

2013

BREAKDOWN OF THE USE  
**OF NON-CASH PAYMENT  
INSTRUMENTS**

2014 assessment  
(2013 data)

**Banque de France**  
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## 1| Introduction

In the framework of its oversight of non-cash payment instruments set out in Article L141-4<sup>1</sup> of the *Monetary and Financial Code*, the Banque de France collected, between 10 February and 18 April 2014, data enabling it to make a breakdown of the payment instruments used in France in 2013, in accordance with Article L141-6<sup>2</sup> of the French *Monetary and Financial Code*.

For further information on the Bank's oversight of non-cash payment instruments, see the 2012 Report on the oversight of payment instruments and financial market infrastructure.<sup>3</sup>

The statistics for the euro area and the European Union used in this document are taken from the data published by the ECB.<sup>4</sup>

## 2| Key developments

The legal and regulatory environment has a marked influence on the use of the different payment instruments, especially when mandatory thresholds are set for the use of non-cash means of payment in a given economic sector.

This development had a direct effect in 2013 on the observed use of cheques, credit transfers and electronic payment orders.

### 2|1 An increase in the volume and a decline in the value of non-cash payments

In 2013, 18.6 billion transactions were carried out by customers of French banks, totalling EUR 26,686 billion. We observe, for the second

consecutive year, a rise in the number of non-cash payments (up 2.9%) together with a fall in their overall value (down 4%), which can probably be attributed to the economic situation.

### 2|2 Card payments continued to account for the largest number of transactions

The number of card payments has increased steadily since 2000 by an average rate of 8% per year. Indeed, bank cards have been the most widely used payment instrument since 2003, when they overtook cheques.

### 2|3 Decline in the value of credit transfers for the second consecutive year

In 2013, the value of credit transfers declined more sharply than in 2012 (down 3.8% compared with 1.6%). Credit transfers remained the preferred means of payment for large-value transactions and accounted for almost 87% of non-cash payments in France.

### 2|4 The total value of cheques declined more rapidly

In 2013, the value of cheques fell much more substantially than in the previous year (down 19% compared with 3.8% per year on average since 2000). For the first time, it represented less than the total value of debit instruments. Since solicitors appeared to have fully anticipated the decree providing for all real estate payments above EUR 3,000 to be made by credit transfer instead of cheque, this decline is exceptional and should not recur to the same extent in 2014.

1 Article L141-4 "The Banque of France shall take the necessary measures to ensure the security of means of payment as defined in Article L311-3, other than cash, and shall ensure the relevance of the applicable standards in this area. [...]"

2 Article L141-6-I: The Banque de France is authorised to request from credit institutions, investment firms, mutual funds, financial corporations, insurance and reinsurance companies governed by the Insurance Code and industrial and commercial firms any documents and information necessary for carrying out its core tasks.

3 [https://www.banque-france.fr/fileadmin/user\\_upload/banque\\_de\\_france/Stabilite\\_financiere/la-surveillance-des-moyens-de-paiement-et-des-infrastructures-des-marches-financiers-2011.pdf](https://www.banque-france.fr/fileadmin/user_upload/banque_de_france/Stabilite_financiere/la-surveillance-des-moyens-de-paiement-et-des-infrastructures-des-marches-financiers-2011.pdf)

4 <http://sdw.ecb.europa.eu/reports.do?node=100000847>

## 2|5 Sharp rise in electronic payment orders

As a result of the decision taken by the Directorate General of the French Finance Ministry to lower the threshold above which companies must file and pay VAT online, both the number and value of electronic payment orders rose significantly by 27% and 16% respectively. This trend should continue in 2014 since these thresholds are expected to be lowered once again.

## 3| Brief analysis of the data collected

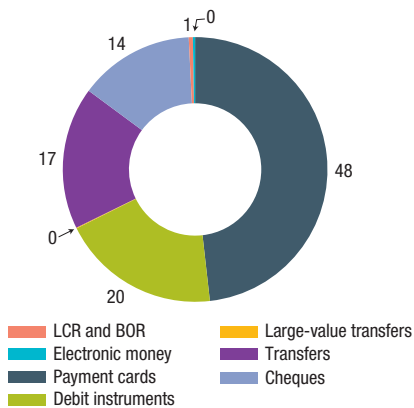
### 3|1 In volume terms

In 2013, the number of non-cash payments continued to increase in France (up 2.9%) but less rapidly than in the rest of Europe (up 4.7% in the EU, 9.5% in Germany and 6.6% in the United Kingdom).

France, which accounted for almost 18% of the number of non-cash payments in Europe, ranks third behind Germany (19.93%) and the United Kingdom (19.72%).

**Chart 1 Breakdown of payment instruments in France (volume)**

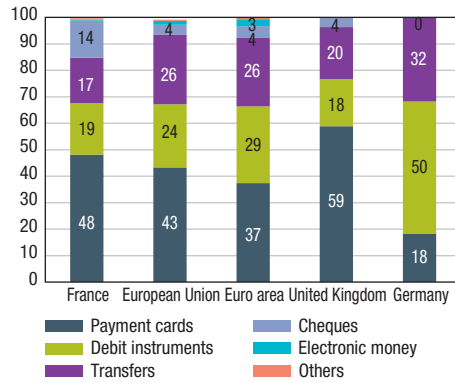
(%)



Source: Banque de France.

**Chart 2 Relative share of different payment instruments in the European Union in 2013 (volume)**

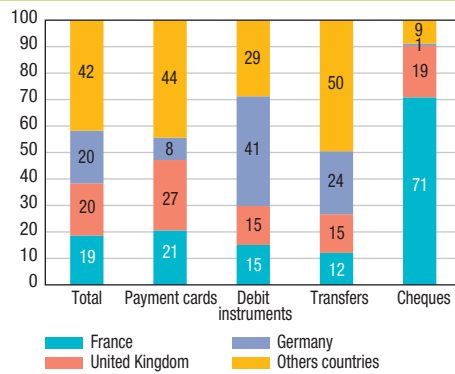
(%)



Source: Banque de France.

**Chart 3 Share in the European Union by payment instrument in 2013 (volume)**

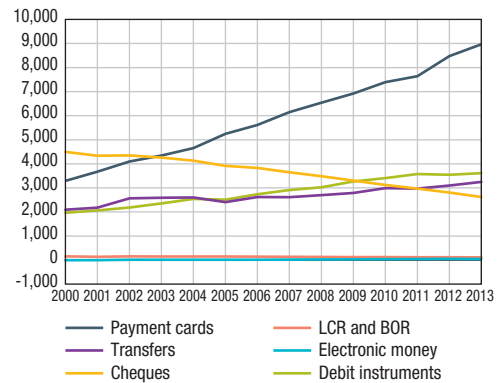
(%)



Source: Banque de France.

**Chart 4 Change in volume of payment instruments in France**

(millions)



Source: Banque de France.

The ranking of non-cash payment instruments remains unchanged since 2012:

**1. Card payments** are the most widely used non-cash means of payment in France and accounted for almost half of such payments (49.6%) in 2013.

France recorded 8.96 billion in payments made with bank cards or loyalty cards, representing 20.55% of total EU card payments. France ranks second in the European Union, just behind the United Kingdom (26.62%) and in front of Germany (8.42%). In 2013, the average annual number of card payments per person in France was 136, compared with 249 in Sweden, 181 in the United Kingdom and 86 in the European Union as a whole.

**2. The category of debit instruments** returned to an upward trend in 2013 (up 1.87%), following a slight decline of 0.28% in 2012.

In France, this category includes national direct debits (91% in 2013), SEPA direct debits (SDD) (6% in 2013), interbank payment orders (2%), and electronic payment orders (1%), which were up 26.7% in 2013 after rising by 29.1% in 2012.

**3. The category of credit transfers** continued to grow, rising by 4.9% compared with 2012, to reach 3.25 billion transactions.

This category includes retail credit transfers that account for 99.5% of the total volume, which are mainly used by individuals and SMEs. The remaining 0.5% is made up of large-value credit transfers exchanged in TARGET2 and EURO1. Following growth of 6.7% in 2012, volumes of large-value credit transfers were almost stable in 2013, increasing by just 0.3%. Volumes of other credit transfers, for their part, rose by 5%.

The number of credit transfers in France represented 12.1% of the total number of credit transfers made in the European Union in 2013, meaning that France ranked third behind Germany (23.8%) and the United Kingdom (14.6%).

In some countries, credit transfers account for a significant share of the total number of non-cash payments. For instance, they represent almost one

out of two payments in Germany, which amounts to 76 credit transfers per inhabitant per year. In the case of France, this figure stands at 47.

**4.** The decline in the use of **cheques** has continued to benefit other non-cash means of payment, in particular those involving cards and electronic payment orders. In 2013, the number of payments made with cheques fell by 7% compared with 2012 to reach 2.6 billion transactions, or 14% of non-cash payments. Cheques now rank fourth in terms of most widely used non-cash instruments, behind cards, direct debits and credit transfers.

France nevertheless remains the country that uses the most cheques in the European Union. In 2013, France accounted for 71% of cheque issuance in the European Union, far ahead of the United Kingdom (19%). Cheque use in other countries is very low: in 2013, each French citizen used over 37 cheques on average, against around 11 in England and less than one in Germany (0.38 per inhabitant per year).

**5.** In 2013, **Electronic trade bills (LCR) and electronic promissory notes (BOR)**, which only exist in France, continued to follow the downtrend that started in 2000, falling by an average of around 4% per year. Their use nevertheless declined less rapidly in 2013, down 2% against a 3.6% fall in 2012.

**6. Electronic money** has not yet benefited from the new legal framework following the transposition of the second Electronic Money Directive into French law in early 2013. The volume of electronic money payments even fell in 2013 for the first time since 2000 (down 3% compared with 2012) to reach the very low level of 52.3 million payments.

## 3|2 In value terms

The total value of non-cash payments continued to decline in 2013 (down 4.1%), continuing with the downward trend already observed in 2012 (down 2.1%). This is largely due to declines in the values of credit transfers and more specifically large-value credit transfers.

This decline was also observed at the European level (down 2.54% in the European Union), but to a lesser extent than in France.

France, with 11% of the total value of non-cash payments in Europe, ranks third behind the United Kingdom (36%) and Germany (28%).

The ranking of non-cash payment instruments in value terms is as follows:

**1. The value of credit transfers** grew from 2005 to 2011 by almost 7.5% per year on average. This trend reversed in 2012 with a fall in the value of credit transfers that was confirmed in 2013.

This fall in the value of credit transfers is probably linked to the slow economic growth observed since 2010. Economic conditions have had the greatest impact on the payments carried out by individuals and companies, which have been declining steadily since 2012. The total value of large-value credit transfers, which account for 86.3% of the value of credit transfers, accordingly fell by 5.3% in 2013. Conversely, retail credit transfers rose by 6.5% in value terms. France ranks third in terms of the value of credit transfers at 12% of the total value of credit transfers in the European Union, behind the United Kingdom (39%) and Germany (25%).

**2. The category of debit instruments**, despite a slight 0.9% dip in 2012, has continued to trend upwards since 2000, with an average growth rate of 6.1% per year. In 2013, we observed a 6.7% increase in value, mainly stemming from the sharp rise in electronic payment orders (up 15.5% in value terms, or EUR 65.8 billion in 2013). This positive trend looks set to continue in 2014. However, other debit instruments used by individuals were down in 2013 by 3.6%.

Interbank payment orders, for their part, remained stable, inching down by 0.04% since 2012.

France ranks second in the European Union with 8% of the total value of debit instruments, far behind Germany (72%) and equal to the United Kingdom (8%).

**3. Cheques** have fallen by **EUR 1,000 billion** in value terms since 2000 from 2,278 billion to 1,320 billion in 2013, and for the first time have been overtaken by debits. Cheque use has declined for a number of reasons; looking beyond the natural downward trend in cheque usage due to the emergence of safe and practical alternative payment means, this decline was amplified by:

- on the one hand, the implementation of Law 2011-331 of 28 March 2011 imposing the use of credit transfers instead of cheques for all payments above EUR 10,000<sup>5</sup> made or received by a solicitor on behalf of the parties to a notarised land registration document;
- on the other hand, due to the decision by the Directorate General of the French Finance Ministry to lower the turnover-related threshold above which companies must file and pay VAT online.

France ranks first in the European Union at 33% of the total value of cheques, ahead of the United Kingdom (22%) and Italy (15%).

**4. Bank cards**, which have ranked third in value terms since 2011, ahead of LCR and BOR, increased in 2013 by 3.9%, which is nevertheless a smaller increase than their 8.5% average annual growth since 2000. Total card payments stood at EUR 438 billion in 2013.

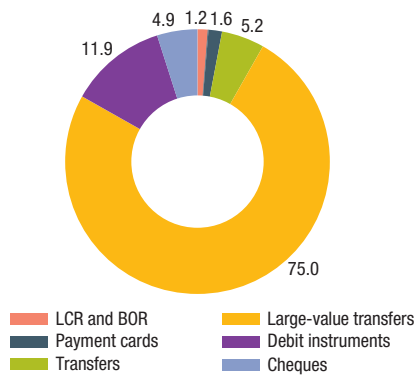
France ranks second in the EU representing 20% of the total value of card payments, behind the United Kingdom (31%).

**5. Electronic trade bills (LCR) and electronic promissory notes (BOR)** account for a relatively high share of the total value of non-cash payments given their low volumes. Their average value stood at EUR 3,561.

In 2013, the decline in the total value of LCR and BOR picked up pace. It fell by 7.5% against 4% on average since 2000, to reach EUR 356 billion. These products, which are specific to the French market, are gradually being replaced by more modern means of payment.

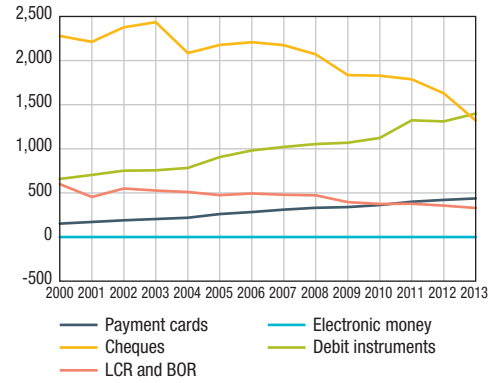
<sup>5</sup> Threshold established by Decree No. 2013-232 of 20 March 2013. This threshold was lowered to EUR 3,000 as of 1<sup>st</sup> January 2015.

**Chart 5 Breakdown of non-cash payment in value terms (%)**



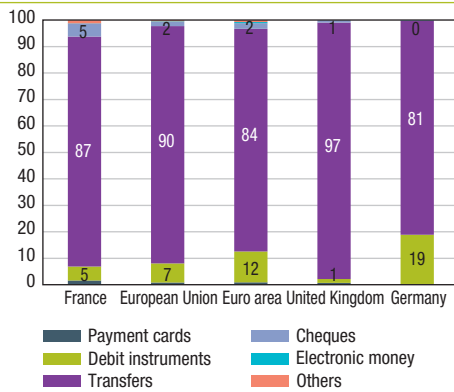
Source: Banque de France.

**Chart 8 Value of transactions excluding credit transfers (EUR millions)**



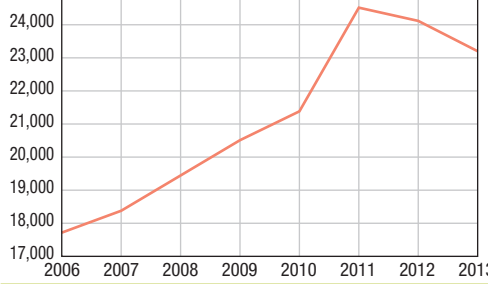
Source: Banque de France.

**Chart 6 Relative share of the different payment instruments in value terms in 2013 (en %)**



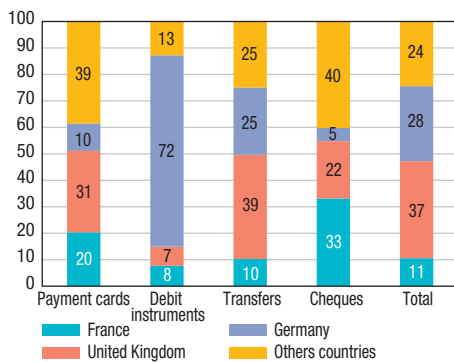
Source: Banque de France.

**Chart 9 Value of credit transfers (EUR millions)**



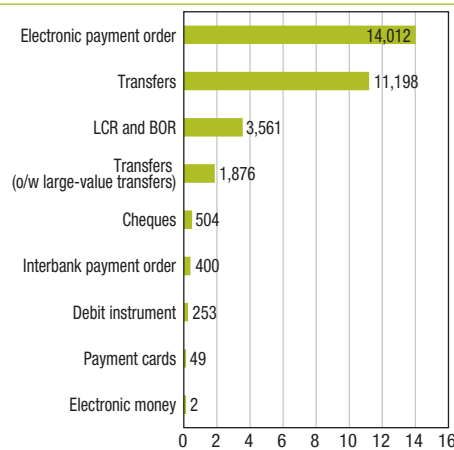
Source: Banque de France.

**Chart 7 Shares in the EU by payment instrument and in value terms in 2013 (%)**



Source: Banque de France.

**Chart 10 Average value of non-cash payment instrument transactions in 2013 (EUR)**



Source: Banque de France.

**6. Electronic money** contracted in 2013 for the first time since 2000 (down 3.4%), totalling EUR 112.9 million.

It is still used for very small transactions, i.e. EUR 2 on average per payment.

Luxembourg ranks far ahead of other EU countries with 77% of the total value of electronic money payments, with Italy in second place with 21%. France ranks seventh with 0.19% of the total.

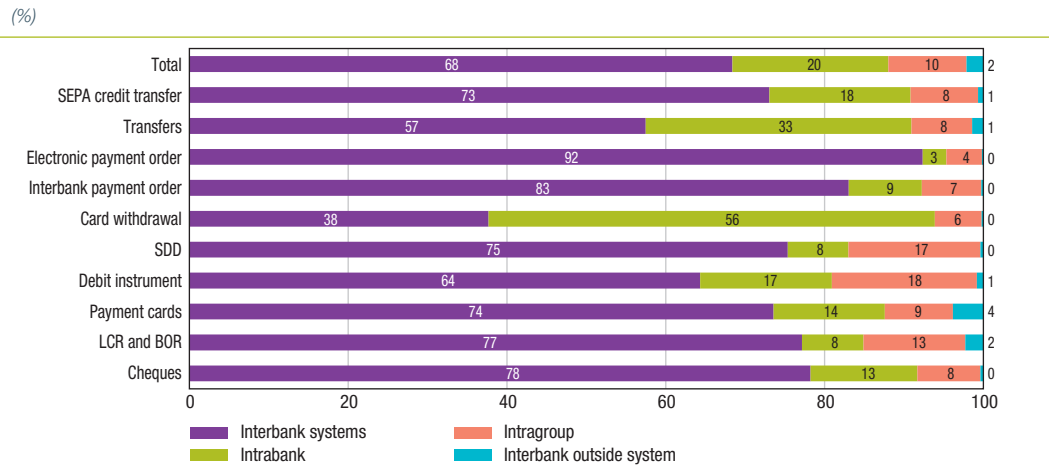
### 3|3 Breakdown of transactions by channel

For non-cash payments as a whole, the share of payments via interbank systems remained stable compared with 2012 and accounted for the bulk of transactions (71% of the total number in 2013 after 70% in 2012).

Only 57% of credit transfers were made via interbank systems, with a significant share of transactions processed via the intrabank channel (33%). The SEPA Credit Transfer Scheme (SCT) did not follow this trend, with 73% of transactions processed in interbank systems in 2013. It remains to be seen whether this trend will be confirmed by the 2014 figures given the completion of the migration of retail credit transfers to the SCT. It is interesting to note that the debit instrument category, which encompasses the SEPA Direct Debit Scheme (SDD), exhibited similar characteristics.

Card withdrawals were the only exception to this trend. They were mainly carried out through the intrabank channel (56% in 2013, against 49% in 2012) and continued to increase. This is chiefly due to the specific rates applied by many banks that can charge for withdrawals from other banks' ATMs above a certain number of withdrawals, thus encouraging customers to use the ATMs of their own bank or of the group to which it belongs.

**Chart 11 Breakdown system/outside system by payment instrument in 2013 (volume)**



Source: Banque de France.



## Appendix

**Table Breakdown of non-cash payments in 2013**

(number of transactions in millions, value in EUR billions, average value in euros, share and change in %)

Payment instrument	Number of transactions			Value of transactions			Average value
	Total	Change 2013/2012	Share in EU	Total	Change 2013/2012	Share in EU	
Card payments	8,964	5.8	21	438	4	20	49
Debit instruments	3,614	1.9	15	1,399	7	8	387
<i>o/w direct debits</i>	3,278	-4.1		819	-4	na	250
<i>interbank payment orders</i>	92	-6.3	na	37	0	na	400
<i>electronic payment orders</i>	35	26.7	na	490	16	na	14,012
Credit transfers	3,250	4.9	12	23,198	-4	10	7,137
<i>o/w large-value credit transfers</i>	17	0.3	na	20,025	-5.3		1,193,245
<i>other credit transfers</i>	1,817	-19.7	na	517	-9	na	981
Cheques	2,621	-6.6	71	1,320	-19	33	504
LCR/BOR	93	-2.3	na	330	-7	na	3,561
Electronic money	51	-3.3	3	0.1	-3	0.2	2
<b>Total</b>	<b>18,593</b>	<b>2.9</b>	<b>19</b>	<b>26,686</b>	<b>-4</b>	<b>11</b>	<b>1,435</b>

