2000) which is 53% of the total overseas presence.

Source: CECEI

At the end of 2006, 455 French credit institution subsidiaries were located outside the European Economic Area, which is 47% of the total overseas presence.

Source: CECEI

## A French market open to foreign banks

More than 67% of foreign subsidiaries in France are European, for a total of 161 out of 239 in 2007.

Source: CECEI

In France, foreign institutions (EU and non-EU) represented almost 13% of banks' total balance sheets at the end of 2007, which amounted to some 865 billion euros.

Source: ECB, EU banking structures, October 2008

Foreign institutions distributed 9.2% of credit to non-financial clients in France in 2007 and collected 8.6% of deposits.

Source: CECEI

In 2006, France was the leading European country in terms of the number of European banking subsidiaries.

Source: CECEI

## Europeans are in favour of a strong banking environment in Europe

84% of Europeans are convinced that a stronger Europe in banking terms will enable Europe to increase its influence in the global economy.

Only 22% of Europeans are aware that European initiatives are underway to create a single banking and financial market.

Expectations regarding Europe in banking terms vary from country to country:

- lower bank charges (for 64% of French people and 62% of Italians);
- easier money transfers within Europe (70% of Germans);
- greater solidity of the European banking system when facing global financial crises (57% of Spaniards).

In general, Europeans are prepared to open an account outside of their borders, particularly Italians (88%) and Spaniards (71%) as well as more than two thirds of French and Germans. In contrast, only 58% of the British population are prepared to do so.

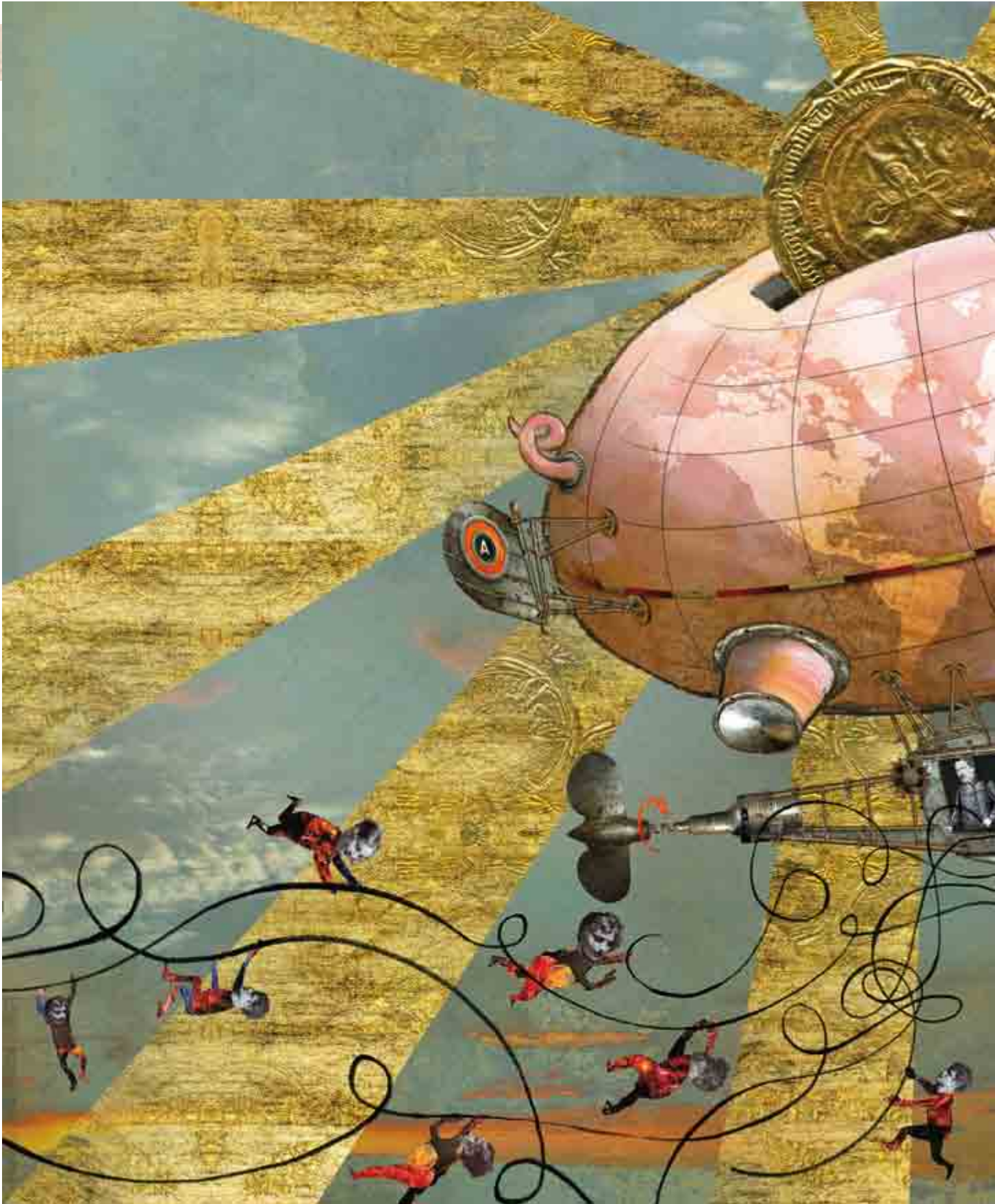
The reasons to not open an account abroad are the language barrier (70% of Britons), geographical distance and the lack of face to face relations (61% of French people) and concerns regarding poor legal advice in the event of a problem (67% of Germans).

Source: Ifop survey, June 2008.

## A BUOYANT EUROPEAN BANKING SECTOR

Source: ECB, EU banking structures, October 2008

In 2007, nearly 2.8 million employees worked in the European Union's 8,343 banks. These banks number some 233,000 branches. Outstanding loans to individuals totalled 6,861 billion euros in 2007, up 4.5% in one year. Outstanding loans to non-financial companies stood at 5,582 billion euros, up 14% in one year.





## ETHICAL SAVINGS

As seen by Bruno Mallart



Through this flying suckling pig, I wanted to propose a crazy and unconventional vision on the theme of ethical savings. This “guidable pig” symbolises both savings represented by the piggy bank and investment which generates wealth with the beams from the coin becoming the sun. In addition, the people in a precarious situation, being dragged along in an upward movement, represent the theme of solidarity. ”

CHAPTER

03

BANKS  
AND THEIR  
CUSTOMERS



## BANK-CUSTOMER RELATIONSHIP: TRANSPARENCY AND ACCESSIBILITY

In 2008, banks strengthened their initiatives to provide greater transparency and to become more competitive, while continuing their support for the accessibility of banking services.

### Banks are establishing a service to support mobility

In May 2008, banks demonstrated a commitment to improving the banking mobility of interested customers. This includes support for transferring all debits and funds transfer operations upon request. The customer provides the information, and within a specific timeframe, the new bank carries out the administrative steps to ensure that the debits and funds transfers that the customer normally receives are reflected in the new account.

Already available in some networks, the service will be available to everyone by 1 November 2009. It satisfies the Common Principles for banking mobility defined for Europe by the EBIC<sup>(1)</sup>.

This mobility support programme will enhance the system that customers already use to facilitate bank changes, including mobility guide, no fee to close deposit or savings accounts, and a service for obtaining a summary of automatic and recurring operations.

According to an Ifop survey conducted in June 2008, 63% of the French believe that it is easy to change banks.

### Banking services for everyone

With more than 98% of its population having access to banking services, France's number of bank account holders is among the highest in Europe. However, banks have still taken major steps to give everyone access to the banking services they need. They are standing by their commitments.

According to the Banque de France, a total of 30,460 people benefited from basic banking rights in 2007, about the same as in the previous year. In addition, at the end of 2008, credit institutions adopted a "banking accessibility charter", pursuant to the August 2008 law of economic modernization. Applicable as of January 2009, it makes clear the right to an account.

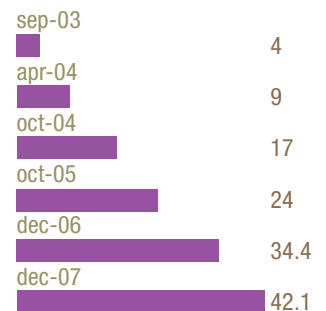
Banks also offer a set of alternative payment instruments for customers without cheque books. At the end of 2007, more than 73% of them were equipped with modern payment instruments (alternative means of payment, systematic authorization cards, etc.), up 30 points in two years, and according to the Ifop, a third of all French people are familiar with this system, up 2 points in two years. More specifically, half of those who have had at least one banking incident in the past two years are familiar with this set of payment instruments.

NEARLY 75% OF CUSTOMERS HAD AN ACCOUNT AGREEMENT AS OF THE END OF 2007

At the end of 2007, 42 million customers – or nearly 75% of individual customers – had an account agreement. Banks have provided free of charge an account agreement for every new account opened since February 2003. In keeping with their commitment, they have increased efforts to encourage customers who opened their accounts before that date to request an agreement.

CHANGE IN THE NUMBER OF CUSTOMERS WITH AN ACCOUNT AGREEMENT

(in millions)



(1) European Banking Industry Committee: a committee that brings together associations representing the European banking industry.



## CREDIT: MORE INFORMATION

Many initiatives are improving credit information, allowing customers to be responsible for their own choices.

### Variable-rate credit and home ownership: banks are improving information

On 22 May 2008, the FBF and the ASF<sup>(1)</sup> signed commitments to improve the information provided to variable-rate borrowers in order to build their confidence. In particular, these commitments include both providing an alternative loan with a controllable rate<sup>(2)</sup> or a fixed rate and eliminating teaser rates. On receipt of a loan request, credit professionals will also provide automatically model-simulations for a variable-rate loan and also provide more information about the possibilities and requirements for switching to a fixed-rate loan. Finally, the FBF and the ASF will develop a common glossary for educational purposes. In 2007, 4.4% of loans in France were variable-rate loans, compared to nearly 8% in 2006<sup>(3)</sup>.

In addition, institutions will pay special attention to low-income customers with a revised-rate social ownership loan [prêt à l'accession sociale (PAS)] and will inform new customers about existing types of assisted loans, such as the social ownership loan and the new zero-rate loan. These will be implemented no later than the end of May 2009.

Since October 2008, with variable-rate credit offerings, banks have been providing an informational sheet and a simulation of how interest rate changes will affect monthly payments. Also, once a

year, banks inform all variable-rate borrowers of the outstanding principal on their loan, in accordance with the law dated 3 January 2008.

### Borrower insurance: comparisons made easier

To improve information and encourage borrowers to compare offers, banks and insurance companies are developing a standard information sheet regarding borrower insurance for home loans. This sheet has been positively received by consumer associations and by the panel of consumers who tested it in November 2008.

Because these are consumer goods, professionals are required to state the cost of optional borrower insurance, monthly and in euros, on any informational document and advertising (when the cost is mentioned) for all consumer credit products, including revolving credit. These measures shall come into effect at the end of the first half of 2009.

Additionally, for home loans, institutions are willing to accept individual life insurance and disability policies with a level of coverage equivalent to what is offered through the group policy. In November 2008, the French Ministry of the Economy requested a legislative change to that effect, to become effective in 2010.

(1) Association française des sociétés financières [French Association of Financial Companies]

(2) A loan with an interest rate cap or a limit on the change in monthly payment or duration of changes

(3) Observatoire du financement des marchés résidentiels [French residential property market financing observatory]

## AERAS: an agreement that works

The Proposal and Monitoring Committee for the AERAS Agreement<sup>(1)</sup> submitted its report to the Government and Parliament in September 2008. This report underscores “an agreed system that demonstrates a high capacity for adapting to changing issues over time”. Any future borrower will automatically benefit from it, without having to request the agreement. In 2007, insurance companies received more than 4.3 million business credit and home loan insurance applications, with more than 99% of the applications receiving an insurance offer. Of the total 431,000 applications that received further consideration under AERAS, 93% of them resulted in an insurance offer.

Banks trained more than 100,000 advisers on the agreement in 2007, and they are systematically training all employees that work with credit and all new hires. In collaboration with the FBF and the main banking networks, the CFPB<sup>(2)</sup> has developed a training kit.

## Consumer credit: towards responsible cooperation

In December 2008, Christine Lagarde, the French Minister of the Economy, and Martin Hirsch, the French High Commissioner for Active Solidarity against Poverty, launched a dialogue to discuss consumer credit reform. French banks will participate in this effort, particularly in adapting the supported European directive on consumer credit.

In accordance with their 2004 commitment, banks regularly consult the FICP (the national database on household credit repayment incidents) and request evidence before granting credit to a new customer. The FBF is involved in order to give this reform a prag-

matic approach that benefits consumers, without calling into question this means of financing that is so vital to economic development. The French Government is expected to introduce a bill to Parliament before the end of the first quarter of 2009.

## In preparation for an ecological zero interest rate loan

The 2009 Finance Law dated 27 December 2008 creates the ecological zero interest rate loan for older buildings. To ensure its success, the product has been simplified for consumers and made easier for banks, as requested by the banks.

The ecological zero interest rate loan should be available in spring 2009, after the decree has been issued, and the 2009 amended Finance Law should make it possible to combine the ecological zero interest rate loan with the tax credit for some energy-saving undertakings.

## A new loan for students

In September 2008, Valérie Pécresse, the French Minister of Higher Education and Research, announced a new student loan as an addition to what is already available. It is partially based on a public guarantee and is therefore exempt from requiring a parental guarantee. This makes it easier for students to have access to loans, regardless of their social standing and for a variety of educational programmes. As with any credit instrument, the lender will consider every application on a case by case basis. This new loan has been available in some networks since the start of the 2008 school year and is expected to become available in other networks in 2009.

### IMPROVING THE FICP'S RESPONSIVENESS TO BETTER PREVENT EXCESSIVE DEBT

In September 2008, a draft of the report on the evaluation of the FICP (Fichier national des Incidents de remboursement de Crédit aux Particuliers), the national database on household credit repayment incidents, was presented to the CCSF (Comité Consultatif du Secteur Financier). The FBF, who had also suggested improving this database, supports the measures that are likely to improve the FICP's responsiveness, without adversely affecting the protection of personal data. It provides greater protection against excessive debt, making the update and availability of this file more efficient. Preventing excessive debt also requires true public support for real financial education in schools.

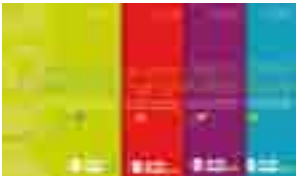
(1) AERAS: s'Assurer et Emprunter avec un Risque Aggravé de Santé [Insuring and Borrowing with an Aggravated Health Risk]

(2) CFPB: Centre de Formation de la Profession Bancaire [Training Centre for the Banking Industry]

## NEW MEASURES FOR SMEs

### "THE KEYS TO BANKING" FOR PROFESSIONALS

In 2008, the FBF launched a "Keys to the Business Banking" programme, with a series of convenient guides for artists, merchants, professionals, and business executives. Four guides have already been released: invoicing and credit insurance, the need for cash, the bill of exchange, and the business account. A programme website will be available in early 2009 at [www.lesclesdelabanque.com](http://www.lesclesdelabanque.com).



### ALSO SEE PAGES 9-11:

The banking profession is committed to rolling out the French plan.

**Banks support measures for small and medium size enterprises (SMEs) that seek to strengthen their capital. In addition, to gain a better understanding of their expectations, the FBF is launching a study on bank-SME relationships.**

### Investing the wealth tax in SMEs

In 2007, a plan was developed for reducing the French wealth tax (ISF [impôt de solidarité sur la fortune]) by investing in SMEs. It was formalised in April 2008 by order and decree. For the FBF, this is a good way to improve capital in companies that are in the planning, start-up, and expansion phases. It is involved in custom fundraising, allowing investments in larger SMEs and facilitating it for beneficiary companies.

This measure has helped to direct 930 million euros from the 2008 wealth tax into SME capital, according to Minefe.

### A survey of bank-SME/ microbusiness relationships

In order to better understand the relationships that SMEs and micro-businesses have with banks, the FBF launched a study, carried out by the Ifop. Conducted in February 2008, the first results shows that 83% of company heads have a good opinion of their bank, and 78% are satisfied with the customer advisor who handles their business account.

In February 2008, the majority (68%) of SME and microbusiness leaders "had

never been denied funding for a project". However, the survey reveals some caution when it comes to investing. Only 26% of leaders "have investment projects within their companies currently or within the next 12 months" (23% for microbusinesses and 45% for SMEs).

At 53%, geographical proximity is the top criteria that SMEs and microbusinesses consider when selecting a bank, followed by the quality of the relationship (49%) and the bank's ability to adapt to their needs (35%).

The survey was conducted by Ifop with a sample of 1,002 business leaders, representative of French businesses (microbusinesses and SMEs). Telephone interviews from 28 January to 13 February 2008.

### 123,000 business start-up loans (PCEs)

Between their creation in 2001 and the end of 2008, 123,000 PCE (Prêt à la Création d'Entreprise) business start-up loans have been issued, for a total of 700 million euros. They helped to create 157,000 jobs for the business start-ups. Amounting to between €2,000 and €7,000, a business start up loan is always completing a bank loan. It also has a positive residual effect because the amount of the bank loan averages 2.5 times more than business start-up loans. Source: OSEO

## KEY FIGURES: THE BANK-CUSTOMER RELATIONSHIP

### Accessible banking services

**280 new banking agencies** were created in 2008 (excluding La Banque Postale points of sale). At the end of 2008, there were 27,839 agencies, or 39,700 with La Banque Postale points of sale.

Source: Banque de France

**51,700 ATMs** in 2007: this figure rose 8% in one year and nearly doubled in 10 years. Source: CECEI

**More than 98%** of the French population has access to banking services, compared to a European average of 80%.

Source: European Commission, May 2008

**-5%**: the drop in the price of French banking services in 2007. They amounted to €67 per year, while the average for Europe is €73. Source: EFMA/Cap Gemini, 2008

Financial services represented **0.58%** of household budgets in 2008. By comparison, telephone services represented 3.03% of the budget. Source: Insee

### Nearly 14 million households had credit in 2007

**13.8 million French households** had credit in 2007, representing 52% of households. This is one of the highest levels since 1989. Thus, 450,000 more households had credit compared to 2006, confirming a wide distribution of credit among the French population.

**30.6% households** had a home loan in 2007 (30.2% in 2006) and a third had a short-term credit facility, one of the highest levels on record.

In addition, **more than 20% of households** under 30 years old were homeowners in 2007, the highest level since 1989 (+2.5 points in a year).

Source: Household Credit Observatory

### Significant savings in many forms

French households were **saving at a rate** of 15.4% in the 3rd quarter of 2008, half a point down from the beginning of the year. Source: Insee

In France, credit institutions managed **72 million current accounts** at the end of 2007, along with 149 million term deposit and savings accounts (including passbook accounts, PEL, CEL and LEP).

Source: CECEI

### A competitive environment

**58%** of French people find rates easily when they need them, and for half, it is easy to compare prices between banks. **83%** of French people believe that competition between banks is a good thing. Those who think that changing banks is expensive have dropped 10 points to 30%.

**28%** of French people had an account with multiple banks in 2008.

**A quarter** of those interviewed had already changed banks (including 6% who had changed within the past 12 months).

Source: Bank Image Survey, Ifop, June 2008

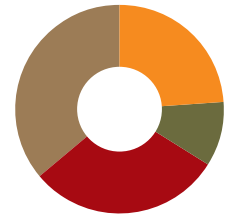
### The French overwhelmingly favour the complementarity of the channels

Although 96% of French people visited their branch in 2008, the Internet is becoming an essential channel. Despite the development of Internet banking services, 44% of French people state that they often visit their branch. This number is increasing (+6 points in a year), which suggests a greater awareness among the French of the complementarity of the channels.

Source: Bank Image Survey, Ifop, June 2008

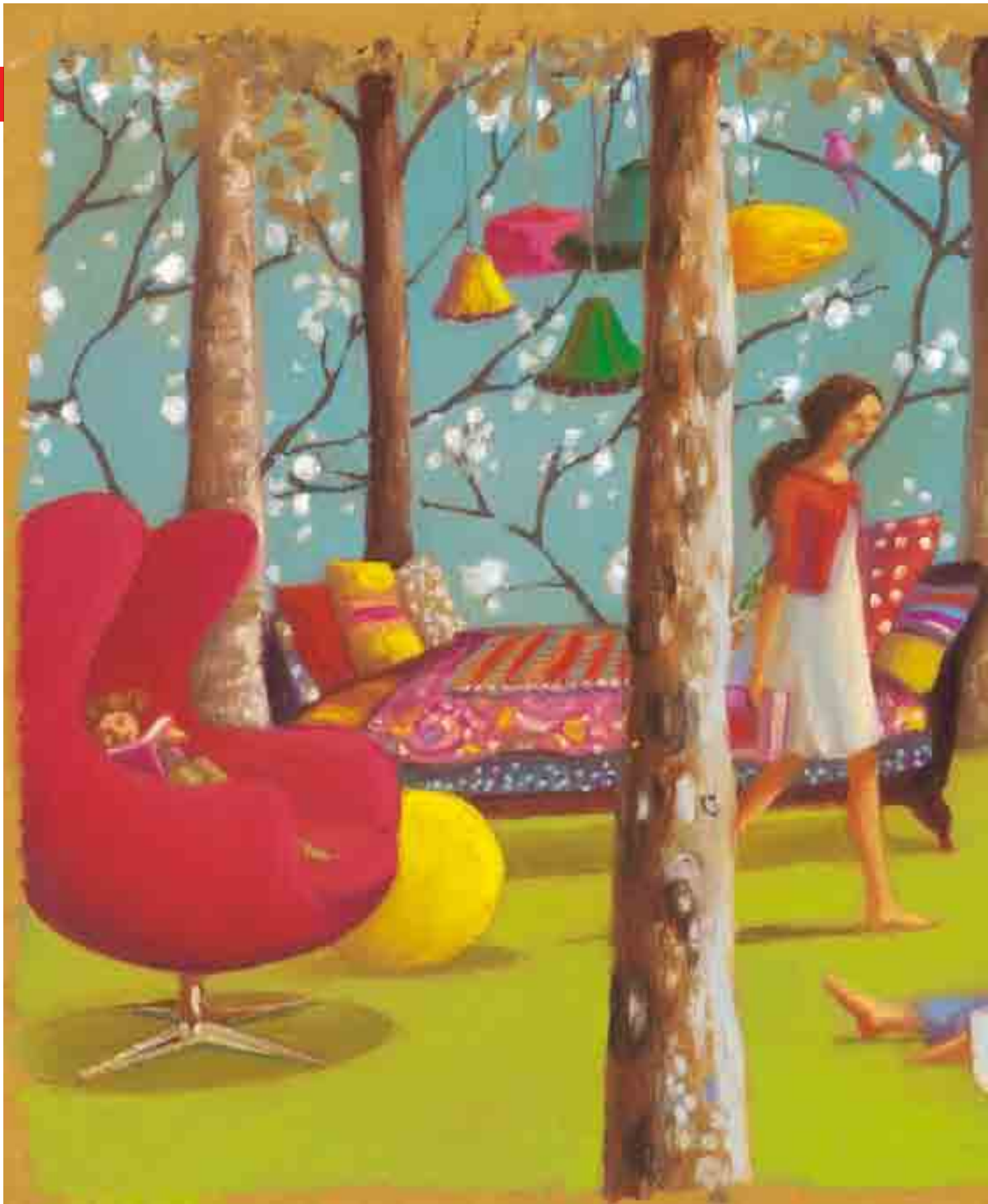
### HOUSEHOLD SAVINGS in 2007

Source: Banque de France and BIPE



- 24% Liquid Savings
- 10% Blocked Savings
- 30% Securities\*
- 36% Life Insurance

\* o/w equity: 17%, company investment funds: 3%, other: 10%





## GREEN LOANS

As seen by Nathalie Novi



The idea came from the comfort of an ecological habitat, where the air is pure, where warmth travels healthily and naturally, where everything has its place and unseemliness does not exist.

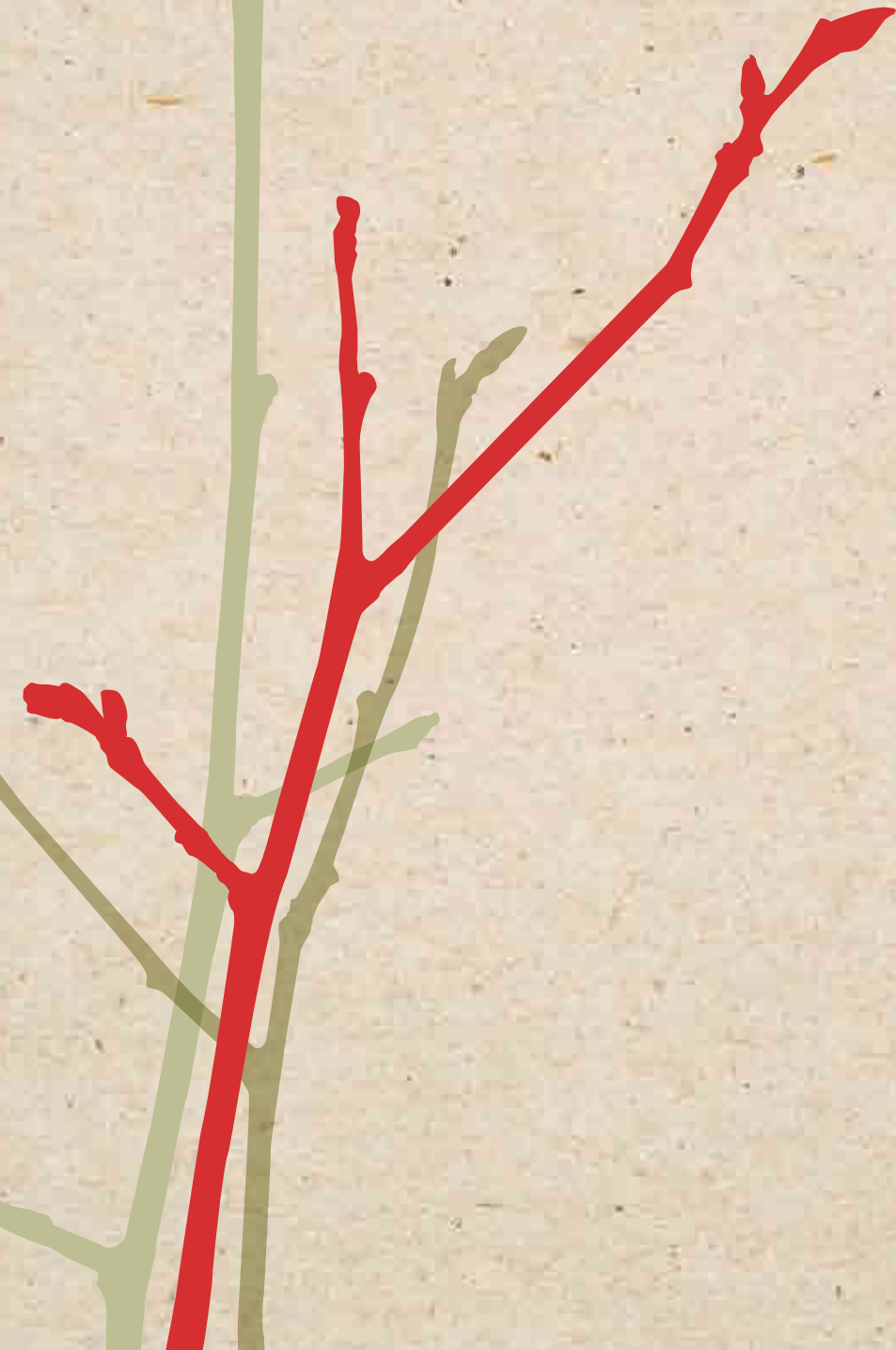
I suggest a very calm and serene atmosphere where people are barefoot and where modern and bucolic decor intertwine. Everyone is reading or listening to music, just as we like to do at home in a comfortable living room...

The background has a Japanese feel, the print rich and bohemian, the trees placed as in a neat wood. All this gives an airy perspective which contributes to an impression of plenty. ”

CHAPTER

04

# PAYMENT INSTRUMENTS



## PAN-EUROPEAN PAYMENTS: MAJOR UNCERTAINTY FOR THE REMAINDER OF THE PROJECT

The SEPA credit transfer has been launched, the new STET payment system is operational, and the payment services directive is in the process of being adapted into law.

However, last-minute questions from European authorities concerning economic rules are creating major uncertainty for the remainder of the SEPA project (Single Euro Payments Area).

### SEPA credit transfers are a reality

On 28 January 2008, all of the major French banks performed their first SEPA credit transfers, both sending and receiving. They were processed without incident on the CORE system, developed by French banks, or on one of the other 14 European interbank payment systems.

The National SEPA Committee<sup>(1)</sup>, responsible for overseeing the implementation of SEPA in France, published its first migration report on 25 November 2008. It analyses the migration to the SEPA credit transfer and measures the declining use of the current transfer.

This is still limited, but several large companies have migrated some of their credit transfers. Administrations alone issue nearly 45% of credit transfers, and so their adoption of the SEPA credit transfer is therefore a key element for the whole of the market. They will migrate most of their transfers in 2009-2010.

When the critical mass of transactions is reached (75% of volume and 50% of customers), the Committee can decide to definitively stop old credit transfers by the end of 2011.

### The continuation of the SEPA project requires a clarification of economic models

In September 2008, the European Commission announced a long-term ban on multilateral interchange fees and thus on the business model that had been established for SEPA direct debits, except in the case of a specific agreement between banks, and without any prior evaluation of the consequences. However, the EPC's rules on direct debits accounted for possible billing for services rendered between banks, and they have been requesting the Commission's position since 2006.

Europe's success with direct debit payments and card payments is therefore suspended until European authorities have clarified the rules on billing. Until they are clarified, French banks – like many other European banks – cannot commit to the work or preliminary schedule. Like all businesses, banks must assess their economic and legal risks with respect to possible investments. The National SEPA Committee shares these concerns.

French banks have therefore requested precise and stable specifications on the SEPA project from European authorities,

CORE,

A NEW PAYMENT SYSTEM

In January 2008, STET put into operation a new interbank clearing system, called CORE, with European credit transfers. As of June, STET has been processing French domestic payments, a migration that concluded without incident in September. The old SIT infrastructure, which dates back to 1994 and was taken out of service at the end of October, had different features that no longer satisfied the requirements of the European SEPA market. The CORE system processes the greatest volume of transactions in Europe, more than 12 billion transactions per year. Its services are designed to meet the needs of other communities.



(1) Jointly chaired by the FBF and the Banque de France, the National SEPA Committee brings together everyone involved, including public authorities, businesses, consumers, etc.



#### A REVISION OF THE EUROPEAN REGULATION ON CROSS-BORDER PAYMENTS

In October 2008, the European Commission published a proposal to revise the regulation No. 2560/2001, related to cross-border payments in euros. The proposal aims to expand its scope to include SEPA direct debits. Under the 2001 regulation, the fees for cross-border card payments and credit transfers in euros within the EU are identical to the fees for similar domestic payments and credit transfers. The new regulation would become effective in November 2009.

so as to create true unified management over the project, with fully authorised business models and a methodology established in advance. Finally, the industry needs realistic deadlines in order to properly prepare for the migration.

#### Fully uniform adaptation of the directive on payment services

On 31 October 2008, the FBF responded to the French Ministry of the Economy's consultation of preliminary drafts on adapting the directive on payment services.

The Member States must adapt this directive, published in late 2007, by 1 November 2009. It is a prerequisite for the progress of the Single Euro Payments Area (SEPA).

French banks, who have been very involved in developing payment instruments for Europe, are especially attentive to the fact that this adaptation does not lead to specific interpretations, which act against the principle of full harmonization, and that it does lead to identical payment transaction processing throughout Europe.

As a result, Member States must closely cooperate with one another, as many options are left to their discretion.

French banks are also working to avoid distorting the competition between French and European payment service providers and between credit institutions and payment institutions. Specifically, there must be a set of uniform criteria in relation to how much equity to tie up and the level of user protection.

#### Is this the right time for the e-money directive?

On 9 October 2008, the European Commission published a proposal for a directive that repeals the previous directive from 2000. It seeks to lighten the status and prudential constraints on e-money issuers in order to align them with those adopted for payment institutions under the payment services directive.

In the FBF's opinion, it would be better to first stabilise the application of the payment services directive and the new status of payment institutions and to measure the impacts before introducing changes in e-money with unpredictable consequences. In addition, the status of e-money institutions, as proposed in the directive (supervisory approach, etc.), weakens user protection considerably.

#### A European card system under consideration

In April 2008, French and German banks announced that they were working together to study the feasibility of a European card system. This addresses the desire of European authorities that the banking industry have an additional pan-European card system. They are focusing on the technical aspects, the processing structure, and the level of necessary sales effort. Of course, carrying out such a project would require major investments and thus needs a clear regulatory framework and a viable economic model.

## ONLINE BANKING AND PAYMENTS: INCREASINGLY SECURE SERVICES

Whether for online banking or for payment instruments, banks are constantly investing in security. However, security is everyone's business, which is why the FBF is participating in collective prevention campaigns.

### The FBF signs a common charter for online security

On 7 February 2008, the FBF signed the charter for online authentication on behalf of banks operating in France, under the aegis of the French Prime Minister's Media Development and Management service [Direction du Développement des Médias (DDM)]. This charter is the result of discussions between various players in e-commerce and the Government. While user identification serves to communicate an identity, authentication involves proving this identity. For this occasion, the French Government has launched a small educational site at [www.ddm.gouv.fr/surfezintelligent](http://www.ddm.gouv.fr/surfezintelligent).

The banking industry is a partner in this operation and relays the "Surf Intelligently" information campaign. In fact, online security should be everyone's concern, from Internet consumers to online merchants, Internet access providers, banks, and public authorities. Banks are constantly investing in data protection and educating Internet users. Similarly, the FBF publishes practical advice and distributes a guide on banking transaction security, which was updated in June 2008.

### Increasing confidence in online banking services

The Internet is becoming an essential channel for banking services. 64% of Internet users visited their bank's website

in June 2008, a 4 point increase in one year. This rate reaches 81% among 25-34 year olds. Online confidence is also growing, with 73% of Internet users believing that their connection to online banking services is secure (+8 points).

The French are especially active in making transfers online and downloading statements. Already, 37% of them generate loan simulations, but 63% say that they would do so. However, branches remain key when it comes to credit. In June 2008, 10% said that they are ready to take out a home loan online, but only 1% had already done so.

Source: Ifop survey, June 2008

### Further decrease in the rate of bank card fraud

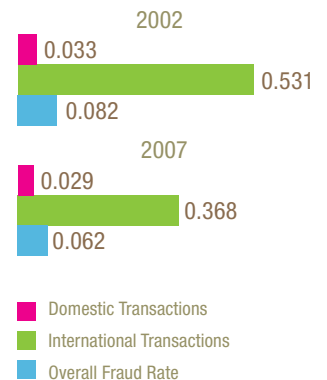
The rate of card fraud<sup>(1)</sup> in the French systems was 0.062% in 2007, according to the Observatory for Payment Card Security. This is the lowest rate the Observatory has recorded since its creation in 2001. The imbalance between domestic fraud and international fraud continues.

57% of fraud affect international transactions<sup>(2)</sup>, which account for 10% of the value of card payments made in French systems.

Although the amount of domestic transactions is increasing, the fraud rate for this type of transaction is decreasing, from 0.031% in 2006 to 0.029% in 2007.

### THE CHANGE IN THE CARD FRAUD RATE 2002-2007, in %

Source: Observatory for Payment Card Security, July 2008



### BANKING TRANSACTION SECURITY GUIDE

Issued by the FBF  
and updated in June 2008



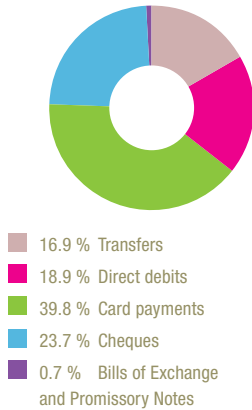
(1) Fraud rate: the amount of fraud related to the total amount of transactions.

(2) International transactions: abroad transactions from a French bearer or transactions from a foreigner in France.

## KEY FIGURES: PAYMENT INSTRUMENTS IN FRANCE

### PAYMENT TRANSACTION BREAKDOWN in 2007

Source: Banque de France



### EUROPEAN PAYMENT AND EXCHANGE SYSTEMS

will no longer identify transactions as being specific to each country for truly national statistics. Changes will be assessed using figures estimated according to a new methodology.

(1) Data collection carried out by the Banque de France via managers of the various national exchange systems (the GSIT Interbank Teleclearing System, the Groupement des Cartes Bancaires "CB" system, the Banque de France as manager of the Banque de France Transfer (TBF) system, and the Interbank Settlement Centre (CRI) for the Paris Net Settlement (PNS) system) and payment instrument managers and/or issuing institutions, located in France and Monaco.

**15.5 billion payment transactions** were carried out by individual and business customers of French banks in 2007, according to the Banque de France<sup>(1)</sup> (excluding cash payments and ATM withdrawals), representing an increase of 3.5% in one year.

### Cards confirm their popularity

According to the Banque de France, cards (bank or private) remain the most commonly used payment instrument, representing 40% of payments, with 9.4% growth over one year.

So, for a 25 euro purchase, 50% of French people prefer to use a bank card (+7 points in one year), while 37% prefer to use cash (-7 points) and 11% still would use a cheque (-1 point). Source: Ifop survey, June 2008

There were more than 99 million cards in circulation in France at the end of 2007, including:

- 56 million interbank cards ("CB");
- 14 million ATM cards;
- 30 million privately issued cards.

Source: Banque de France

**For 2008**, the first available data indicates an increase in the number of transactions per card: +6.4% in authorization requests (over the e-rsb network).

Source: GIE CB

### Cheques continue their decline

The decline in the number of cheques issued is becoming more marked, dropping 4.6% over one year by the end of 2007. Cheques now represent 23.7% of payments, with 3.6 billion transactions.

### The total amount of transactions is equivalent to 13 times France's GDP

The total amount of payments made in 2007 was **25 trillion euros**, or 13 times the GDP of France. Fund transfers themselves make up more than eighty percent (84%) of the total transactions made, far more than cheques and direct debits, which represent 8.7% and 4.1% of the total transaction amount, respectively.

### Average amount by payment type:

- Transfer: €8,000
- Cheque: €595
- Direct debit: €257
- Card withdrawal: €71
- Card payment: €50.5

Source: Banque de France, 2007 data

### 450,000 memberships to the bank CESU

In 2007, banks registered 450,000 new customers as members of the bank CESU (Universal Employment Cheque [Chèque emploi service universel]). According to the ANSP, 1.4 million private employers used this to pay 700,000 employees. CESUs are involved in the development of personal services, with 2.8 billion euros having been paid out by bank CESUs in 2007 and nearly 170 million euros by prefinanced CESUs.

Source: ACOSS and ANSP

Since October 2008, private employers belonging to the bank CESU programme can pay their employees with the payment instrument of their choice, such as by transfer, cash, cheque, etc. They can use the Internet to declare their employees and hours worked. For those without Internet access, they may still request a book of declaration forms in order to make paper declarations.

# KEY FIGURES: PAYMENT INSTRUMENTS IN EUROPE

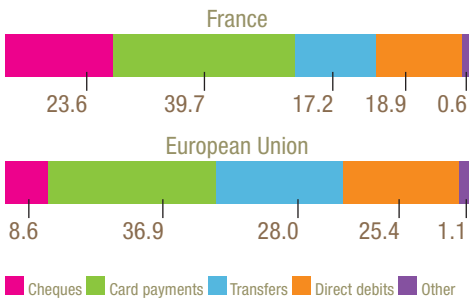
According to the ECB, **73.7 billion cashless payments** were made in Europe in 2007, with the French accounting for 21% of these.

## A diversity of European payment practices

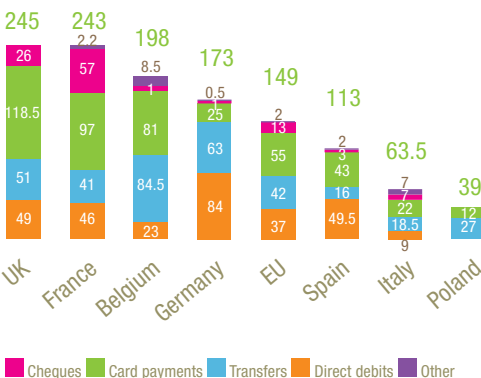
With more than a third of the transactions in Europe being carried out by card (37%), the major trends conceal the diversity of payment practices.

While the average European carried out 55 card payments in 2007, the average Finn carried out 173 card payments, the average Dane carried out 160, and the average Greek carried out less than 7.

BREAKDOWN OF PAYMENT INSTRUMENTS IN FRANCE AND EUROPE in volume in 2007, in %



NUMBER OF PAYMENTS IN THE EU PER CAPITA in 2007



Source: ECB Payment Statistics, November 2008

## Cheques continue their European decline

The average annual decline in the use of cheques in Europe is 5%. Many countries are using less than one cheque each year per capita (Hungary, Austria, Finland, Germany, Sweden, etc.). The French are the biggest users of cheques, at 57 cheques per year per capita.

Source: ECB Payment Statistics, November 2008

## The migration toward EMV standard card systems is continuing

The migration of card systems toward the EMV standards in all European countries will improve the security of cross-border payments. Through the EPC, European banks are committed to completing this migration by the end of December 2010.

In France, the migration is nearly complete. At the end of March 2008, 100% of CB cards, 98% of payment terminals, and 100% of ATMs were compliant with the EMV specifications.

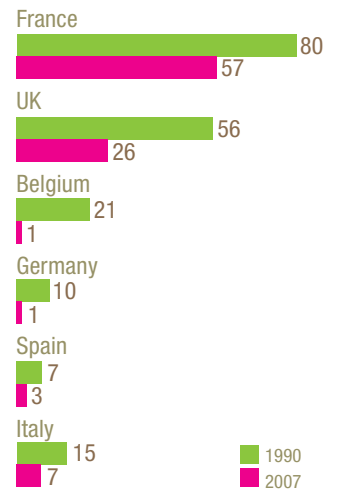
Throughout Europe, 61.6% of bank cards in circulation within the 27 Member States were compliant with the EMV specifications at the end of March 2008 (+8 points compared to March 2007). This is the case for nearly 67% of payment terminals (+15 points) and more than 83% of ATMs (+17 points). However, the situation varies greatly from country to country, both in readiness and in annual progress.

Source: Observatory for Payment Card Security, July 2008

## NUMBER OF CHEQUES PER YEAR PER CAPITA

Change from 1990 to 2007

Source: ECB Payment Statistics, November 2008



## THE FRENCH PREFER EUROPEAN PAYMENT INSTRUMENTS

For 60% of the French, it is important to have the same payment instruments throughout Europe. While 17% of all French people believe this is crucial, this figure is as high as 32% for farmers, craftsmen, merchants, professionals, and senior executives.

Source: Ifop survey, June 2008



# FINANCING MAJOR PROJECTS

As seen by Emmanuel Polanco



The central towers represent the major projects, with

two people surrounding them. One holds a yellow disc – a coin, the sun or even grain. They “sow” the grain which will grow into projects. The other person is thinking about the project. He has his hands free and is ready to act.

The central towers surrounded by vegetation express the banks’ desire to take into account environmental concerns in their major projects. As such, we may see the towers and the plant life as an immense tree trunk and its foliage. The tree is a symbol of strength: it is solid, respected and lasts. These are the qualities that these major projects must also have. ”



CHAPTER

05

BANKING  
INDUSTRY  
HIGHLIGHTS



# KEY FIGURES ON THE BANKING INDUSTRY

**450** banking institutions

**39 700** branches\*

**400 000** employees, one of the top private employers in France

**30 000** new hires each year

**72 million** current accounts

**€ 1,724 billion** in credits\*\*

**€ 1,694 billion** in deposits\*\*

**15 billion** payment transactions processed each year

**51,700** ATMs

**2.6%** of the national GDP

\* Including 11,900 La Banque Postale points of sale

\*\* As of late December 2008 (credit institutions / French residents). Source: Banque de France

The number of people employed in the banking sector in France increased by **8.8%** between 2002 and 2006. The average growth in the number of banking staff in Europe for the same period was 0.7%.

Source: CECEI

The banking industry accounted for **2.6%** of French GDP in 2007, the same figure as in previous years. The French financial and banking system occupies a key position in the country's economy.

Source: CECEI

## **12.8 billion euros**

This is how much banks spent on information technology in 2007, which represents an 8% increase in one year. After industry, the banking sector invests the most in IT, accounting for more than 16% of IT expenditure in France.

Source: Pierre Audouin Consultants

**12,481 suspicious transaction reports** were sent to Tracfin in 2007, 410 of which were subject to legal proceed-

ings (411 in 2006). Banks and credit institutions accounted for over 80% of these suspicious transaction reports. This rate is stable compared to 2006 because banks are favouring the qualitative declaration approach. This qualitative approach is reaping rewards as 72% of the information submitted which is then subject to legal proceedings comes from banks.

Source: Tracfin

## **Hold-ups: 3.8% more armed attacks in banks in 2008**

After seven years of consistent decline in the number of hold-ups in banks, there was a slight increase in 2008 to 218 (up 3.8%).

This slight rise reflects a general upward trend in attacks in all types of business. Over the long-term, the number of attacks in banks remains low, thanks to preventative measures taken by the banks and the positive impact of crackdowns by police.

Source: FBF



## INITIAL ACHIEVEMENTS TO MAKE PARIS A MORE ATTRACTIVE FINANCIAL CENTRE

### GLOBAL MARKET REGULATORS IN PARIS

IOSCO's\* 33rd annual conference in Paris in May 2008 brought together financial market regulators from around the world. The FBF and AMAFI reiterated their ambition to develop the investment banking and financial market businesses in Paris. The financial crisis must not slow down the modernization of Paris as a financial centre. These activities are a source of jobs and added value. They are also strategic in financing the economy and allocating savings. Financial activities overall (banking, insurance, asset management, etc.) represent some one million jobs in France, which is 6% of the national total employment.

\*IOSCO: International Organization of Securities Commissions – brings together market regulators from some 110 countries around the world, including the AMF in France.

The FBF is contributing to the competitiveness cluster dedicated to financial services by financing five university research chairs. It is also taking part in the work of the High-Level Committee, and hailing the acknowledgement of Government authorities regarding the need to modernize the legal framework within which financial activities are carried out.

### Modernizing the Paris financial centre

The FBF welcomes the measures taken in the Economic Modernization Act of August 2008 which makes Paris a more attractive financial centre, measures toward which the High-Level Committee has been working since its creation in October 2007.

The public offering plan will be reformed by order. This is a major project as the construction of the French legal framework is not in line with European regulations. The FBF supports the draft text being discussed which plans to bring French law in line with the European regulations implemented by the Prospectus directive. This will increase the competitiveness of French issuers and intermediaries, and will encourage foreign issuers to set up in Paris.

Securities law will also be reformed by order. The objective is to ensure improved consistency and readability of securities law, notably with regard to foreign players. The FBF supports this project and is initiating a financial centre working group in order to provide collective responses to the Ministry of the Economy's consultations.

### Attract talent from emerging markets

As part of the High-Level Committee's work, the FBF and AMAFI<sup>(1)</sup> carried out a survey with Accenture on the appeal of Paris as a financial centre for talen-

ted young people from major emerging markets (Brazil, Russia, India, China). France clearly has assets: the university system in Paris is renowned. The quality of the workforce is the top criterion for the competitiveness of a financial centre, according to a 2007 study by the New York Financial Center. However, immigration laws remain complex. The study highlighted several avenues for improvement, such as the creation of a separate office or the attribution of long-term residence permits.

### Initial achievements of the research chairs and the competitiveness cluster

In January 2008, Ariane Obolensky, Chief Executive Officer of the FBF, signed partnership agreements for the financing of five research chairs in investment banking and the financial markets. The chairs have begun their work in collaboration with market professionals, with a view to publishing their initial studies in 2009. These chairs form part of the Europlace Institute of Finance, which is a key link in the Finance Innovation competitiveness cluster.

The cluster brings together 160 partners, including issuers, banks, insurers, SMEs and universities. In 2008, it launched 20 innovative industrial and research projects. Projects which promote SME access to financial markets comprise a key part of the selection, as does the development of research into market risk.

(1) AMAFI: Association française des marchés financiers (French financial markets association)

# ONGOING EFFORTS TO IMPROVE BANKING SYSTEM SECURITY

French banks are consistently improving security in all areas of activity.

## Preparing the adaptation of the third Anti-Money Laundering Directive

The Economic Modernization Act of 4 August 2008 requires, by order, the adaptation of the third Anti-Money Laundering Directive. This must take place by 6 February 2009. This third directive will bring about major progress, particularly the birth of a risk-adjusted approach. However, implementation is likely to be more difficult in France than in the majority of other EU countries due to the new criterion stipulated in the directive which requires the new framework for suspicious transaction reporting to be defined.

**Complex implementation.** In 2008, the FBF actively participated in consultations with the Ministry of the Economy on the draft order. Throughout this process, the FBF alerted Government authorities to the difficulty of structuring the European text around a number of other texts including the Criminal Code and the General Tax Code.

The scope of suspicious transaction reporting, which is fundamental to preventing money laundering, has been considerably extended and, in addition to the financing of terrorism which was already covered in France, will now include all offences punishable by more than one year in prison. In France, unlike most other European countries, this will apply to all tax fraud.

In order to retain the notion of a risk-adjusted approach, the order stipulates that, when dealing with tax fraud, banks

must make a declaration if two conditions are met: if they suspect that tax fraud is taking place and if a tax fraud laundering indicator arises. This list of indicators will be approved by decree.

The implementation of the new directive is a major, expensive project for the banks. They must also update their knowledge of all their clients within a timeframe to be set by the adaptation text, in order to fulfil their new obligations, update their written procedures, train their employees on the changes to their obligations, etc.

## Back-up system test successfully performed by the Paris financial centre

On 4 June 2008, the Banque de France, the FBF, major banks and institutions in the Paris financial centre and Government representatives took part in a simulation of a sustained power cut in the Paris region and its consequences in terms of disruptions to the financial centre and the economy.

This exercise is part of the initiatives that have been undertaken for several years by the Paris financial centre with regard to the continuation of business in the financial sector. Beyond the tests carried out on the business continuity plans of each player in the Paris financial centre, this exercise enabled us to ensure the existence of a collective ability to communicate in order to diagnose the problem, contact partners outside the sector and make coordinated decisions.

## EXPLAINING THE BANKING PROFESSIONS

### FIVE BANKING PROFESSIONS FORUMS IN DIFFERENT REGIONS

Organised by the FBF's regional committees in partnership with education offices and universities, the forums enable participants to discover the banking professions and specific recruitment needs of each region. 11,000 students have already taken part. The forums are based on round table discussions with presentations from HR directors and young professionals, as well as information stands manned by professionals.

### SEVEN VIDEOS ON DIFFERENT BANKING PROFESSIONS AT FBF.FR



The FBF has launched a number of initiatives to educate school and university students, young professionals and young people from less affluent areas about the different professions that exist in banking.

### Videos, brochures and guide

In April 2008, the FBF launched seven videos on its website about the different banking professions: SME customer relationship officer, branch manager, IT project manager, etc. These short films give viewers an initial idea of the skills required, the variety of assignments involved and the possibilities for development in these different professions.

In November 2008, the FBF published a new, completely revamped guide to banking professions. For high school students who are questioning which career path to take, the FBF is also distributing a brochure to briefly explain the different banking professions.

### Promoting professional integration of young people from less affluent areas

In May 2008, the FBF signed the national commitment to the professional integration of young people from less affluent areas as part of the Government's *Es-poir Banlieues* plan. This plan aims to offer these young people opportunities to develop their skills and for employment. The FBF is rolling out the initiative and distributing good practices that exist in the different networks. The FBF is working with the national employment service<sup>(1)</sup> to inform prospective applicants of the skills that the banks expect and potential employment opportunities, as well as sector trends with regard to work-study programmes.

## SOCIAL DIALOGUE IN THE BANKING SECTOR IN 2008

The AFB signed four agreements in 2008. In February, the agreement on labour council elections was signed by all federations. In April, the amendment to the industry's 2003 company savings plan agreement was signed by four unions. The agreement of 9 July 2008 is a key element in combating age discrimination and encouraging the employment of seniors in banking. The banking industry is notably committed to keeping seniors in employment, with specific indicators to follow. Lastly, the industry's November 2008 wage agreement stipulates a minimum 3.5% revaluation of minimum

annual salaries within the industry. In particular, this will increase the minimum purchasing power for the lowest salary band employees.

In 2008, the AFB continued its active participation in interprofessional negotiations with the MEDEF with regard to modernizing the labour market, employee representation, work-related stress and projected management of jobs and skills. The AFB is also contributing to the complete review of the unemployment benefits system and negotiations on the reform of ongoing professional training.

(1) ANPE, Assedic, local employment offices

# KEY FIGURES ON EMPLOYMENT IN THE BANKING SECTOR

## Banks are hiring

At almost 11%, the hiring rate among banks reached a record level in 2007, as was the case in previous years. According to the AFB's employment survey, under thirties accounted for almost two-thirds of new hires in 2007. Nearly 58% of new hires were women, increasing their representation in the workforce to more than 55%.

## Increasingly qualified employees

The proportion of management positions increased particularly quickly between 2006 and 2007. In 2007, 43% of positions were at a management level, up almost 2 points in one year. In ten years, the proportion of management positions has increased by 14.5 points.

## A diverse workforce

In 2007, more than 14% of the employees hired by banks had secondary education qualifications or less, or one year of post-secondary education. The young people hired therefore benefit either from work-study programmes or ongoing training immediately after they are hired so that they are able to take up positions which require two years of post-secondary education. In fact,

banks are launching a number of pilot initiatives which aim to integrate young people or job seekers whose level of education is lower than the requirements of the banking industry.

## Better knowledge of the back office

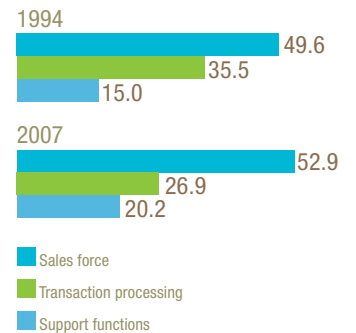
In April 2008, the Observatory of the Banking Professions, which monitors employment in the banking sector, published a study on the middle and back office professions in Corporate and Investment Banking (CIB) and in securities services. These professions have three key roles: processing transactions flows, controlling transactions and risks, and transaction accounting. In total, 48,250 employees worked in these professions in France in 2007. In July 2008, the Observatory published a new study on the back office professions in retail banking, which employ 32,300<sup>(1)</sup> people. Operators, technicians, managers and experts perform various jobs from the eleven families of activities which are necessary for smooth operation: flows and accounting, paper money, loans and guarantees, e-money, imaging, successions, foreign transactions, securities, recovery and disputes, insurance administration and employee savings.

## CLIENT-ORIENTED PROFESSIONS

Three quarters of bank employees in France work in retail banking. Including all sectors of activity, the professions are highly client-oriented.

## Change in workforce by major job category, in %

Source: AFB employment survey, June 2008



## CHANGE IN HIRING STRUCTURE IN TERMS OF EDUCATION LEVEL 2001-2007, in %

Source: AFB employment survey, June 2008

### One year of post-secondary education or less



### Two or three years of post-secondary education



### Four or more years of post-secondary education



■ 2001 ■ 2007

(1) AFB scope + Banque Populaire Group





## DIVERSITY

As seen by Martin Jarrie

“ The diversity of shapes in nature, objects and human beings has always fascinated me. This is where my particular interest in this topic comes from.

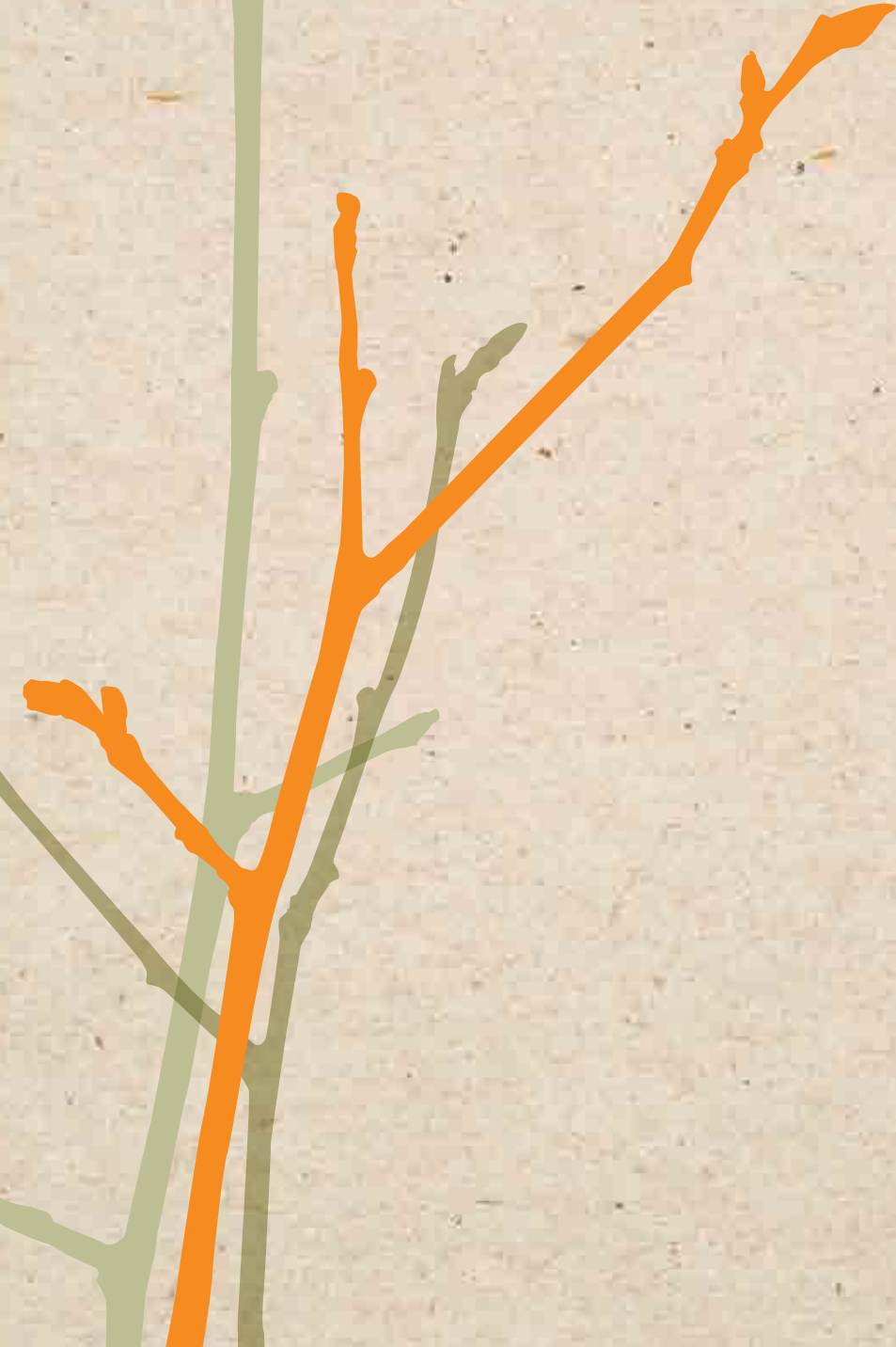
I chose to translate the diversity among people through their origin, their clothes and the shapes of their bodies but also through proximity and the possible relationships between these people when putting them in one place, promoting exchange and circulation.

On the horizon, the symbol of the entrance to a town and the outside world, a few urban buildings are a reminder of the geographical and social origins of the people walking around in the open. ”

CHAPTER

06

THE FBF



# THE FRENCH BANKING FEDERATION'S MISSIONS AND ORGANIZATION

## Missions

The French Banking Federation was created to defend the interests of the banking and financial services industry in French, European and international markets and to present the industry's positions and proposals to Government officials, regulatory authorities and other interested parties. The FBF also issues recommendations, helps draft agreements and provides various services to its member banks, which includes keeping them informed of anything that may concern their activities.

## Organization

The FBF is organized into the following three departments:

### Banking business and research

This department offers a full spectrum of banking expertise and oversees the FBF's commissions and committees in such areas as retail banking and direct banking, investment banking and capital markets, risk control and capital adequacy compliance, payment systems and instruments, and legal and tax affairs. It also negotiates and works with various French and European Government and regulatory authorities.

### Information and external relations

The role of this department is to anticipate changes in the political, economic and social environment, promote the role of banking and banks in society and keep the general public informed. It is

responsible for public affairs, including relations with Government officials, the media, consumers, young people and educators, makes sure that banks are kept informed and organises the activity of the FBF's regional committees.

### European and international affairs

This department, based in Brussels, handles relations with EU institutions and with various bodies that represent the banking and financial services sectors in Europe. It monitors relevant international issues and relations with global banking trade associations and also deals with issues that specifically concern foreign banks established in France.

## Who are the members of the FBF?

The FBF represents French banks and foreign banks that have established subsidiaries or branches in France, whether they are from Europe or elsewhere. There are currently 450 banks that are members of the FBF, including universal banks, online banks, investment banks, private banks, local banks, etc. Credit institutions that are authorised to operate as banks in France and branches of credit institutions based in the European Economic Area are fully entitled to become members of the FBF, which is their professional body<sup>(1)</sup>. Other ipso facto members include the central bodies of cooperative and mutualist banking groups and the AFB.

## THE FBF IN BRUSSELS

With a representative office in Brussels, the FBF is in direct contact with European institutions, the European banking federations, consumer representatives, etc. FBF's experts in Paris are also involved with many European issues. They contribute to the development of positions shared by the whole of the European banking industry.

The list of FBF members is available at [www.fbf.fr/laFBF/adherentsFBF](http://www.fbf.fr/laFBF/adherentsFBF)

(1) According to the French Monetary and Financial Code, all credit institutions must belong to either a "professional body" or a "central body". These bodies are affiliated with the AFECEI, which represents credit institutions and investment firms to the Government.



## FBF STATUTORY BODIES (January 2009)

### The FBF Executive Committee

The founding members of the FBF are ex-officio members of the Executive Committee. They are represented by an individual who must be either the Chairman or Chief Executive Officer. Each year, the Executive Committee appoints one of its members to act as the FBF's Chairman.

**GEORGES  
PAUGET**



FBF Chairman  
Chief Executive Officer,  
Crédit Agricole SA

**BAUDOIN  
PROT**



FBF Vice-Chairman  
Chief Executive Officer,  
BNP Paribas

**FRÉDÉRIC  
OUDEA**



FBF Treasurer  
Chief Executive Officer,  
Société Générale

**BERNARD  
COMOLET**



Chairman of the Management Board,  
Caisse nationale des Caisses  
d'Épargne et de Prévoyance



**PHILIPPE  
DUPONT**

Chairman,  
Banque Populaire Group



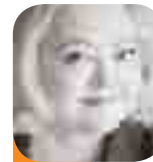
**ETIENNE  
PFLIMLIN**

Chairman,  
Confédération nationale  
du Crédit Mutuel



**PIERRE  
MARIANI**

(for the AFB\*) Chief Executive Officer,  
Dexia  
\*Pierre Richard for the AFB  
until October 2008



**ARIANE  
OBOLENSKY**

FBF Chief Executive Officer

### Commissions and committees

The Executive Committee has formed three commissions and five committees and appoints the chairmen. Their role is to review various technical issues that affect the banking industry and make proposals. When these proposals concern the banking industry as a whole they are submitted to the Executive Committee for review. These commissions and committees are composed of some 20 members of the French banking community.

**Retail  
Banking  
and Direct  
Banking  
Commission**



Chairman: Daniel Bouton  
Chairman,  
Société Générale

**Risk Control  
and  
Prudential  
Banking  
Commission**



Chairman: Philippe Dupont  
Chairman,  
Banque Populaire Group

**Investment  
Banking and  
Capital Markets  
Commission**



Chairman: Michel Pébereau  
Chairman,  
BNP Paribas

**Payment  
Management  
Committee**



Chairman: Philippe CITERNE  
Chief Executive Officer,  
Société Générale



**Accounting  
Committee**

Chairman: Gérard GIL  
Chief Accounting Officer,  
BNP Paribas



**Legal  
Committee**

Chairman: Jean-Louis GUILLOT  
Head of Legal Affairs,  
BNP Paribas



**Tax  
Committee**

Chairman: Patrick SUET  
Deputy Corporate Secretary,  
Société Générale



**Compliance  
Committee**

Chairman: Patrick WERNER  
Chief Executive Officer,  
La Banque Postale

## THE FBF'S INFORMATION MISSION

The FBF has a diverse audience that includes banks, individuals, students, public authorities, European and international authorities, and the media.

### A banking information centre for individuals: "The Keys to Banking"

The FBF's "The Keys to Banking" programme helps individuals to gain a better understanding of banking and money. The practical information site [www.lescledeslabanque.com](http://www.lescledeslabanque.com) had 1.1 million visits in 2008 (+10% in a year). The collection of mini-guides covering various topics, which can be downloaded from the site free of charge, now includes more than 30 titles.

### Regional activity: the FBF in the field

The 109 departmental and regional banking committees are a place of exchange, representing the banking industry to local institutions (local groups, Government representatives, universities, chambers of commerce, associations, etc.). Headed by local bankers, these committees advise elected officials, the media, young people, and labour leaders on banking activities and communicate the industry's professional positions. By their proximity with leaders in office, they play a major role at the local level. In all, there are 2,500 bank employees involved within these FBF committees.

### A helping hand to communities

The FBF holds regular meetings with community representatives and associations in order to reach out to those who have the most difficulty with banking

and money. As many as 7,000 people have already participated in these meetings, which are based on "The Keys to Banking" programme.

In the field, we are beginning to see partnerships forming between banks and the community. Like the department of Oise at the end of October 2008 and the city of Nîmes in mid-December, other partnerships are expected to form in the Côte d'Or, Haute-Loire, Rhône, Calvados, Alpes-Maritimes, Somme, and Loire-Atlantique departments. These partnerships aim to facilitate a pragmatic approach between banks and community workers, particularly in terms of improving the support to people in difficulty.

### Providing information and sharing experience with member banks

The FBF provides information to member banks pertaining to current and upcoming regulations, professional commitments, and anything else that may be useful for their business. As part of this, the FBF has tools reserved exclusively for members, including a document centre, publications, a weekly newsletter, custom e-mail alerts, etc. In 2008, it launched a new extranet site for banks, offering a great deal of interactivity and multimedia content.

The FBF also organized about twenty panel discussions on key topics in 2008. These meetings allowed more than 2,500 banking professionals to meet specialists and talk with them.

MOST RECENTLY PUBLISHED MINI-GUIDES:

- Property Bridge Loans
- Ten Practical Tips for Managing Your Bank Account
- Donations



EXPLAINING BANKING MECHANISMS TO YOUNG PEOPLE: "BANKING, MY BANK, AND ME"

As part of FBF's "Banking, My Bank, and Me" programme, professionals reach out to high school classes, in close collaboration with teachers. In Strasbourg, Metz, and Montpellier, 7,000 high school students learned about banking and money. Other projects are underway with local education authorities in Toulouse, Rennes, Lille, and Besançon.

## ORGANIZATIONAL CHART

AFB

**Jean-Claude Guéry**  
Social Affairs

**Olivier Robert de Massy**  
Professional Training Delegation



**Philippe Gendillou**  
General Secretary

**Michel Bonnet**  
General Services

**Sophie Denhaene**  
Finance

**Frédéric Guinet**  
IT Management

Human Resources  
Internal Company Communication



**Pierre de Lauzun**  
Director General Delegate

**Bernard Dutreuil**  
Payment Systems and Instruments

**Rémi Steiner**  
Retail Banking and Direct Banking

**Jean Tricou**  
Investment Banking and Capital Markets

**Jean-Paul Caudal**  
Banking and Accounting Supervision

**Pierre Reynier**  
Taxation

**Annie Bac**  
Legal Affairs

**Ariane Obolensky**  
Chief Executive  
Officer

**G rard Girel**  
Security Adviser



**Val rie Ohannessian**  
Deputy General Director

**Philippe Caplet**  
Banking Information Centre  
"The Keys to Banking"

**Colette Cova**  
Information, Press & Publications

Communication, Member Services  
& Regional Activities

**S verine de Compreignac**  
**Estelle Toullec-Marquot**  
Political and Parliament Relations



**Jean-Fran ois Pons**  
Executive Director Delegate

**Pascale Brien**  
European Relations in Brussels

**Hubert d' tigny**  
European Relations in Paris

**Estelle Brack**  
International Relations

** dith Chomentowski**  
Export Finance

## FBF AFFILIATED ENTITIES

www.revue-banque.fr  
www.cfonb.org  
www.afb.fr  
www.opca-banques.com

### The Comité Français d'Organisation et de Normalisation Bancaires (CFONB)

Created in 1930, the CFONB oversees the standardization and organization of banking activities in France. It is authorised to act as a standards bureau of AFNOR, the French standards association. Although its work mainly concerns payment systems and instruments it also deals with securities.

### The Revue Banque Group

The Revue Banque Group has four distinct activities: press (Revue Banque, Banque Stratégie, Banque & Droit and Banque & Marchés); organizing seminars, including the "Club Banque", a series of monthly conferences; publishing, with a collection of some 200 publications intended for banking professionals, academics and sometimes a more general public; and administering the banking and finance library of which some 13,000 items are now available online at [www.revuebanquelibrairie.com](http://www.revuebanquelibrairie.com).

### OPCA-Banques

A joint fund-raising body of the member banks of the Association Française des Banques, OPCA-Banques has three main functions: collecting training fund contributions; advising banks in the area of training; and allocating funding for bank training initiatives.

### The Association Française des Banques (AFB)

The AFB is a founding member of the FBF and sits on the Executive Committee where it mainly represents small and medium-sized banks and foreign banks established in France. The AFB is also the professional body of commercial banks and the Banque Populaire Group with respect to the social aspects of the collective labour agreement of January 2000. Through OCTA-Banques, the AFB has collected the apprenticeship tax since 2006.

www.fbf.fr



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**The [lesclesdelabanque.com](http://lesclesdelabanque.com) website** provides practical information on banking and money. It received 1.2 million visits in 2008, with nearly 3 million pages viewed. More than 5,000 people subscribe to the "Clés Mag" newsletter.

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and External Relations department  
of the FBF**

**18, rue la fayette - 75440 paris cedex 09  
Tel.: +33 (0)1 48 00 52 52 - Fax: +33 (0)1 42 46 76 40**

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