

# THE BANKING SECTOR IN 2013

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FRANCAISE

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# FAR-REACHING CHANGES



*Marie-Anne  
Barbat-Layani*

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*GEO of the FBF*



*Jean-Laurent  
Bonnafé*

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*Chairman of the FBF*

IN 2013, FRENCH BANKS AGAIN DEMONSTRATED THEIR ABILITY TO ADAPT TO A VERY DEMANDING LEGISLATIVE ENVIRONMENT while seeking to satisfy their customers and maintain a close relationship with them. Thanks to their solidity, they were able to increase their capital and adjust their balance sheet. The main groups are now in a position to comply with the new European solvency ratio.

HOWEVER, THE ACCUMULATION OF NEW EUROPEAN AND FRENCH RULES - Basel 3, law on the regulation and separation of banking activities, resolution mechanisms – has an automatic adverse effect on the model for the financing of the economy. Moreover, in addition to the regulatory impact there is the impact of taxation which has substantially increased. The tax rate for the banking sector amounted to nearly 65% for 2013. Such a level limits banks' ability to generate capital and therefore their lending ability: one billion euros of additional deductions automatically results in at least 10 billion euros less credit.

DESPITE THESE CONSTRAINTS, RETAIL BANKING NETWORKS ARE WORKING TO FINANCE THEIR CUSTOMERS' PROJECTS. Lending remains strong compared with other eurozone countries. Banks granted nearly EUR 20 billion of new corporate loans per month and 8 out of 10 French SMEs obtained the loans requested. However, loan demand remains weak, notably demand from companies confronted with an unfavourable environment. All these factors – enhanced regulation, uncertain economic prospects, change in customer behaviour – modify banks' economic model: although the banking sector remains a major employer and recruiter, the workforce declined for the first time by 1% in 2012 and this trend continued in 2013.

BANKING UNION, DISCUSSED AT LENGTH IN 2013, WILL ALSO LEAD TO FAR-REACHING CHANGES. The single supervisory mechanism for all eurozone banks will be effective in the autumn. The banks have always supported it since the quality of supervision is a much more effective solution for preventing banking crises than the separation of retail banking and market activities advocated by some people. Let us not forget that the financial crisis broke out with the collapse of a pure US investment bank and that the banks that experienced the most serious crises in Ireland or Spain were retail banks.

THE IMPLEMENTATION OF A EUROPEAN SYSTEM FOR RESOLVING BANKING CRISES means that it will not be necessary to resort to taxpayers if a bank goes bankrupt. However, the implementation of a European resolution fund, supplied ex-ante by the banks, will have a very high cost for them which is likely to weigh very heavily on their ability to finance the economy.

BANKS HAVE AN ESSENTIAL ROLE TO PLAY IN ASSISTING THE RESUMPTION OF GROWTH AND THE EMPLOYMENT RECOVERY IN FRANCE. They are part of the common objective of a return to durable growth, which involves notably the restoration of corporate margins, in the interest of everybody. Despite the constraints confronting them, French banks are fully involved in working alongside their customers, individuals and companies, players committed to the economy.

*Draft completed on 15 January, 2014.*

# 2013 IN STAGES

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## JANUARY

**02.** Publication of the law relating to the setting up of the Public Investment Bank. **17.** The United States publishes the final regulation specifying the procedures for the implementation of the FAT-CA law on combating tax fraud related to US taxpayers. **21.** The multi-annual plan against poverty and for social inclusion provides for the creation of an Observatory for Banking Inclusion.

## FEBRUARY

**14.** The European Commission publishes a proposed directive to introduce a tax on financial transactions, as part of enhanced cooperation between eleven voluntary member states, including France. **18.** The bill on the separation and regulation of banking activities voted on a 1st reading in the National Assembly (lower house of the French Parliament) causes major concerns within the banking profession concerning its consequences. **25.** The FBF publishes a brochure on “banks’ actions in favour of vulnerable customers”.

## MARCH

**1.** The FBF signs (at Bercy, the Ministry of the Economy and Finance) the industry agreement that extends corporate credit mediation until 31 December, 2014. **15.** Certain obligations regarding the European regulation on derivatives (EMIR) come into force in France. **15.** FBF’s response to the Basel Committee’s consultation on the review of the securitisation framework.

## APRIL

**2.** In a letter to the Minister of the Economy and Finance, the FBF and five other professional associations warn about the consequences of the European project for a financial transaction tax: loss of competitiveness and difficulties for the whole of the French financial and industrial sector. **03.** The banking profession considers the measures proposed in the Berger-Lefebvre report «Dynamiser l’épargne financière pour financer l’investissement et la compétitivité» (boosting financial savings in order to finance investment and competitiveness) to be insufficient to redirect savings into investment. **16.** At 10 months from the transfer to SEPA, the FBF launches the site [www.banques-sepa.fr](http://www.banques-sepa.fr) to assist companies with their migration.

## MAY

**08.** The European Commission adopts a proposed directive on access to payment accounts, the transparency of charges and banking mobility.

**24.** The banking profession signs the industry agreement on the prefinancing of the CICE (tax credit to bolster competitiveness and jobs). **28.** The mediator to the FBF publishes his activity report for 2012.

## JUNE

**04.** The national SEPA committee repeats its call for the urgent migration to SEPA payment methods. **24.** The ACPR (Prudential Control and Resolution Authority) approves two FBF professional standards relating to total monthly bank charges and the amount of the overdraft authorisation shown on the bank statement, and to the presentation of bank fee brochures. **25.** In its response to the European Commission's green paper on the long-term financing of the European economy, the FBF highlights an "essential debate on ways of increasing the long-term financing offering and the means of channelling available savings into the European economy's long-term investment requirements". **25.** The FBF publishes an updated version of its framework agreement on forward financial instruments adapted to EMIR requirements. **26.** The CRD4 directive and the CRR regulation transpose the Basel 3 rules into European law. They come into force as from 1 January, 2014.

## JULY

**10.** Proposed regulation from the European Commission aimed at introducing a European single resolution authority. **11.** The FBF and the "Conseil National des Missions Locales" (national council of local missions) sign a national partnership agreement. **24.** The European Commission presents a text revising the directive on payment services and a proposed regulation relating to interchange fees for card-based payment transactions. **26.** Publication in the Official Journal of the law on the separation and regulation of banking activities.

## AUGUST

**21.** A decree updates the list of non-cooperative States and territories which amount to ten. **26.** The Minister of the Economy presents the PEA (personal equity plan) reform aimed at encouraging corporate equity investment.

## SEPTEMBER

**01.** Jean-Laurent Bonnafé, director and CEO of BNP Paribas, succeeds Jean-Paul Chifflet, CEO of Crédit Agricole SA, as chairman of the FBF. **04.** The European Commission adopts a paper on the parallel banking system and proposes new rules governing money market funds. **20.** The FBF makes known its reservations concerning the revision of the leverage ratio and publication requirements presented by the Basel Committee. **23.** The FBF welcomes the call by the Minister of the Economy and the Governor of the Bank of France for the involvement of all economic players in order to ensure the successful transfer to SEPA.

## OCTOBER

**17.** A decree specifies the ceilings related to intervention fees for the processing of irregularities in the operation of a bank account. It comes into force on 1 January, 2014. **23.** The FBF publishes a new brochure: "Le financement des entreprises, un soutien indispensable à l'économie" (corporate financing, essential support for the economy). **23.** The ECB launches the examination of the balance sheets of 128 eurozone banks, prior to carrying out its role of supervisor as from November 2014.

## NOVEMBER

**03.** Publication of the decree relating to the implementation of the French banking resolution regime. **05.** Joint press conference between the FBF, CGPME\* and MEDEF\*\* on SEPA. **19.** The FBF welcomes the agreement of regional bank committees. **29.** The General Finance Inspectorate report on creditor insurance recognises its effectiveness since the reform under the Lagarde law.

## DECEMBER

**6.** Adoption of the law on combating tax fraud and major economic and financial crime. **10.** The United States publishes the definitive version of the "Volcker rule". **10.** The FBF's executive committee appoints Marie-Anne Barbat-Layani as CEO. She succeeds Ariane Obolensky who becomes adviser to the FBF's chairman. **19.** The FBF welcomes the European agreement enabling the creation of a single resolution mechanism. **22.** The FBF responds to three EBA consultations relating to liquidity requirements under the CRR regulation.

\* CGPME – French General Confederation of Small and Medium-Sized Enterprises

\*\* MEDEF – French Employers' Federation

# A RIGOROUS REGULATORY FRAMEWORK

*The regulatory and economic changes have led to a transformation of the model for financing the economy and for the banks. Despite these new constraints and an increasing level of taxation, banks continued to finance the economy in 2013.*

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# THE BASEL 3 REFORM IN EUROPE CREATE SUBSTANTIAL CONSTRAINTS FOR THE BANKS

*The CRD4 directive and the CRR regulation gradually come into force from 1 January, 2014. These documents introduce the international Basel 3 reform into European law.*

## MORE DEMANDING RATIOS

- The CRD4 directive and the CRR regulation were published in the European Union's Official Journal on 26 June, 2013.
- The CRD4 directive<sup>(1)</sup> is in the process of being transposed into French law. It covers the existing framework governing access to banking activity and its execution, the definition of competent authorities and the prudential monitoring framework. This document also includes new elements, notably regarding remuneration, the different capital buffers and transparency.
- The CRR regulation<sup>(2)</sup> is for immediate application. In a single rule book, it covers all the rules applying to banks: capital requirements, liquidity ratios, leverage ratio, major risks and credit risks related to the counterparty.
- These new rules gradually come into force on 1 January, 2014. The European Banking Authority (EBA) has been mandated to draft the technical standards and guidelines necessary for the implementation of CRD4/CRR.

## IMPACT ON THE ACTIVITY OF BANKS

- The standards are both more demanding with regard to the quality of the capital included in the calculation of the solvency ratio and the quantity. Accordingly, the minimum core Tier 1 capital ratio increases from 2% to 4.5%, to which are added safety buffers so as to represent a total capital requirement of 10.5% of assets weighted according to risk.
- French banks already comply with these solvency requirements, at the price of major efforts, notably by placing a large proportion of their earnings in reserve. At present, they are preoccupied with complying with the other Basel 3 ratios covering liquidity and leverage.

### LIQUIDITY RATIOS ARE CURRENTLY BEING CALIBRATED

*Liquidity ratios are aimed at obliging banks to hold sufficient liquidity to deal with their short/medium-term liquidity requirements. They will gradually be put in place in 2015 for the short-term ratio (Liquidity Coverage Ratio - LCR) and by 2018 for the medium-term ratio (Net Stable Funding Ratio - NSFR).*

- The definition of the LCR creates difficulties for French banks because of specific national characteristics with regard to savings. The difference between loans and deposits remains for French banks. This is because a large proportion of the savings that French people entrust to banks (via life insurance and regulated savings accounts) does not remain in their balance sheets. Adjustments are currently being examined by the Basel Committee. The possibility of taking into account refinancing possibilities with the central bank in this ratio is an option to which the FBF is favourable.
- As for the leverage ratio, combined with enhanced liquidity and solvency ratios, it could become an important obstacle to the financing of the economy. The FBF requests that it remains an additional measure to the capital ratio based on risk, available to supervisors among other indicators.

(1) Capital Requirements Directive. (2) Capital Requirements Regulation = Regulation concerning prudential requirements.

# THE FRENCH REGULATORY FRAMEWORK CONTINUES TO BE ENHANCED ...

*In 2013, several major texts were added to banks' regulatory framework.*

## FRANCE ADOPTS A BANKING LAW

- In July 2013, France adopted a law on the separation and regulation of banking activities. This law makes banks' regulatory obligations more complex and restricts their activities, in an environment of international competition between financial establishments.
- The banking law necessitates numerous application texts, and notably the decree that defines the activities to be spun off into a subsidiary (unpublished at 31 December, 2013). The "retail banking" section of the law alone necessitates nearly 20 application texts. This means at least IT modifications and the training of staff in the banking networks within short timeframes. The application of the banking law therefore represents new direct costs that the establishments will have to finance. It is also a more restrictive form of relationship between banks and their customers, since the execution of banking activities is increasingly defined by reference to the law.
- One of the principal measures of the banking law for individuals is the capping of intervention fees in the event of an incident for all bank customers.

The decree of 17 October, 2013 setting the ceilings comes into force on 1 January, 2014. A second decree will define fragile populations and the content of the banking services offering dedicated to them.

- The law of 26 July, 2013 also considerably reinforces the attributions of the national supervisor by entrusting it, notably, with responsibility for acting in terms of resolving situations, and preventively through the preparation of "testaments" for each major establishment, but also in the event of difficulties.

### CAPPING OF INTERVENTION FEES

*A cap of EUR 8 per transaction and EUR 80 per month applies to everybody. The cap of EUR 4 per transaction and EUR 20 per month is reserved for populations in a fragile situation subscribing to the specific offering and for people benefiting from the right to the account.*

## A LAW ON CONSUMPTION THAT ALSO AFFECTS THE BANKS

- The Hamon law discussed from autumn 2013 again contains, in addition to the general measures impacting all companies including banks, subjects likely to modify the relationship between banks and their customers.
- In the case of creditor insurance, the debates relate to the possibility of changing insurance within one year of signing your contract or annually terminating your contract. However, the French system is built on the sharing of risks (especially for a mortgage loan) which facilitates home ownership for the greatest number of people, as highlighted in the General Finance Inspectorate's report published on 29 November, 2013. Undermining this sharing process, by allowing insured persons to change contract after signing for the loan, would be a risk for the community of borrowers, even though the possibility of choosing your contract upstream of your project (disconnection) is a system known to French people and which operates well: 85.5% of people that have made a property transaction since the Lagarde law know that they can choose their creditor insurance contract.

## ... WHILE TAXES ON BANKS GROW HEAVIER

*The banks pay taxes specific to their sector of activity. Yet any new tax hampers the financing of the economy.*

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### SUBSTANTIAL INCREASE IN SPECIFIC TAXES

- French banks contribute directly to the government's budget via taxes and charges that all companies pay. They also provide contributions specific to their sector of activity that have been substantially increased over the last 2 years: wage tax, banking tax on systemic risk, participation in the functioning of the ACPR and AMF (French Financial Markets Authority).
- These taxes have been created in a specific context and in response to particular situations. Accordingly, the wage tax was created in 1948. Today, it still has no equivalent abroad. The very progressive tax scale (rate of 4.25% to 20%) penalises in particular the most qualified jobs, and since it has no export allowance mechanism, it has an especially negative effect on international banking activities carried out from France.
- The systemic risk tax was implemented in France in 2011. It currently contributes to government funds, and not to constituting reserves in the event of a systemic crisis in the banking sector. Moreover, it is paid by groups that have gone through the crisis without requesting public funds.
- In 2013, the amount of these taxes increased substantially to EUR 3 billion (tax in respect of 2012, paid in 2013).

This takes the banking sector's tax rate to 63% for 2012, all taxes combined. These taxes reduce the funds available to finance the economy accordingly and complicate French banks' efforts to adapt as quickly as possible to the new prudential standards.

### A DIRECT IMPACT ON FINANCING

- This specific taxation has a direct negative effect on the financing of the economy and the investment capacity of the French banking sector which, at the same time, has to satisfy increasingly cumbersome regulatory and prudential obligations.
- One billion euros of additional deductions means at least 10 billion euros less to finance the economy, or 100 billion euros at the end of 10 years.
- French banks must retain the means of playing their role in the financing of the economy. They must also remain competitive so that all French economic players - households, companies, government - have access to high level banking activities.

### THE EMERGENCE OF A NEW FRAMEWORK

- All these regulations, CRD4 transposing the Basel 3 agreements, French laws, as well as the specific taxes create a new framework, that has led banks to undergo a transformation process. Their economic model will be different and in a challenging economic environment, 2013 marked a turning point. French banks have carried out this transformation while continuing to finance the economy: loan outstandings even continued to grow at a still higher rate than the GDP rate. However, it is important to allow banks the means to continue with their role and conduct a coordinated discussion on the impact of the reforms initiated since the beginning of the crisis in 2008.



MORE INFORMATION



## KEY FIGURES

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**+30%**

This is the increase in the total capital of the main banking groups in France between end-2008 and end-2013.

*(Financial Reports)*

**15.7%**

This is the household savings rate in Q3 2013.

*(INSEE)*

**130**

*millions euros*

are paid each year by the banks for their supervision, in the form of a contribution to the functioning of the AMF and ACPR.

*(ACPR)*

**866**

*millions euros*

are paid to the French government budget in respect of the systemic tax implemented since 2011.

**4.8%**

This is the financial sector's share of the French economy (GDP), banks represent around two-thirds.

*(INSEE)*

**377,000**

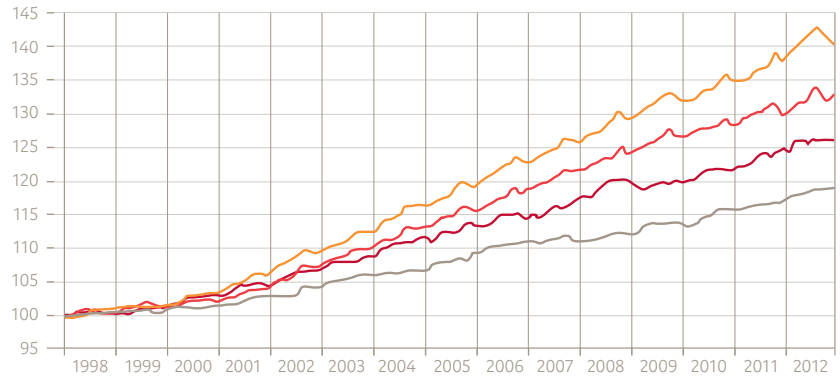
*people*

work in banks in France, with 70% in contact with customers.

*(2012 employment survey by the AFB French Bankers Association)*

## COMPARATIVE TREND FROM 1998 TO 2012 OF THE ENTIRE CPI WITH THE ITEMS SERVICES, OTHER SERVICES AND FINANCIAL SERVICES

(base 100 = 1 January, 1998)



■ ENTIRE ■ SERVICES ■ OTHER SERVICES ■ FINANCIAL SERVICES

(INSEE, consumer prices division)

# €80/month

This is the monthly cap for intervention fees as from 1 January, 2014.

# 83.5%

of households that have applied for a mortgage loan since September 2010 are acquainted with creditor insurance.

(Observatory for Household Loans, January 2014)

# €8

This is the unit cap for intervention fees that applies as from 1 January, 2014

# 0.61%

This is the weighting of financial services in households' total consumption

(Observatory for Banking Tariffs, July 2013)

# 38,000+ branches

located in France at end-2012.

(ECB Payment statistics, September 2013)

DOWNLOAD THE  
KEY FIGURES



# FRENCH BANKS SERVING THE ECONOMY

*French banks are at the heart of the financing of the economy. Outstanding loans to the economy had increased by 1.4% at end-December 2013 year-on-year, to EUR 1,970 billion, whereas French GDP rose by only 0.2% over the same period according to provisional figures from INSEE\*.*

*French banks are also the guarantors of the successful completion of payments, a major role in an economy based on trading. The banking sector is one of the leading private economic sectors in France. It accounts for around 2.8% of GDP.*

*And although recruitment and employment declined in 2012, banks also remain leading employers, with more than 370,000 employees.*

\* INSEE – French National Institute for Statistics and Economic Studies

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# LENDING AT THE HEART OF THE ACTIVITIES OF FRENCH BANKS

*Banks finance the French economy. Lending constitutes their core business, principally in the form of home loans, and was maintained in 2013, despite the growing constraints of the regulatory framework which are adversely affecting banks' financing activities.*

## LOANS TO INDIVIDUALS: +2.9% YEAR-ON-YEAR

- In a challenging economic environment, banks continued to finance the projects of French people in a responsible manner. Household loans amounted to EUR 996 billion at end-December 2013, representing an annual growth rate of +2.9% over the last 12 months<sup>(1)</sup>.
- The bulk of outstandings consisted of home loans, which represented EUR 814 billion. The growth of outstandings remained strong for these loans (+3.3% year-on-year) whereas consumer loans marked time (-2.1%). At end-2013, 47.6% of households had at least one loan, according to the Observatory for Household Loans. 31% of them had a home loan and 26.6% a consumer loan.
- Borrowing conditions remained favourable, with low interest rates. Accordingly, the average rate of property loans declined 0.6 points year-on-year to 3.08% in Q4 2013<sup>(2)</sup>. The average rate of new consumer finance loans amounted to 5.9% according to the Bank of France.
- Loan activity remains closely related to demand which has been falling since 2012 due to the economic environment. Since 2013, the French have admitted to being very prudent with regard to

their intention to apply for new loans. Only 4.5% of households envisage requesting a mortgage loan in the first 6 months of 2014, a slightly higher rate than last year (4.1%)<sup>(3)</sup>.

## LOANS TO COMPANIES: MORE THAN 15 BILLION NEW LOANS PER MONTH

- Despite the deterioration in the economic climate, companies still found the means of financing their projects with banks: in one year, EUR 207 billion of new loans were granted, whereas demand was generally weak, especially for cash flow loans.
- Accordingly, corporate loan outstandings stabilised at EUR 813 billion at end-December 2013 (-0.2% year-on-year)<sup>(4)</sup>. Investment loan outstandings formed the most dynamic share: EUR 566 billion (+1.7%) whereas the share of cash flow loans declined (-5%).
- Average rates remained low<sup>(5)</sup>: 2.03% for new loans<sup>(6)</sup>, or well below the eurozone average (2.29%). Despite these favourable conditions, loan demand from companies remained weak.
- Before contemplating applying for a loan, companies are first attentive to their business prospects, which are often declining. They are then hampered in their investments by the low profitability of their activities, with a margin rate that is among the lowest in Europe.
- Companies need to become competitive again. This is the significance of a measure such as the CICE (tax credit to bolster competitiveness and jobs), which allows a reduction in social security contributions. Although its prefinancing with banks has been possible since mid-2013, demand has been weak.

(1) Bank of France, Stat Info Loans to Individuals, 05/02/2014.

(2) Observatory for Household Loans/CSA Home Financing

Observatory, 03/12/2013. (3) Observatory for Household Loans,

January 2014. (4) Bank of France, Stat Info Loans to non-financial

companies, 04/02/2014. (5) ECB, December 2013. (6) Variable rate

loans of more than EUR 1 million and where the period for the initial setting of the rate is less than one year.



MORE INFORMATION



## THE FINANCING MODEL IS EVOLVING

*Bank lending benefits principally very small enterprises (VSEs) and small and medium-sized enterprises (SMEs), while direct recourse to the financial markets is developing in France, as required by the regulations currently being implemented in Europe.*

### VSES/SMES, THE MAIN BENEFICIARIES OF BANK LENDING

- In France, loans to VSEs/SMEs accounted for 45% of total loans made available. The trend in the outstandings for these companies was +0.5% over 12 months<sup>(7)</sup>.
- The share of micro-enterprises (VSEs) was significant, with outstandings up +2.3% year-on-year, at EUR 225 billion<sup>(8)</sup>.
- In France, requests were largely satisfied, since 8 out of 10 SMEs obtained the loans requested<sup>(9)</sup>. However, demand slowed substantially in Q4 2013: 6% of SMEs requested a cash flow loan and 18% an investment loan.

*The FBF's 105 regional committees regularly encounter their local economic partners such as public authorities. They consist of all the FBF's member banks which are therefore involved in the life and development of the regions. The FBF's regional representatives participate in more than 500 mandates, for example in economic, social and environmental committees, local MEDEF, consular chambers or economic development agencies.*

### PRIORITY GIVEN TO BANK/SME DIALOGUE

- In an often unfavourable economic climate, banks and SMEs increased their exchanges in order to better understand each other and prevent difficult situations. Accordingly, banks assisted their corporate customers through business centres and dedicated networks, in addition to local branches.

### TOWARDS A DIVERSIFICATION OF FINANCING SOURCES

- In addition to bank lending, companies and especially the largest companies have direct recourse to the financial markets. This diversification of their financing sources is a means of enabling them to constitute or increase their capital, or of financing projects and short-term requirements, in a regulatory environment that restricts the conditions for granting loans by the banks. Companies are assisted in these processes by corporate and investment banks (CIB).
- Today, more than a third of corporate debt stems from a call on the market, which represented EUR 465.9 billion at end-December 2013<sup>(10)</sup>, and an annual flow of nearly EUR 21 billion, mainly due to large companies and partly to intermediate-sized enterprises.

### LONG-TERM FINANCING

- The issue of the long-term financing of the economy is a subject of concern in France and in Europe. In France, the launch of a PEA-PME (SME personal equity plan) on 1 January, 2014, is an interesting measure. However, in addition, it is important to create a fiscal, economic and regulatory environment that is more conducive to long-term financing, and allow banks the possibility of financing long-term investments. It is also important to encourage the better channelling of savings in France. At present, savings are invested first and foremost in guaranteed, liquid and tax-exempt products, whereas they should be channelled towards long-term investments and investment financing.

(7) Bank of France, *Stat Info Loans to companies*, 07/02/2014. (8) Bank of France, *Stat Info Micro-enterprises*, 21/11/2013. (9) ECB SME survey, November 2013. (10) Bank of France, *Stat Info Bank debt and market debt of non-financial companies*, 11/02/2014.





## KEY FIGURES

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120

billion euros

additional market financing  
outstandings for companies  
since mid-October 2009, +35%.

*(Bank of France, Stat Info Bank debt and  
market debt of non-financial companies,  
11/02/2014)*

47,6%

of households have a loan.

*(Observatory for Household Loans,  
January 2014)*

3.9%

of households envisage  
applying for a consumer loan  
in the first 6 months of 2014.

*(Observatory for Household Loans,  
January 2014)*

64%

of corporate debt consists of  
bank loans.

*(Bank of France, Stat Info Loans to  
companies and Stat Info Bank debt and  
market debt of non-financial companies,  
11/02/2014)*

361.6

billion

This represents the outstandings  
of loans made available to VSEs/  
SMEs.

*(Bank of France, Stat Info Loans to  
companies, 07/02/2014)*

+4.7%

increase in corporate debt  
issues year-on-year.

*(Bank of France, Stat Info Bank debt and  
market debt of non-financial companies,  
11/02/2014)*

# BANKS, GUARANTORS OF THE SUCCESSFUL COMPLETION OF PAYMENTS

*More than 18 billion payment transactions were carried out in France in 2012, a figure up 3% year-on-year.*

## USE OF THE BANK CARD CONTINUES TO EXPAND

- The card is the payment method favoured by French people in their daily purchases. It accounts for 46.9% of the number of payments (excluding cash payments). Moreover, it continues to grow more rapidly than other payment methods, with a 7.1% increase in the number of transactions in 2012. Accepted everywhere, it has other advantages such as the guarantee for retailers that they will be paid, the traceability of transactions and its reliability, with a fraud rate that remains very low for local purchases.
- The banking profession is constantly reinforcing its security, notably through the implementation of EMV<sup>(11)</sup> specifications in France and in Europe. Since 2010, banks have also developed non-renewable authentication solutions, for example the inputting of a unique code for each online transaction, or the use of a box provided by the bank. The arrival of new players that are less regulated in the area of payments, as well as service providers having access to bank data (“aggregators”) constitutes a concern for banks which have developed very safe systems.
- Combating fraud, especially on the internet, concerns everybody: financial establishments, public authorities, retailers, customers. These play an

active role: 88% of internet users have activated an authentication solution such as 3D Secure (Report by the Observatory for Card Security, July 2013).

- Banks are also taking action to defend the current interbank card model. Unlike store cards, customers’ bank cards are currently universally accepted, whatever the cardholder’s bank and whatever their retailer’s bank. This model is based on interchange fees that remunerate the services provided between the cardholder’s bank and the retailer’s bank. However, interchange fees are increasingly governed by European laws. If they are reduced too much or banned, this would undermine the universality of payments which accounts for the success of bank cards.

### CONSTANTLY INCREASING PAYMENTS

*Between 2011 and 2012, more than 500 million additional transactions were processed by French banks.*

*(ECB Payment statistics, September 2013)*

## MOST PAYMENTS IN TERMS OF AMOUNT ARE MADE VIA TRANSFERS AND DIRECT DEBITS

- Payments in France totalled EUR 27,830 billion in 2012. Transfers alone accounted for more than 87% of this amount and direct debits 4.7%. Therefore, more than 9 out of 10 payments in France are concerned by European SEPA standards<sup>(12)</sup>.

## SECURITY A PRIORITY

- New methods of consumption have emerged: paying faster with the contactless card, paying via the internet from home or anywhere from your mobile... Numerous initiatives are under way in France to ensure that these solutions can be used safely. French banks are involved in ensuring that innovation takes place in an environment of trust, transparency and security shared by all players.

(11) EMV is an international standard for smart cards (debit or credit) initiated by the consortium EMVCo. It provides a much higher level of security than magnetic stripe cards, and is inspired largely by the original “Carte Bancaire” smart card. It combines the typing of the confidential code with the reading of the card’s chip.

# 2013: ASSISTING COMPANIES IN THEIR TRANSITION TO SEPA STANDARDS

*In 2013, the banks significantly increased their information and assistance initiatives to prepare for the deadline of 1 February, 2014, the date set by European institutions for the changeover to the SEPA format of all transfer and direct debit transactions in the SEPA area.*

## APRIL 2013: LAUNCH AND PROMOTION OF THE SITE BANQUES-SEPA.FR

- French banks have been offering European payment methods since 2008 for transfers and since 2010 for direct debits. European institutions have set the deadline for the migration of all transactions to the European format in the SEPA area at 1 February, 2014. In order to provide their corporate customers with the most precise information possible, banks launched the site [www.banques-sepa.fr](http://www.banques-sepa.fr) on 16 April, 2013.

- Educational and practical, the site offers a glossary, testimonies, videos and questions/answers on the transfer to SEPA payment methods. It was enhanced throughout 2013 with new themes, in conjunction with events organised by banks for their customers.

## NUMEROUS INITIATIVES ON THE GROUND IN THE REGIONS

- In 2013, banks informed their corporate and professional customers about the SEPA migration through numerous means: personal appointments, meetings, letters, brochures etc. The FBF and its 105 regional committees campaigned strongly among companies, notably VSEs/SMEs, and the

media. The consequences of all these events have been announced, transmitted and recorded on the site [www.banques-sepa.fr](http://www.banques-sepa.fr).

### SEPA INITIATIVES BY THE FBF AND ITS REGIONAL COMMITTEES IN FIGURES

122,000 pages viewed on [www.banques-sepa.fr](http://www.banques-sepa.fr)

More than 70 regional meetings at the initiative of the FBF, attended by 4,000 company executives.

20,000 theme-based brochures distributed.

40 meetings with the press in Paris and the regions, more than 100 articles in the national and regional press.

## MIGRATION THAT INCREASED SUBSTANTIALLY AT END-2013

- In January 2013, around 30% of transfers and less than 1% of direct debits exchanged on payment systems were in SEPA format. At end-December 2013, 70% of transfers and 35% of direct debits had been carried out in European formats.



Launch of the site [www.banques-sepa.fr](http://www.banques-sepa.fr)



(12) SEPA (Single Euro Payments Area) is the single area for payments in euro defined by the zone consisting of the 28 European Union countries, with the addition of Norway, Iceland, Liechtenstein, Switzerland and Monaco. The SEPA zone consists of 33 countries.



### MORE INFORMATION



## BANKS REMAIN A LEADING PRIVATE EMPLOYER

*For the first time in many years, the workforce declined 1.1% in 2012 in French banks, primarily due to the contraction in hirings. More than 370,000 people work in French banks.*

### MORE THAN 21,000 HIRINGS DESPITE AN UNFAVOURABLE ENVIRONMENT

- French banks are confronted with a general slow-down in the economy and an accumulation of international, European and national regulatory changes, within tight timeframes. Their economic model is being adapted, which necessitates the restructuring of some activities, notably in corporate and investment banking. Discussions are also under way in order to define the place of physical branch networks in a banking landscape increasingly accessible through numerous channels, when currently nearly 70% of employees work in retail banking.
- Banks are also subject to a specific tax which has a direct negative effect on employment: the wage tax (EUR 1.8 billion in 2012). However, they remain one of the leading private employers in France, after the retail sector, construction activities, transport and the catering business. The banking sector is also among the principal private recruiters in France. More than 21,000 people were hired in 2012, after 30,000 in 2011.
- The proportion of permanent contracts among total contracts exceeds 99%, and 66% of hirings were on a permanent contract basis in 2012 vs. less than 20% on average in France, all sectors combined (DARES Analyses, January 2014). The proportion of managers is also much higher in the banking sector than the average for other sectors.
- Young people (less than 30 years old) accounted for nearly two-thirds of hirings and half of managers recruited, proportions that were sharply higher than in 2011. Banks continued to welcome 10,000 young people on work/study courses or international internship programmes (VIE), as well as numerous trainees.
- Women are playing an increasing role: they accounted for 58% of people recruited, and 43.5% of managers recruited. In 2012, 44.6% of managers in banks were women. This policy of professional mix, carried out for more than 10 years, makes the banking profession one of the leading professions in terms of the implementation of professional equality between men and women.
- Banks also ensure that they invest in professional training. They dedicate nearly 4% of their wage bill to this training, which represents on average EUR 2,000 per year and per employee, vs. an average of EUR 800 all sectors combined. They therefore enable their employees to develop their skills and evolve within their company. Banking remains a sector that is very conducive to individual development. Nearly two out of three employees benefit from at least one training course per year.

### A TREND THAT CONTINUED IN 2013

- In terms of employment, 2013 is expected to end with results similar to 2012, with an erosion in the workforce of around 1.5% to 2%. In terms of flows, incoming or outgoing, it is still somewhat early to interpret this decline be it due to a decline in hirings or an increase in departures.

#### RECRUITMENT FOCUSED ON SERVING CUSTOMERS

*The large majority of employees recruited are higher education graduates: 90% have a Bac +2 (two years higher education after the baccalaureat school leaving diploma) and above. The majority carry out activities that are directly focused on customers.*

## SOCIAL DIALOGUE IN THE INDUSTRY IN 2013

- An industry wage agreement was signed in March 2013 with retroactive effect on 1 January. It provided for minimum wage increases in the industry of 3% for technical staff and 2.5% for managers compared with the previous agreement, which dated from 1 April, 2011. It also exceptionally increased the GSI (individual wage guarantee) for 2013.
- The agreement included several measures in respect of the equality of women/men, in favour notably of the business mix and the removal of unjustified differences in remuneration. The agreement also provided for the wage to be maintained for 5 days in respect of absences for paternity leave and the birth of the child, subject to the social security ceiling.
- In terms of the security of bank branches, in 2013, the quality of the social dialogue in the industry resulted in the drawing up of a common position with all the social partners in order to raise the level of security in light of attacks on ATMs using ram-raid vehicles. The number of armed attacks in bank

branches continued to decline (35 in 2013 vs. 68 in 2012). The proper application of prevention procedures therefore helped safeguard customers, employees and sites.

- Finally, as agreed in the agreement for an unspecified period concluded on 16 December, 2009 regarding incivility, an assessment of the implementation of the agreement was carried out. The social partners were therefore able to note the quality of the systems and procedures put in place by the banks in order to facilitate the reporting of incivility incidents, support and assist employees who are victims and take disciplinary action against their authors.



MORE INFORMATION



## KEY FIGURES

**9 out of 10**

This is the proportion of graduates with Bac+2 and above in bank hirings.

*(2012 employment survey by the AFB French Bankers Association)*

**49%**

of manager hirings concern young people less than 30 years old.

*(2012 employment survey by the AFB French Bankers Association)*

**3.8%**

This is the percentage of the wage bill that banks dedicate to training.

*(2012 employment survey by the AFB French Bankers Association)*

**42**

This is the average age of bank employees.

*(2012 employment survey by the AFB French Bankers Association)*

**64.3%**

of bank employees received training in 2013

*(2012 employment survey by the AFB French Bankers Association)*

**44.6%**

of managers in banks are women.

*(2012 employment survey by the AFB French Bankers Association)*

# BANKING SERVICES SUITED TO ALL CUSTOMERS

*Intense competition, innovation and actions common to all the banks have helped improve the banking offering to make it more accessible to all French people, including households in a fragile situation. In 2013, the banking profession continued the efforts undertaken, in support of or in addition to the actions taken directly by each bank. The FBF participated and contributed actively through its concrete proposals to the discussions initiated in December 2012 during the government conference on combating poverty and for social inclusion.*

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# BANKING MEASURES IN FAVOUR OF HOUSEHOLDS IN A FRAGILE SITUATION

*Access to a bank account is a fundamental right in our country, where the use of banking services exceeds 99%, a figure that is much higher than the European average. A range of banking products and services suited to households in a fragile situation has been developed. And French banks are actively participating in work encouraging banking inclusion and the prevention of excessive debt.*

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## UNIVERSAL ACCESS TO BANKING IN FRANCE

■ Nearly every French person who is more than 18 years old now has a bank account, vs. 20% of the population in 1967. In addition, according to the report by CREDOC<sup>(1)</sup> in 2010, 99% of households in a situation of poverty had at least one deposit account. The system of being entitled to an account acts as a safety net: a customer without a bank account to whom the opening of an account has been refused can contact the Bank of France, which will designate, within one business day, an establishment that will open an account for them. The customer therefore has free access to basic banking services.

## A SPECIFIC ENHANCED OFFERING FOR HOUSEHOLDS IN A FRAGILE SITUATION

- The banking law voted on 26 July, 2013 refers to a specific banking offering, similar to the current GPA (range of alternative payment methods to cheques). This specific offering will include, in particular, a card with systematic authorisation, transfers and direct debits, as well as bank cheques (subject to a limit of 2 per month).
- The price of this offering is administered and capped at EUR 3 per month. Moreover, for those that have subscribed to this specific offering or benefit from the right to an account, the banking law introduces a specific cap for intervention fees, in the event of an incident on the account, which is lower than the general cap introduced by the law for all bank customers.

## THE GPA HAS EXISTED SINCE 2005

- Banks have implemented the GPA since 2005. It is aimed at people that cannot have a cheque book. This specific offering already included transfers, direct debits, TIP (bank giro payments) as well as a payment card with systematic authorisation. The latter constitutes a security for the cardholder: the payment transaction is only carried out if the money is available in the account. The management of the account is simplified.
- Since 2011, two new services have been added to the GPA: a minimum number of alerts to inform customers of their account balance and a limited tariff for incident fees, capped per day and/or per month.

*The annual median tariff of the GPA remained stable between January 2012 and January 2013 at EUR 42, or EUR 3.5 per month.*

*(Source: Observatory for Bank Tariffs, July 2013)*

(1) CREDOC: Research centre for the study and observation of living conditions.

# ACTING TO REINFORCE BANKING INCLUSION AND PREVENT DIFFICULTIES

*In line with the work initiated in December 2012 as part of the government conference on combating poverty and exclusion, the FBF worked in 2013 to improve access to banking and financial information.*

## A CONSTANT DIALOGUE WITH THE OTHER STAKEHOLDERS

■ Since 2004, the FBF has held in-depth discussions with the public authorities and consumer associations within the CCSF (financial sector consultative committee). These regular discussions have resulted in numerous concrete advances regarding transparency, comparability, understanding banking tariffs and banking services, and even help with banking mobility for example.

## 2013 DEVOTED TO DEFINING NEW MEANS OF ACTION AND PREVENTION

■ In addition to the actions carried out by each financial establishment, French banks invested heavily in the work of the government conference on combating poverty and exclusion in December 2012, drawing up ten concrete proposals to detect, prevent and manage the banking difficulties of customers living in a situation of poverty.

■ One of the most important proposals aims to create multi-disciplinary reception points guaranteeing all the public access to solutions in terms of budgetary advice, requests for aid or prevention of difficulties. Some people do not resort to the tra-

ditional social aid structures, and banks cannot be the only player involved in providing solutions to people in a fragile situation. Such reception points could better qualify and direct customers, by more effectively uniting the wide array of social, associative and public players, and by coordinating all the operations, systems and partnerships already in place.

- This work continued in 2013. The commitment of credit institutions and financing companies to increase access to banking services, facilitate their use and better prevent excessive debt is ongoing. In particular, banks participated in the drafting of a charter at the request of the Minister of the Economy, under the CCSF.
- An Observatory for Banking Inclusion, provided for by the law on the separation and regulation of banking activities dated 26 July, 2013, is expected to come into force in 2014.

## ENCOURAGING THE EXPANSION OF MICRO-CREDIT

- The FBF favours pragmatic and joint approaches, combining banking players on the ground and associative players for example, in order to seek appropriate responses to the concrete situations encountered by French people. Accordingly, the banking profession encourages the ramping up of socially and economically relevant facilities such as professional and personal micro-credit. Thanks to banks' actions, at least one micro-credit solution exists in each "département" in France.
- Personal micro-credit is a loan aimed for use in the realisation of integration projects and granted to individuals. Professional micro-credit is intended to finance the setting up or purchase of a small company, enabling the manager of the company to create or reinforce their own employment.

*In 2012, the number of guaranteed personal micro-loans granted totalled 11,870. Since the implementation of the system in 2005, 41,214 guaranteed personal micro-loans have been granted.*

*(Observatory for Microfinance, Bank of France, December 2013)*



# FRENCH BANKS ASSISTING WOMEN SETTING UP COMPANIES

*Mobilisation is strong in terms of female entrepreneurship and numerous initiatives are in place to encourage the setting up and development of companies by women.*

## EQUIVALENT ACCESS TO FINANCING

- Women setting up companies have access to financing: a report by the “Conseil d’Analyse Stratégique” (strategic analysis council) in April 2013 concluded that there was no discrimination in access to financing.
- Like any entrepreneur, women primarily resort to bank loans to finance their business and more than 60% of them have a loan. 59% of them have recourse to a bank loan when they start up their business vs. 51% of men (CSA study for the Caisses d’Epargne).

## PARTNERSHIPS ON THE GROUND

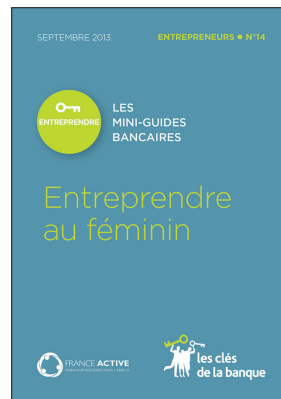
- The retail banking networks and the FBF are partners of France Active. This association helped 45% of women among the people setting up companies assisted in 2012, whereas women represent only 38% of project owners in France.
- Banks are regular partners of events or trade fairs such as “Les journées de l’entrepreneuriat au féminin” (female entrepreneurship days). The third event took place in November 2013.
- The retail banking networks have also developed internal programmes to assist women setting up companies, through educational presentations, training workshops or by being involved in specific aid networks in favour of women entrepreneurs.

## SPECIFIC AID

- Women can benefit from aid from the FGIF (guarantee fund for the setting up, takeover or development of a company by women). The fund, created in 1989, can guarantee loans up to 70% of their amount without being able to exceed EUR 27,000 per company. It is managed by France Active. Thanks to the FGIF guarantee, 1,551 women have been able to raise nearly EUR 43 million of bank loans to set up their company since 2002 (France Active activity report - 2012).

*77% of female entrepreneurs feel that being a woman did not have an impact on the realisation of their project.*

(IFOP study for France Active - 2010)



Mini-guide No. 14 in the “Entrepreneurs” collection of Les clés de la banque programme



FBF publication in 2013 dedicated to the setting up of companies by women



MORE INFORMATION



## ACCESSING BUDGETARY AND BANKING EDUCATION, A PRIORITY FOR EVERYBODY

*Since 2004, the FBF has been conducting a national budgetary and financial education programme aimed at individuals, entrepreneurs and social players.*

### AN ECONOMIC SITUATION THAT IS DETERIORATING

- The current economic situation has generated numerous fragile situations that are limited or more lasting. In 2013, the banking profession set three priority objectives:
  - Transmitting the concerns of people in difficulty in order to better respond to them,
  - Giving the people concerned the skills to deal with the situation,
  - Acting on prevention with personal assistance services.
- Therefore, thanks to a constant presence on the ground among mentors, the keys to banking programme is more reactive. It reaches out to more people since it responds to their daily situation, which explains the substantial increase in traffic on its website in 2013.
- Three theme-based mini-guides published in 2013 respond to the concrete requests by the public: “Bien réagir en cas de séparation” (Reacting appropriately in the event of separation), “Les démarches en cas de décès” (Procedures in the event of death) and “Comment réagir en cas de baisse de revenus” (How to react in the event of a decline in income).

### NUMEROUS INFORMATION MEDIA

- Les clés de la banque programme is supported by its website and a collection of more than 60 theme-based mini-guides. The information is free, regularly updated, and available to all intermediaries wishing to distribute it. A call centre supplements this setup. It receives more than 4,000 contacts per year (telephone and email).
- In 2013, the mini-guides were downloaded more than 600,000 times on the site, and more than 600,000 copies were distributed in paper format.
- To make the information even more accessible, new media have been introduced: animations, videos and even mini-clips, which focus on a short catch line, to encourage internet users to go and seek further information.

*lesclesdelabanque website received nearly 3 million visits in 2013 vs. 2.1 million in 2012, an increase in its traffic of nearly 50%.*

### CHANGES IN BANKING MEDIATION

- In March 2013, Europe adopted a directive on the Extrajudicial Settlement of Disputes (ESD), which shall shortly be transposed into French law. The directive is aimed at all sectors of activity including the banking sector. It will reinforce banking mediation, which is already efficient in France and remains well ahead of the practices of most other economic sectors.
- The April 2013 recommendations of the Banking Mediation Committee, followed by the banks, already take into account part of the ESD directive.



**MORE INFORMATION**



## KEY FIGURES

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KEY FIGURES



# 66

mini-guides are available in Les clés de la banque programme, including 36 more specifically aimed at individuals.

# 81%

of French people find their adviser competent

*(IFOP survey Image of banks, May 2013)*

# 8 French people / 10

classify the relationship with their adviser as “stable and good” or “assess it positively”.

*(IFOP survey Image of banks, May 2013)*

# 50.2 million

euros of outstandings at 31/12/2012 for guaranteed personal micro-loans granted.

*(Bank of France, Observatory for Microfinance, December 2013)*

# 81%

of French people believe a greater place should be given to teaching economics in the French educational system.

*(TNS Sofres survey for the Bank of France, November 2013)*

# 11

Is the number of products and services contained in the standard extract of tariffs common to all French banks, which include the intervention fee and account-keeping fees.

# PREPARING FOR AN INTEGRATED BANKING EUROPE

*In 2013, the project for the construction of a banking union in Europe started to materialise with major progress, notably with regard to supervision which will be effective in 2014. Moreover, a pan-European framework for the prevention and resolution of banking crises has been adopted.*

*Other subjects remain on the agenda in 2014, such as the reform of banks' structure, the financial transaction tax or changes in the regulatory framework for payment methods in Europe.*

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# MAJOR PROGRESS TOWARDS BANKING UNION

*Banking union was at the centre of discussions in 2013. It aims to implement the centralised supervision of banks and a single resolution mechanism for banks in Europe.*

## THE IMPLEMENTATION OF A SINGLE SUPERVISORY MECHANISM

- The single supervisory mechanism is the first pillar of banking union, aimed at restoring confidence in the eurozone and combating the fragmentation of the economies. The Council of the European Union adopted the regulation on the single supervisory mechanism on 15 October, 2013. The ECB will assume its new functions as from November 2014, one year after the regulation came into force.
- European supervision will be carried out under the authority of the ECB, within a separate supervisory committee, in order to separate this activity from monetary policy. The European Banking Authority remains competent to develop a comprehensive and detailed set of uniform rules that apply to all European banks.
- Supervision by the ECB applies to the 6,000 banks in the eurozone. For insignificant banks, the actual supervision is delegated to the national authorities, with the ECB able to take over at any time.

*Direct supervision by the ECB concerns 128 banking groups, which represents more than 90% of the French banking market, 75% of banking assets in Germany and overall 85% of banking assets in the eurozone.*

- French banks have always been favourable to a single supervisory mechanism, which is a guarantee of improved security for financial transactions. Several times, they have highlighted the need to have the same rules for the proper functioning of financial services and consolidated supervision appropriate to the organisation and the dimension of cross-border groups.

## A REVIEW PERIOD FOR ASSETS OPENS FOR 2014

- The ECB and EBA plan an assessment of the quality of the balance sheets of the European banks concerned and a series of resilience tests, or a so-called “comprehensive assessment” exercise, launched from November 2013.
- The timetable breaks down into several phases, notably an assessment of each banking group’s risk profile, via a detailed review of the risks. It covers 50% of the risk-weighted assets of banks audited, between February and May 2014, which is an ambitious target.

A resilience test phase is also scheduled for summer 2014. The results of the asset reviews and resilience tests will be communicated in one go, in October 2014.

## FRENCH BANKS REMAIN VIGILANT

- French banks are approaching the assessment of the quality of their assets with confidence. However, the exercise remains difficult given the specific characteristics of each national market. It would be detrimental not to take account of the differences between banking practices from one country to another, and to abruptly apply averages, or standard deviations.



**MORE INFORMATION**



# ESTABLISHING A PAN-EUROPEAN FRAMEWORK FOR PREVENTING AND RESOLVING BANKING CRISES

*The banking profession seeks better prevention of banking crises and desires the orderly organisation of an establishment's liquidation in the event of serious difficulties, preserving the rights of bailors.*

## DECISIVE PROGRESS IN TERMS OF BANKING RESOLUTION FOR THE 28 EU MEMBER STATES

- The Bank Recovery and Resolution Directive (BRRD) was the subject of an agreement in December 2013. The document, which governs the organisation of the orderly liquidation of a bank in the event of bankruptcy, represents decisive progress. Rapidly organising the liquidation of an establishment in the event of known difficulties is the best way of avoiding any contagion phenomenon and recourse to the taxpayer. This document concerns the 28 European Union member states, and not only the eurozone.
- The resolution process initially provides for the contribution of shareholders, then subordinated creditors and, if necessary, other creditors, that are partners of the bank in difficulty. The resolution fund would intervene subsequently. This system therefore makes recourse to the taxpayer very unlikely.

## INITIAL STEPS TOWARDS A SINGLE RESOLUTION MECHANISM FOR THE EUROZONE

- For the eurozone, in July 2013, the European Commission published a proposed regulation for the implementation of a future Single Resolution Mechanism, combined with a Single Resolution Fund. The application of this text is scheduled for 1 January, 2015 except for the provisions concerning internal bailout, applicable in 2016.

- The single resolution authority is dedicated specifically to the eurozone. Its scope of action could be extended to other countries making such request. However, the final decision whether an establishment should be placed in the resolution system would be entrusted to the European Council of Finance Ministers, and therefore to the representatives of the 28 member states. National regulatory authorities would also be stakeholders. The practical implementation procedures have still to be specified during the debate that is expected to take place at the beginning of 2014.

## THE IMPLEMENTATION OF SHARED FUNDS AT EUROPEAN LEVEL

- The FBF remains very attentive regarding the procedures for the implementation of the resolution fund in Europe. The single resolution fund, to be constituted between the eurozone countries, would be provided, within a maximum timeframe of 10 years, with EUR 55 billion to EUR 60 billion, supplied by the banks according to their size and activities. French banks dealt with the 2008 crisis, demonstrating the quality of their management and risk control. They therefore wish that the contributions to this fund take account of the risk that each institution represents for the system.
- Moreover, French banks request that the systemic tax that they have been subjected to since 2011, therefore collected directly by the French government for the risk in the event of difficulties of an establishment, is now allocated to supplying the single resolution fund, which substitutes for the government budget in such a situation.

## AN AGREEMENT ON THE DEPOSIT GUARANTEE

- The European directive relating to deposit guarantee funds was the subject of an agreement on 18 December, which reinforces the security of the European banking system. Each national fund must be supplied with reserves to be constituted within a maximum timeframe of 10 years.



MORE INFORMATION



## STILL NUMEROUS EUROPEAN PROJECTS

*In 2014, the European Union will continue to examine texts with serious consequences for the banks, whereas the term for the current European parliament ends in spring 2014.*

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### EUROPEAN WORK ON BANKS' STRUCTURE

- Following the Liikanen report made public in 2012, the Commission's future regulation is expected to be presented in January 2014. However, the reforms carried out in Europe have already considerably reinforced the solidity of the European financial sector, notably through increased capital requirements, but also through the implementation as from 1 January, 2015 of the short-term liquidity ratio. The separation of activities is not an operational solution.
- Moreover, the adoption of the single supervisory system is a further guarantee for the stability of banks in Europe. The resolution authorities will have control over any separation of banking activities under the directive on the resolution of banking crises adopted in December 2013. National legislations have already put in place the necessary measures, as is the case with the French banking law of 26 July, 2013. This is why a European legislative proposal is not necessary: it could on the other hand be detrimental to the financing of the European economy, especially if it imposed the spinning off into a subsidiary of market making activities, which are essential for companies and governments.
- French banks request at the very least that any new European regulation is inspired by national solutions that have been adopted recently and duly calibrated.

### THE PROJECT FOR A TAX ON FINANCIAL TRANSACTIONS IN EUROPE

- An enhanced cooperation procedure between 11 European Union countries resulted in the definition of a proposed directive on the taxation of financial transactions in Europe. However, the project is based on a maximalist approach, both in terms of the nature of the instruments taxed, the type of transactions targeted and the applicable territory. It has therefore triggered widespread opposition from European banks and companies since its publication.
- Its application in its present state would very rapidly lead to the halting or relocation of activities, making the estimated income from the tax preposterous. It would give undue advantage to financial centres that are not concerned and mortgage the future of the Paris financial market. This project should be abandoned.

### REVISION OF THE MARKETS IN FINANCIAL INSTRUMENTS DIRECTIVE

- The revision of the MIF directive and regulation, under way since autumn 2011, was adopted in January 2014. It aims to make the financial markets more reliable and more transparent in order to ensure the financing of the economy.
- These texts concern traditional financial instruments (equities, bonds), derivatives and commodities, whatever their trading forms, organised or OTC markets.
- For French banks, this regulatory corpus remains essential since it will define the European market framework that will be the medium for gradual disintermediation due to the new prudential and accounting requirements applied to traditional deposit/loan banking activities. The FBF is actively monitoring the decisions concerning organised multilateral trading platforms. It is also attentive to the transparency rules encouraging the formation of fair and efficient prices.



**MORE INFORMATION**



- The role of the European Financial Markets Authority will be crucial for the drawing up of application texts. When the MIF I text was adopted, the lack of differentiated interpretation, according to member states, of the definitions of markets led to an important competitive impact.

### MAXIMALIST PROPOSALS REGARDING PAYMENT ACCOUNTS

- In May 2013, the European Commission published a proposed directive on payment accounts, in order to improve access to banking in numerous European countries.
- This project aims to organise a cross-border mobility system that is as fast and safe as at national level. However, today, the demand for such a service is non-existent and it is a difficult project given the diversity of national systems. In addition, SEPA payments, transfers and direct debits in the European single format, and the card, already respond to the issues of harmonisation and simplification. Similarly, access to a payment account including basic banking services is a useful right at national level that has no interest at a cross-border level. Finally, the European text includes recommendations in terms of transparency and comparability.
- In these areas, the French system meets the most demanding standards. The FBF therefore wishes that the European directive confines itself to the definition of major principles whose implementation would be adapted at national level.

### REVISION OF THE PAYMENT SERVICES DIRECTIVE AND CARD PAYMENT

- The draft regulation on interchange fees published by the European Commission in July 2013 provides for the regulation of fees with, as a result, a decline in their volume, in France. However, payment cards are an industry that needs to be based on a viable economic model in order to enable the necessary investments for the development of its systems, notably in terms of security and innovation.
- It seems essential for any decision regarding an enshrinement of the level of card interchange fees to be based on a reliable impact study, in order to assess the different payment methods in terms of cost for retailers and consumers, but also in terms of security, guarantee and traceability.

- The European Commission has also published a proposed Payment Services Directive revising the European legislative framework for payments. While taking into consideration the technological changes that have appeared since the adoption of PSD1 in 2007, the proposal aims to increase its effectiveness, clarify certain aspects and ensure fair competition between players.

- For the banking profession, the major issue of this text relates to the legal supervision of the new activities appearing in the market. It is important that conditions for accessing account information by third party providers are strictly controlled, in order to maintain customers' level of confidence in their banking payment methods and secure access to banking information.

- Once the new directive is adopted, the provisions applicable to payment services will be fixed for several years.

### COMBATING FRAUD

- Banks have been combating money laundering and terrorist financing. In February 2013, the European Commission proposed a fourth directive on this subject, including a regulation on the information accompanying fund transfers. French banks participated in the debates on this text which is expected to be adopted in Q1 2014. They wish all players involved in payments to be subject to the same obligations so as to avoid creating areas of vulnerability in the financial system.

- French banks apply the laws that combat fraud and prevent tax evasion. On 12 June, 2013, the European Commission presented a proposed directive revising the Council's Administrative Cooperation Directive of 15 February, 2011 in order to extend the automatic exchange of information between the European Union's tax authorities.



**MORE INFORMATION**





## KEY FIGURES

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KEY FIGURES



# 128

European banking groups will be placed under the direct supervision of the ECB as from November 2014.

*(European Commission, November 2013)*

# 85%

of banking assets in the eurozone will be supervised directly by the ECB.

*(European Commission, November 2013)*

# 19%

this is the share of French people in the 94.5 billion non-cash payments made in Europe in 2012 (+4.2% year-on-year – excluding cash payments).

*(ECB Payment statistics, September 2013)*

# 66%

of cheques issued in Europe are issued in France. Conversely, the cheque has virtually disappeared in Germany, Belgium and Finland

*(INSEE)*

# 4.2 million

people work in financial services activities, excluding insurance and pension funds, including more than 370,000 in France.

*(European Commission, 2010 - AFB French Bankers Association 2012 employment survey)*

# 100,000 €

this is the amount of deposits guaranteed for each account opened in the European Union.

# THE FBF

*The FBF represents all French banks and foreign banks with operations in France. It establishes and defends the profession's positions on technical issues which are constantly increasing in number.*

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MATION



# PRESENTATION OF THE FBF

- The French Banking Federation (FBF) is an association governed by the law of 1901. It represents all French banks and foreign banks with operations in France in the form of subsidiaries or branch offices, whether they are European or from the rest of the world.
- It was formed in 2000 from the desire to bring together all companies in the banking sector – commercial banks already encompassed within the French Bankers Association (AFB) and cooperative and mutualist banks – in order to promote, with a single voice, the activity of the profession in France, Europe and internationally.
- Located in Paris, the FBF is also present throughout France via a network of 105 regional and “departmental” committees. It also has an office in Brussels.
- **120 permanent staff** work at the FBF and AFB(1) in conjunction with more than **350 bankers** that come together in the FBF’s commissions and committees.
- On the ground, the 105 regional and “departmental” committees call upon the services of **more than 2,500 bankers**.
- **390 banks** are members of the FBF: universal banks, online banks, merchant banks, private banks, local banks, etc. Credit institutions approved as banks and the branch offices of credit institutions in the European Economic Area are fully-fledged members, if they wish, of the FBF which therefore represents their professional body. The central organs of cooperative or mutualist banking groups and the AFB are also fully-fledged members.

(1) The French Bankers Association (AFB) sits on the FBF’s executive committee where it represents more particularly small and medium-sized banks and foreign banks. It is the professional body of commercial banks in the social sphere.

## THE FBF’S MAIN ROLES

- promoting, in the interest of its members, banking and financial activity at French, European and international level.
- defining the profession’s positions, proposals or concerns vis-à-vis public authorities and economic/financial authorities.
- being the intermediary between the banking profession and all the banking public: political and institutional world, media, consumers, professional associations, teachers, etc.
- informing member banks of current news in the profession and regulatory changes, and responding to any issue relating to their activities.

The FBF’s current news is accessible through numerous channels, notably internet, Twitter and a mobile site (*mobile.fbf.fr*). The FBF’s educational programme on banking and money can be consulted at the address *lesclesdelabanque.com*.



[www.fbf.fr](http://www.fbf.fr)



Newsletter et alertes



[www.lesclesdelabanque.com](http://www.lesclesdelabanque.com)



[mobile.fbf.fr](http://mobile.fbf.fr)



FBFFrance

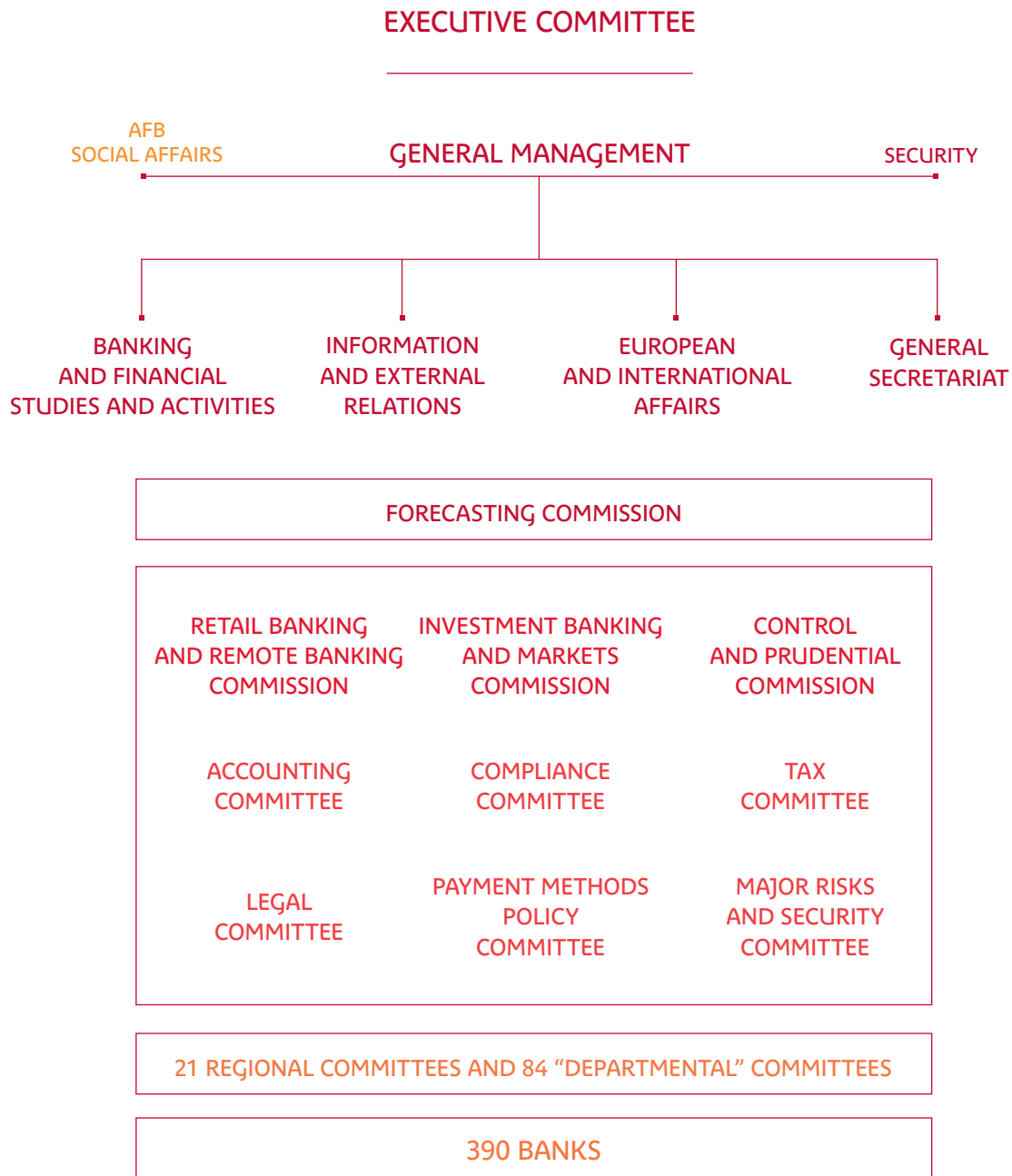
Twitter



FBFFrance

Youtube

# THE FBF'S ORGANISATIONAL STRUCTURE



# THE FBF'S DIFFERENT BODIES

as from 2 January, 2014

## EXECUTIVE COMMITTEE

The legal entities that are founders of the FBF are automatic members of the executive committee. They are represented by an individual that may only be the chairman or chief executive officer. Each year, the executive committee appoints one of its members to be the chairman of the FBF.



**Jean-Laurent Bonnafé**  
Chairman of the FBF  
Director - CEO of BNP Paribas



**François Pérol**  
Vice-chairman of the FBF  
Chairman of the BPCE Group's Management Board



**Michel Lucas**  
Trésorier de la FBF  
FBF Treasurer  
Chairman of the National Crédit Mutuel Confederation



**Jean-Paul Chifflet**  
CEO of Crédit Agricole S.A.



**Frédéric Oudéa**  
Chairman and CEO of Société Générale



**Rémy Weber**  
Vice-chairman of the AFB  
Chairman of Banque Postale's Management Board



**Marie-Anne Barbat-Layani**  
CEO of the FBF

## COMMISSIONS AND COMMITTEES

The commissions and committees are constituted by the FBF's executive committee which appoints their chairmen. They are responsible for examining the profession's technical issues and drawing up proposals which, when they involve the profession, are submitted for deliberation by the executive committee. The commissions and committees consist of twenty or so members from different banks.



**Forecasting Commission**  
Chairman:  
**Jean-Laurent Bonnafé**  
Director  
CEO of BNP Paribas



**Retail Banking and Remote Banking Commission**  
Chairman:  
**Jean-Paul Chifflet**  
CEO of Crédit Agricole S.A.



**Investment Banking and Markets Commission**  
Chairman:  
**Frédéric Oudéa**  
Chairman and CEO of Société Générale



**Control and Prudential Commission**  
Chairman:  
**François Pérol**  
Chairman of the BPCE Group's Management Board



**Accounting Committee**  
Chairman:  
**Gérard Gil**  
Head of General Accounting at BNP Paribas Group



**Legal Committee**  
Chairman:  
**Pierre Minor**  
Head of Legal and Compliance at Crédit Agricole S.A.



**Compliance Committee**  
Chairman:  
**Patrick Suet**  
Corporate Secretary of Société Générale



**Tax Committee**  
Chairman:  
**Patrick Suet**  
Corporate Secretary of Société Générale



**Payment Methods Policy Committee**  
Chairman:  
**Jean Clamon**  
Deputy Managing Director of BNP Paribas



**Major Risks and Security Committee**  
Chairman:  
**Aline Bec**  
Deputy CEO Operations, BPCE

# 120 EMPLOYEES AT THE FBF AND AFB

## AFB

Jean-Claude Guéry  
Head of Social Affairs



Christian Lothion  
Security Adviser

Marie-Anne Barbat-Layani\*  
CEO

Head of mission: Jean-Marc Bing

Assistants :

Valérie Bréard

Céline Houehunpe



Pierre de Lauzun  
Deputy CEO



Valérie Ohannessian  
Deputy CEO



Jean-François Pons  
Deputy for European  
and International Affairs



Philippe Gendillou  
Corporate Secretary

Assistants : Sophie Bertomeu

Michelyne Didin

Marie-France Gerber-Guzniczak Elise Binet

## BANKING AND FINANCIAL STUDIES AND ACTIVITIES

Retail banking and remote banking: **Pierre Bocquet**, Sylvie Augros, Olivier Balmont, Laurent Bertonnaud, Guillaume Soler

Investment banking and markets: **Jean Tricou**, Vicentia Fachinan, Mariel Gansou, Philippe Poeydomenge

Fiscal expertise: **Blandine Leporcq**, Savena Jeyarajah, Tania Saulnier

Legal and compliance expertise: **Alain Gourio**, Lucie Batier, Carole de Gaulle, Marie Gillouard, Marine Guyon-Godet

Banking and accounting supervision: **Jean-Paul Caudal**, Corinne Cottin, Isabelle Huard, David Labela, Bernard Pierre, Sarah Quemon

Payment systems and methods: **Willy Dubost**, Sylvie Auré, Catherine Bertrand, François Coulet, Brigitte Hoffmann, Françoise Laclau, Olivia Laplane, Xavier Mendiboure, Jérôme Raguénès, Danièle Rineau

## INFORMATION AND EXTERNAL RELATIONS

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Banking information centre/Les clés de la banque: **Anne-Catherine Derck**, Jérôme Cartenet, Béatrice Durand, Anna Samocka

## EUROPEAN AND INTERNATIONAL AFFAIRS

Pascale Brien, Antoine Garnier (in Brussels) - Pascale Chabrilat, Angéla Hiridjee, Benjamin Quatre (in Paris)

## GENERAL SECRETARIAT

Financial: Sophie Denhaene, Marie-Claude Doloir, Fabienne Ferlet, Malik Tabi

IT and organisation: Frédéric Guinet, Cédric Cefber, Fabienne Fontaine, Bruno Vandewalle

Human resources: Véronique Béal, Christine Leduc

General services: Emilie Dessaux, Katia Bartek, Fabrice Boronat, Frédéric Ducamp, Raphaël Garcia, Francis Gravet, Léonie Magdeleine, Miguel Monteiro, Hugues Stupnicki, Mario Van Doorn

## MEDIATION WITH THE FBF

Rachida Ait-Ouahmane, Sylvette Beltrame, Lydia Flom-Sadaune

## AFB

François Laffond, Béatrice Layan, Florence Le Texier, Michèle Rossi, Jacques Vessaud, Laurène Betito, Patricia Désuert, Mélanie Hulin, Barbara Gicquel, Camille Ly, Hélène Ricaud

\*As from 2 January, 2014, Marie-Anne Barbat-Layani succeeds Ariane Obolensky who becomes adviser to the Chairman.



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