5 July 2012: Interbank fees on direct debits and interbank payment orders

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The Autorité de la concurrence has obtained a commitment from the French banks to definitively abolish the main interbank fees on direct debits, interbank payment orders and other non-cash means of payment.

The main interbank fees will be halved with effect from 1 September 2012 and completely abolished on 1 September 2013. In this way, fees amounting to almost €300 million a year will be re-injected into the economy.

> Version française

At the end of a negotiated procedure with the French banks that are party to the procedure (**Banque de France, BNP Paribas, Société Générale, Crédit du Nord, Crédit Agricole, LCL, BPCE – Banques Populaires Caisses d'Epargne, HSBC, Banque Postale, Crédit Mutuel and CIC**) and their representative bodies (**Association française des banques** – AFB and **Fédération bancaire française** – FBF), the Autorité de la concurrence has published a decision under which it renders mandatory the commitment given by the banks to **abolish with effect from 1 September 2013 the main interbank fees** concerned by the procedure. In a first phase, all these fees will be **halved with effect from 1 September 2012**.

This is part of an in-depth examination of all means of payment: after dealing with 'cheques' and 'bank cards', the Autorité has examined the issue of interbank fees on direct debits, interbank payment orders and other non-cash means of payment

Following a referral by two associations, the Fédération des entreprises du commerce et de la distribution (FCD)[1] and the Association pour la défense des

utilisateurs des moyens de paiement européens (ADUMPE), the Autorité de la concurrence investigated compliance with the competition rules for interbank fees related to the use of non-cash means of payment other than payment cards and cheques – direct debits, transfers, interbank payment orders (titres interbancaires de paiement, TIP), online payments (télérèglements) and electronic bills of exchange (lettres de change relevé, LCR)[2]. These means of payment are among the most widely used in France (see Document 3 in the press kit).

Cheques and CB payment cards have already been the subject of decisions of the Autorité, respectively in September 2010[3] (fining decision) and July 2011[4] (commitments decision). A separate procedure is under way in respect of non-CB payment cards[5] (see Document 1 in the press kit).

A speedy procedure and commitments made binding by the decision issued by the Autorité

The Autorité first notified the banks of its competition concerns: the interbank fees set by the main banks could be considered to restrict competition in that the banks jointly agreed, since the end of the 1960s in some cases, on set amounts for interbank fees that added to the cost for the paying banks and could therefore push up the prices charged to the banks' customers.

During the investigation, the banks requested the benefit of a commitments procedure which would enable them, on a voluntary and negotiated basis, to draw up proposals responding to the Autorité's competition concerns.

The initial commitments proposed by the banks were submitted to a market test (see Press release of 10 April 2012), in the framework of which the Autorité received 19 contributions from concerned parties (the initiating associations, billing companies, merchants, a consumer association). The Autorité obtained significant improvements on the banks' initial commitments, bringing them more closely into line with the contributors' expectations.

The Autorité's decision renders mandatory the final commitments proposed by the banks, bringing to an end the legal proceedings taken against them and

paving the way for rapidly restoring competition.

Commitments given by the banks and rendered mandatory by the Autorité: the abolition of most fees as from 1 September 2013, following on the halving of all fees as from 1 September 2012.

All interbank fees will be revised downwards and the main fees will be removed.

- **The main fees will therefore be halved with effect from 1 September 2012 before disappearing totally on 1 September 2013:**

	Today	1 September 2012	1 September 2013
Direct debits	€0.122	€0.061	€0
On-line payments	€0.137	€0.068	€0
Interbank payment orders	€0.076	€0.038	€0
Incoming international transfers	€1.829	€0.915	€0

- **Exceptional fees on rejections will also be reduced by 50% before being reassessed on the basis of a study of the costs incurred by the banks,** based on specifications approved by the Autorité de la concurrence.

Firstly, these fees will from now on remunerate optional services requested by the creditor – information made available or transmitted (between banks) relating to the rejection and its cause – and will no longer be charged automatically. Secondly, the banks have undertaken to precisely redefine the cost elements covered by the fees, under the Autorité's supervision. The Autorité will also assess the final study's compliance with the specifications. If the costs study is not approved by the Autorité, the fees will be suspended with effect from 1 September 2013 until a fully compliant study is completed.

	Today	1 September 2012	1 September 2013
exceptionnal fees on rejections of direct debits, interbank payment orders, online payments and electronic bills of exchange	€0.762	€0.381	to be reassessed

The Autorité also renders mandatory the commitment made by Fédération bancaire française (FBF) – which includes the members of Association bancaire française, AFB – to distribute to its members – all banks active in France – the commitments subscribed by the banks party to the procedure.

Repercussions for bank customers

During the investigation, it was found that banks, when they act as creditors' banks, bill creditor customers for each receipt of payment (by direct debit, interbank payment order or online payment), often at a higher rate than the interbank fee.

As interbank fees are passed on to the creditors (the billing companies that are paid by customers using direct debits or interbank payment orders – such as energy suppliers, telephone/Internet companies and insurers), **their removal will generate substantial savings for the billing companies (bank customers). The amount of fees that will thus be re-injected into the economy is close to €300 million per year** (see Document 3 in the press kit)

Indirectly, consumers are likely to benefit from this change as the savings in terms of bank charges for the creditors will be passed on to them, e.g. in their prices.

[1]The FCD represents companies in the food trade and those that supply them.
[2]The electronic bill of exchange corresponds to the paperless form of the traditional bill of exchange.

[3]See decision 10-D-28 and the press release of 20 September 2010. This decision was reversed by the Paris Court of Appeal, and an appeal to the Court of Cassation is pending.
[4]See decision 11-D-11 and the press release of 7 July 2011.
[5]These cards represent less than 5% of payment cards in France.

> View the full text of Decision 12-D-17 of 5 July 2012 relating to practices observed in the sector of non-cash means of payment (direct debits, interbank payment orders, online payments, transfers and bills of exchange)

> Full text of commitments of French banks and the Fédération bancaire française (FBF)

> View press kit:

- Document 1: Interbank-fees: a far-reaching issue for Autorité de la concurrence (in French)

- Document 2: France's position compared with its European neighbours (in French)

- Document 3: Some data relating to interbank fees on direct debits and interbank payment orders (in French)

- Document 4: How interbank fees work (in French)

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