

## Translation of letter

To: Mr A. Schaub

From: Mr P. de Lauzun, Fédération Bancaire Française

Dated: 13 February 2004

On 2 December 2003 the European Commission opened a consultation on a Communication from the Commission to the Council and the European Parliament on a “new legal framework for payments in the internal market”. Notwithstanding the fact that we had insufficient time to carry out an in-depth analysis of all the points raised, please find below our Federation's reply.

The French banking industry aspires to the construction of a harmonised European area for euro payments. To that end, it expects the European Commission to regulate only those sufficiently universal key issues which require greater legal certainty, thus allowing the industry to address the more operational aspects and the market to perform its normal selection procedure.

Of the 21 annexes to the Communication, a number of points strike us as being particularly fundamental:

- The activities of payment service providers should be placed within an EU framework and the rules governing those activities should be harmonised in the interests of security for the general public and to avoid distortions of competition between market operators.
- Payment orders must be irrevocable if trade and payment services in general are to be secure. Both users and industry professionals expect the European Commission to confirm a regulatory framework.
- It is vital that the relationship between buyer and seller and the payment service relationship between each of those two parties and their respective banks be kept totally separate. Otherwise the stability of all distance-trading activities and the activities of the payments industry would be threatened.
- Value dates form an integral part of customer service and conditions. No one can be unaware that regulating the application of value dates would profoundly undermine the system of fees and charges that the banks have agreed with their customers.

Lastly, I would draw your attention to the urgency of implementing SR VII of FATF in the form of a European regulation which recognises the European internal market as a domestic area for payment purposes.