



Cartes Bancaires CB

Interbank Fees: The *Competition Authority* (Autorité de la Concurrence) accepts the commitments proposed by the **Groupement des Cartes Bancaires CB**

Paris, 7th July 2011

On 7th July, the Competition Authority [*Autorité de la Concurrence*] decided to accept the commitments proposed by the Groupement des Cartes Bancaires CB:

- **The CIP** (Interbank Payment Fee) will not exceed an annual weighted average of 0.28%, i.e. a 36% reduction compared with the current CIP.
- Moreover, **the TICO** (Taux Interbancaire des Cartes en Opposition- Interbank Rate for Cards in Opposition), which reflects the fraud rate between two given banks is rechristened TBTB (Taux Bilatéral de Transactions Bloquées - Bilateral Rate for Blocked Transactions) in order to better affirm its bilateral character and bring it into line with the vocabulary of the Payment Services Directive. Its average annual value is currently 0.04% and its calculation procedures will be refined by 31st December 2012.
- **The ATM fee**, previously called Avance de Trésorerie - Cash Advance, will change from 0.72€ to 0.57€, in other words a reduction of 21%.

These new amounts will be effective from 1st October 2011 and will be applicable for a period of 4 years.

The decision by the Competition Authority is important, as it confirms the need and relevance of interbank fees with respect to card payments. These are essential to guarantee the intrinsic qualities of the systems referred to as "4 party systems", and in particular the CB system, viz.:

- **Interbank interoperability**, i.e. a CB card can be used irrespective of the cardholder's bank (*) and that of the merchant;
- **Universality**, in other words a CB card can be used 24/24, 7/7, whatever the form of the transaction, whether it be a face-to-face payment, on ATMs, distance payments, Internet payments, on a mobile 'phone, or in a contact or contactless environment;
- **Transparency**, i.e. a CB card for which the interbank fees are clear and publicly available, including on the CB website;
- **Collective security**, i.e. a CB card in which its users can have confidence, because of efficient security measures, which are continuously reviewed and readjusted and which take into account not only technological developments, but also the necessary investments to maintain a means of payment that is both safe and economical.

A CIP WHICH ANTICIPATES A FALL IN COSTS AND INCREASED CARD USE

Not only is it appropriate to underline the importance of this recognition (by the Competition Authority) of interbank fees, it is also appropriate to appreciate the true worth of the efforts of the CB community, which agreed to anticipate falling costs with assumption that increased card use will lead to economies of scale before the term of the agreement ends.

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* To keep the wording simple, the word "bank" as used here means both credit and payment institutions.

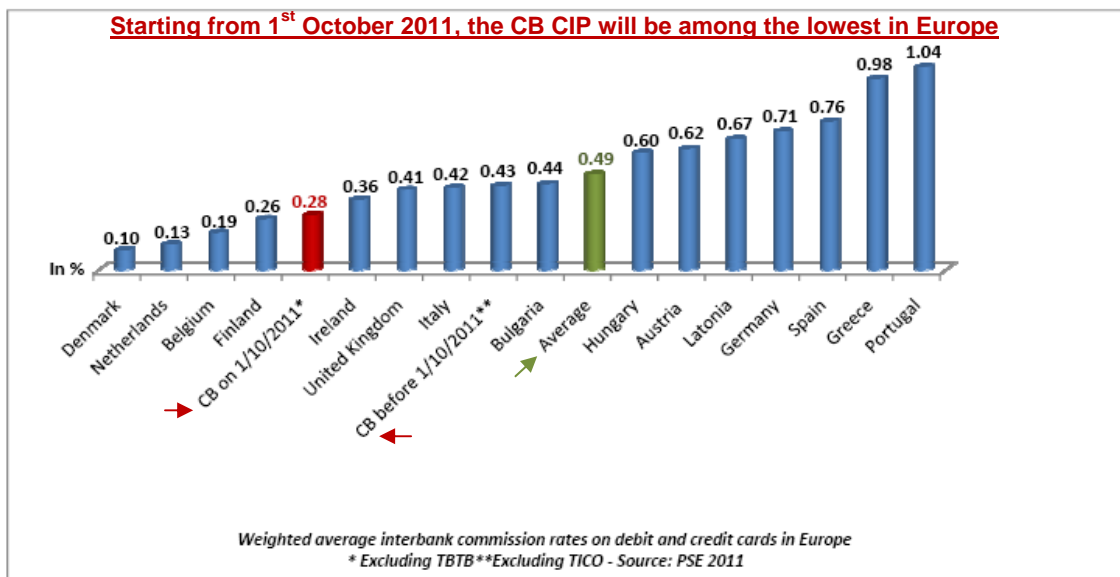
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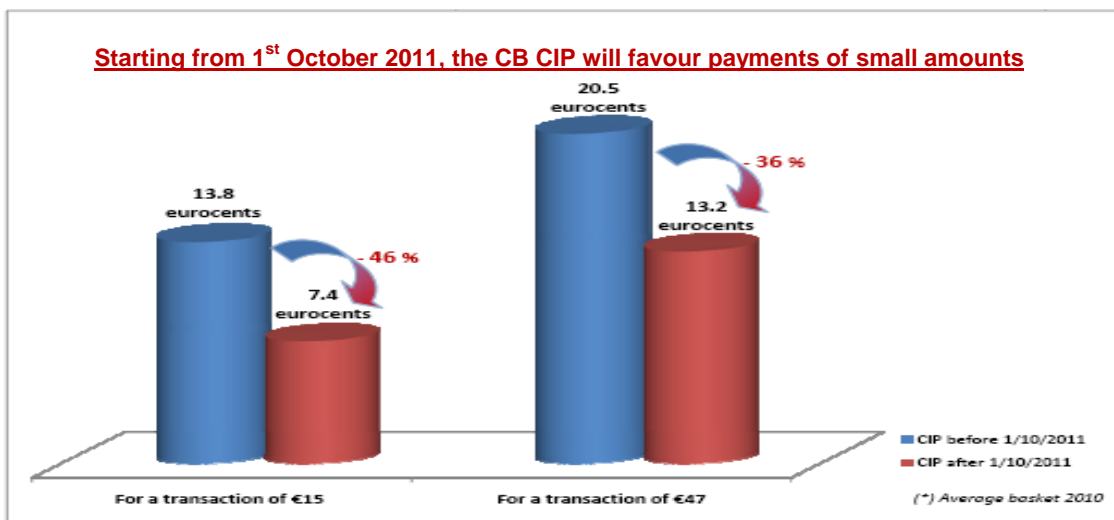


Cartes Bancaires CB

Press Release



On 1st October, the CIP calculated using the new formula will favour small amounts and therefore lead to broader card acceptance



ATM FEE TUMBLING

The ATM fee will also fall appreciably from 1st October, as it changes from 0.72€ to 0.57€. One must hope that this will not lead to a scarcity of Cash Machines in the least densely populated or most sensitive areas, for which maintenance and management costs are clearly higher.

INTERBANK FEES AT THE HEART OF THE CB SYSTEM

The Groupement des Cartes Bancaires CB welcomes the duration of the agreement, which, at 4 years, gives an indispensable stability to the CB system and will use this period to achieve economies of scale with and for all the stakeholders involved - banks, merchants, consumers and industrialists. This stability is essential to maintain not only the high standards of the CB system in both operational and security terms, but also to meet the need for new investments which are required as contactless technology is rolled out and distance selling over the Internet and mobile phones take hold, not to mention the challenges posed by the new European context, by SEPA and a plethora of new legislation.

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