

The Banque de France was set up in 1800. As a member of the Eurosystem since 1999 — which functions on a decentralised basis — it contributes to the preparation and implementation of the euro area single monetary policy whose primary objective is price stability. As a national central bank, it ensures the smooth circulation of banknotes and coins, monitors financial markets and oversees payment systems and media and, more generally, financial stability. This same objective of financial stability underpins the Banque de France's tasks at the national level: control and supervision of financial intermediaries; provision of services to banks, businesses and public authorities; analysis of companies' financial situation; protection of individuals in the economic and financial sphere.

## 1 / THE BANQUE DE FRANCE AND THE QUALITY OF BANKNOTES

*The Banque de France* puts the euro banknotes and coins into circulation. Through the network of its branches located throughout France, it supplies cash to credit institutions and the Post Office, which are then in charge of distributing it to the public.

Being responsible for ensuring the smooth circulation of banknotes and coins throughout the country, it sorts the banknotes in order to identify and remove from circulation all counterfeit, worn, torn and stained banknotes.

*The Banque de France* also produces banknotes. It operates a paper-mill at Vic-le-Comte and printing works at Chamalières in Auvergne. Both industrial sites have received a quality and environment certification.

Focused on the production of euro banknotes, it also supplies foreign central banks in the framework of institutional partnerships and the provision of specialised engineering services.

### BANKNOTES AND COINS Key data in 2006

- 6.9 billion banknotes sorted
- 7.4 billion banknotes put into circulation
- 1.1 billion coins put into circulation
- 1.35 billion euro banknotes produced (incl. for export)

## 2 / THE BANQUE DE FRANCE AND MONETARY POLICY

*The Banque de France* performs its central bank tasks within the framework of the Eurosystem, which is made up of the European Central Bank (ECB) and the euro area national central banks. The primary objective of the single monetary policy — as laid down in the Maastricht Treaty — is to ensure price stability.

*The Banque de France* provides the Eurosystem with a vast array of business analyses, statistics and studies on the French economy which are used to define the single monetary policy (see point 5). The Governing Council of the ECB — of which the Governor of the Banque de France is a member — is responsible for setting interest rates. *The Banque de France*, which implements the euro area monetary policy operations in France, refinances French banks by supplying them with the liquidity they need.

### MONETARY POLICY OPERATIONS Key data in 2006

- Central bank refinancing: EUR 16.5 billion

### 3 / THE BANQUE DE FRANCE AND FOREIGN EXCHANGE RESERVES

*The Banque de France* holds and manages the country's gold and foreign exchange reserves; it also manages part of the ECB's foreign exchange reserves.

In the framework of the decisions taken by the ECB Governing Council, it may occasionally intervene on foreign exchange markets. Apart from these specific operations, *the Banque de France* intervenes on the principal foreign exchange markets on its own behalf and on the behalf of its institutional clients.

#### FOREIGN EXCHANGE OPERATIONS Key data in 2006

Foreign exchange reserves: EUR 73.8 billion, including:

- Gold: EUR 42.2 billion (2,719 tons)
- Foreign currencies: EUR 31.6 billion

### 4 / THE BANQUE DE FRANCE, SETTLEMENT SYSTEMS AND MEANS OF PAYMENT

*The Banque de France* is in charge of ensuring the security and the smooth operation of payment systems, securities settlement systems and clearing houses for financial instruments.

*The Banque de France* administers the accounts of credit institutions and manages the French component of the TARGET. This system guarantees the security of cross-border settlements of large-value payments in Europe and thereby ensures the efficient operation of the euro area interbank market.

*The Banque de France is* responsible for ensuring the security of cashless means of payment and the pertinence of standards in this area.

The Governor chairs the Bank Card Observatory, the secretariat of which is provided by the Banque de France.

#### SETTLEMENT SYSTEMS Key data in 2006

- 950 accounts of credit institutions and investment firms
- Daily turnover of EUR 480 billion on these accounts
- France accounts for 25% of TARGET traffic

## 5 / THE BANQUE DE FRANCE, STATISTICS AND STUDIES

*The Banque de France* produces and publishes statistical data, indicators and economic, monetary and financial studies, which serve as a basis for preparing and explaining monetary policy decisions.

### *The Banque de France:*

- draws up the French components of the monetary, financial balance of payments statistics which the ECB then aggregates for the whole of the euro area;
- produces a large number of national accounting statistics;
- compiles France's balance of payments and its international investment position;
- carries out a monthly business survey and financial surveys;
- analyses France's international economic environment and makes growth and inflation projections for the Eurosystem;
- releases a vast array of publications, including a Monthly Bulletin and a Financial Stability Review;
- contributes to economic and financial research through its own work and that of the Fondation Banque de France, as well as through the organisation or the participation in symposia.

### STATISTICS Key data in 2006

- 28,500 series in the Monetary and Economic Statistics Data Bank (BSME) available to the public
- 13,000 companies surveyed to produce the monthly business survey
- 2,100 reporting institutions and 19.5 million items of information processed each year to draw up the balance of payments

## 6 / THE BANQUE DE FRANCE AND INTERNATIONAL RELATIONS

### *The Banque de France:*

- takes part in the work of leading international economic and financial organisations, such as the IMF, the OECD and the BIS, and of international fora such as the G7;
- contributes to the work of the ESCB Committees and of the economic and financial bodies of the European Union;
- manages the debt consolidation agreements reached within the framework of the Paris Club – in charge of restructuring government debt - on behalf of Government and provides the secretariat of the Monetary Committee of the Franc Area.

*The Banque de France* also provides the following services to foreign central banks and international organisations:

- euro-denominated asset management and custody services;
- training and technical assistance, in particular to central banks from accession countries and the Franc Area.

### INTERNATIONAL RELATIONS Key data in 2006

- 1,560 executives from approx. a hundred different countries trained at the International Banking and Finance Institute (IBFI)
- 87 Banque de France staff members seconded abroad
- Approx. 100 foreign central banks have recourse to the Bank's management and custody services (securities and cash)

## 7 / THE BANQUE DE FRANCE, BANKING SUPERVISION AND FINANCIAL STABILITY

The Governor of *the Banque de France* chairs the Credit Institutions and Investment Firms Committee (CECEI) — which delivers the necessary authorisations for the setting up, development and restructuring of these organisations — and the *Commission bancaire* — in charge of prudential supervision (solvency, liquidity, risks).

*The Banque de France* is a member of the other French financial market authorities, such as the French Financial Market Authority (AMF), the Advisory Committee on Financial Legislation and Regulation (CCLRF) and the Advisory Committee on the Financial Sector (CCSF). The regional Directors of *the Banque de France* are the AMF representatives in the regions.

*The Banque de France* provides the secretariat of the General Secretariat of the *Commission bancaire*, the CECEI, the CCSF and the CCLRF.

*The Banque de France* and the *Commission bancaire* take part in the work conducted within international fora on banking supervision and financial stability.

### BANKING REGULATIONS AND SUPERVISION Key data in 2006

- 993 credit institutions and investment firms subject to banking regulations and supervision

#### COMMISSION BANCAIRE

- 139 on-site inspections
- 128 letters requesting improvements and specific action
- 11 individual penalties

#### CECEI

- 356 cases handled, including 26 authorisations and 63 withdrawals of authorisation

## 8 / THE BANQUE DE FRANCE AND DATA ON NON-FINANCIAL CORPORATIONS

*The Banque de France* manages a company database (FIBEN) which centralises data collected from banks, companies and commercial courts.

Based on this information, *the Banque de France* assigns each company (or group) a rating which reflects its ability to meet its financial commitments over the next 3 years.

*The Banque de France* relies on this rating to assess the quality of the assets used by banks as collateral for their refinancing operations or payments, while the *Commission bancaire* uses it to assess the quality of portfolios held by banks and financial institutions. This rating is made available to the banking community. It is systematically communicated to the company concerned, which is entitled to ask for explanations if necessary.

*The Banque de France* also provides corporate performance analyses (GEODE), which pinpoint a company's weaknesses and areas to be improved.

### BUSINESS SERVICES Key data in 2006

- 5.2 million companies recorded in FIBEN
- 44,000 interviews with business managers
- 2,150 GEODE financial analyses

## 9 / THE BANQUE DE FRANCE AND SERVICES TO PUBLIC AUTHORITIES

**The Banque de France** has close ties with a large number of public authorities, administrations and economic organisations (public services contract signed with the Government in June 2003). Banque de France representatives serve as experts for a number of economic bodies set up by central government or local authorities: CIRI, CODEFI, CORRI, public aid committees, regional development advisory councils.

**The Banque de France** also provides services to local authorities by contributing to a local economic observation tool (ACSEL) and by making financial analyses of companies that are likely to benefit from local subsidies (GEODE).

**The Banque de France** holds the Treasury's account (8,500 Treasury accountants) and conducts government bond auctions on behalf of the *Agence France Trésor*.

### SERVICES TO PUBLIC AUTHORITIES Key data in 2006

- 45,000 technical opinions delivered to committees in charge of granting business aids

### SERVICES TO GOVERNMENT

- 159 million cheques collected
- 285 million direct debit orders collected
- 250 million credit transfers carried out

## 10 / THE BANQUE DE FRANCE AND CONSUMER PROTECTION

### **The Banque de France:**

- provides the secretariat of the household debt commissions,
- centralises and notifies the banking community of payment incidents recorded in the Central Cheque Register (FCC) and the National Register of Household Credit Repayment Incidents (FICP),
- records and provides retailers and service providers with information, notably on lost and stolen cheques (National Register of Irregular Cheques – FNCI),
- records all banking and finance professionals with their contact details (available to the public on Internet),
- handles the requests for access to basic banking services,
- provides households with information on banking regulations and practices by means of its *Infobanque* service.

The Governor chairs the Committee on Banking Mediation the secretariat of which is provided by **the Banque de France**.

### SERVICES TO HOUSEHOLDS Key data in 2006

- 185,000 household debt cases handled
- 70 million consultations of the FCC
- 2.3 million persons recorded in the FICP
- 175 million consultations of the FNCI
- 30,500 requests for access to basic banking services