



# AT THE CROSSROADS OF CHANGE IN THE FRENCH CASH CYCLE

*ESTA Conference*

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## I - INTERNAL CHANGES AT THE BANQUE DE FRANCE

## II - THE EVOLVING ROLE OF THE BANQUE DE FRANCE IN THE FRENCH CASH CYCLE

# INTERNAL CHANGES AT THE BANQUE DE FRANCE



- I.1- The reshaping of the cash centres network
- I.2 - The new cash centres Project
- I.3 - Revisiting processes

# INTERNAL CHANGES AT THE BANQUE DE FRANCE



## I.1 - Reshaping the cash centres network

# RESHAPING THE CASH CENTRES NETWORK



## ➤ Objectives:

- ❖ Changes in operational processes
- ❖ New relations with CIT companies
- ❖ Enhancement of working conditions (better ergonomics)
- ❖ Cost reduction

## ➤ A favourable context for changes

- ❖ The demographic trend eases the upcoming rearrangements
- ❖ The renewal of equipments is needed

# RESHAPING THE CASH CENTRES NETWORK



- A broad network compared to our main partners
  
- Banque de France - 72 cash centres:
  - ❖ 1 in headquarters, 1 « hub » in Chamalières
  - ❖ 63 full-activity branches
  - ❖ 7 specialized units

# THE CASH CENTRES NETWORK IN 2003



211 cash centres

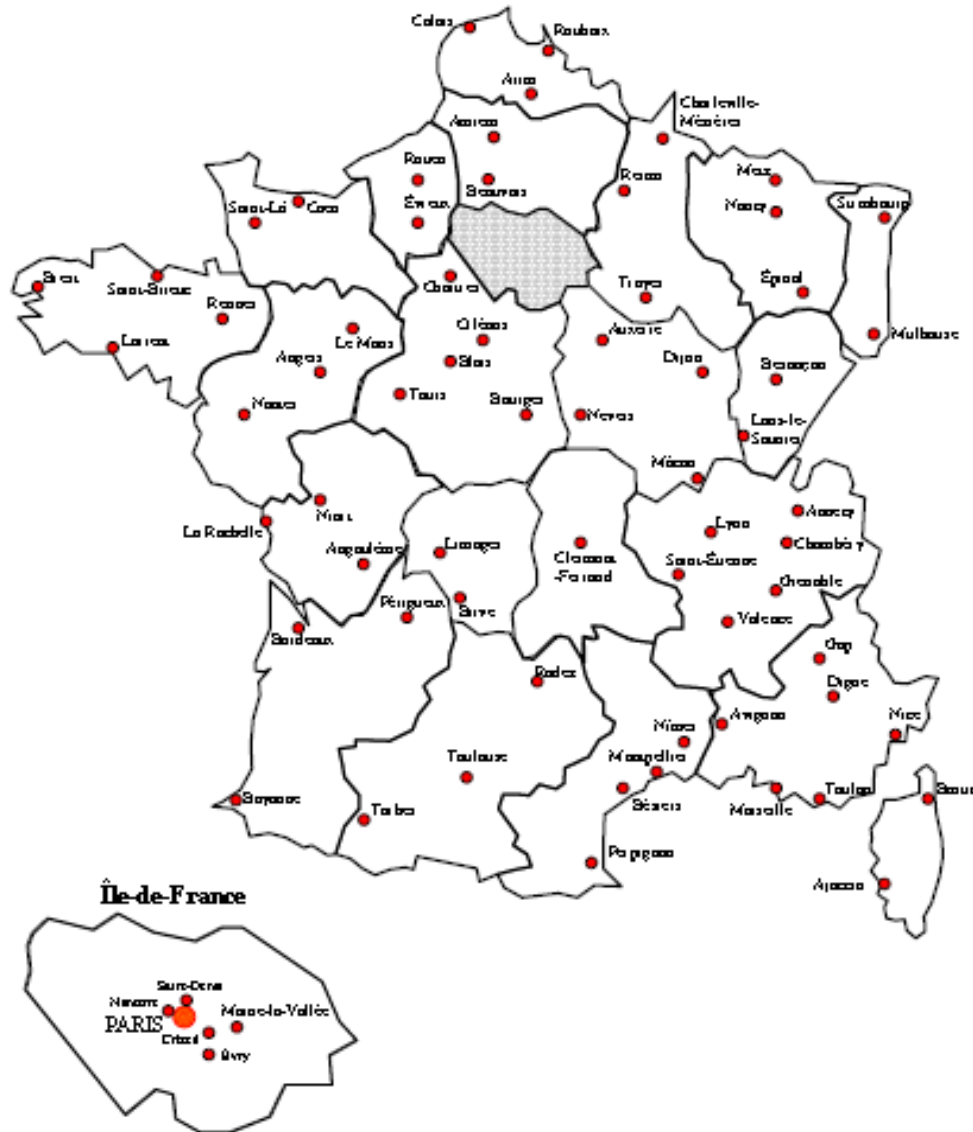
**Légende**

Implantations permanentes :

- Toulouse Succursale 131
- Longwy Casse allégée 80

Total des implantations : 211

# THE CURRENT CASH CENTRES NETWORK



An extensive network of 72 cash centres



# INTERNAL CHANGES AT THE BANQUE DE FRANCE



## I.2 - The new cash centres Project

# NEW CASH CENTRES: INDUSTRIALISING PROCESSES



➤ The New Cash Centres (NCC) project was launched in 2009.

It aims to:

- ❖ conceive a new functioning model for French cash centres based on automated processes
- ❖ implement this model in locations where cash centres are outdated and can't be modernized

# NEW CASH CENTRES: INDUSTRIALISING PROCESSES



- The project is now in the last months of its detailed conception phase :
  - ❖ The first NCC will be implemented near Lille in the North of France. This centre should be in function in 2016
  - ❖ The second NCC is due to be installed near Paris (no opening date defined so far).
  - ❖ One other implementation in French region under consideration

# INTERNAL CHANGES AT THE BANQUE DE FRANCE



## I.3 – Revisiting processes

# CONVERGENCE OF PACKAGING TYPES



- A first step in the European standardization of packaging has been taken in the field of free-of-charge cross-border banknote transactions
- However, the creation of NCC brings up the question of the most efficient standard of packaging for large-scale handling.
- The BdF might favour stiff packaging instead of the safebag.

# REVISITING IT SYSTEMS



- 1<sup>st</sup> January 2012: go-live of an electronic portal between BdF and its professional clients for cash transactions (INTEROP)
- Parallel improvements of the BdF processes: end to end traceability
- Next release incorporating new functionalities and a DECS interface module for cross-borders transactions with the BdF as Central Bank correspondent.
- INTEROP already goes beyond some other systems implemented in our neighbouring countries: digital signature checking and authentication control + direct link with Target 2 for financial settlement

# OPERATIONAL DEVELOPMENTS UNDER CONSIDERATION



- Receipt /Recognition by global delivery, not by bundle anymore
- Development of video monitoring
- Enhancement of traceability of flows and stocks

# INTERVENTION PLAN



**I - INTERNAL CHANGES AT THE BANQUE DE FRANCE**

**II - THE EVOLVING ROLE OF THE BANQUE DE FRANCE IN THE FRENCH CASH CYCLE**

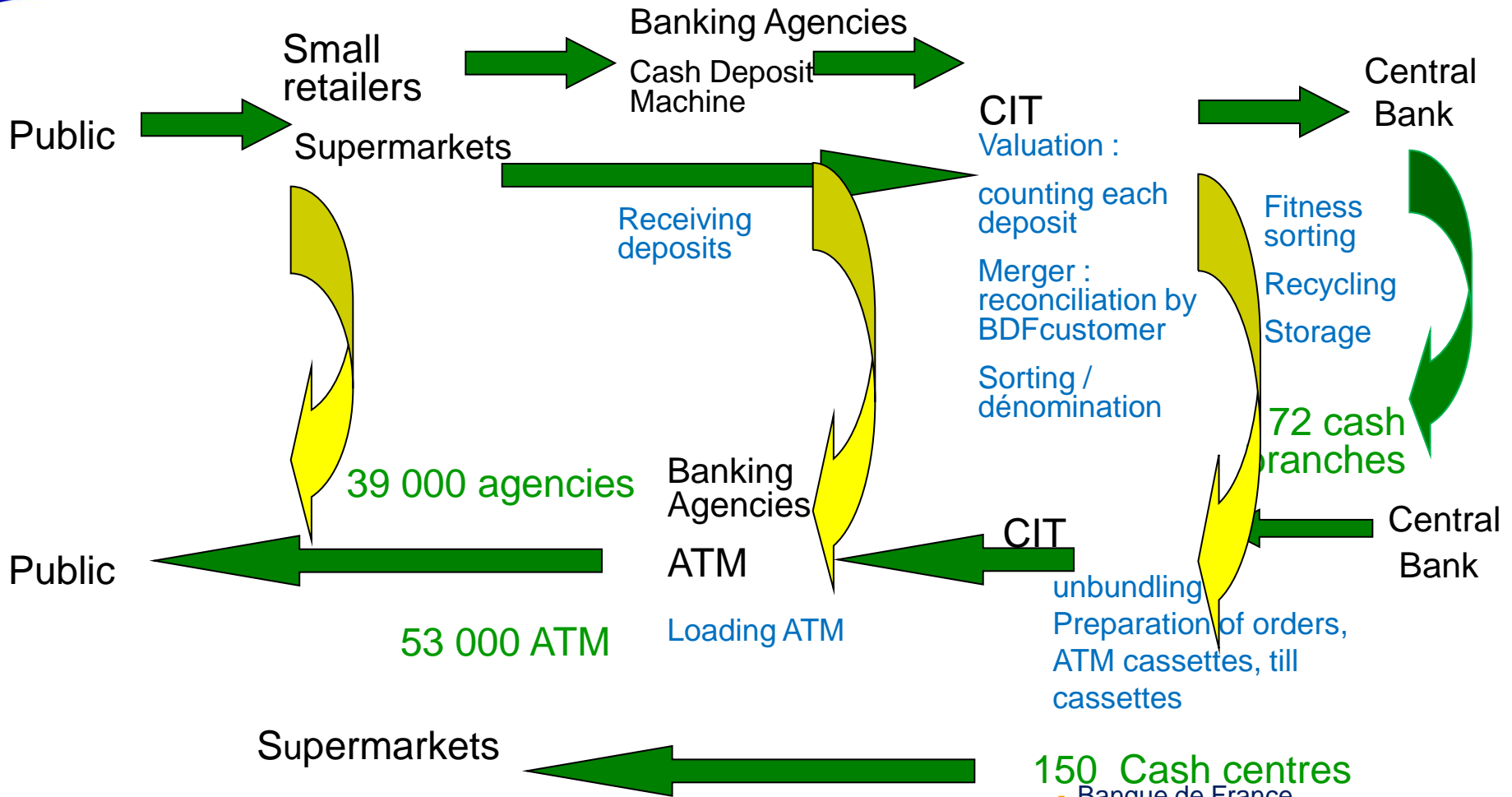


# CHANGES IN THE ROLE OF THE BdF IN THE SUPPLY OF CASH: INCREASING PRIVATE SECTOR INVOLVEMENT



- II.1 - Developing short circuits (recycling)
- II.2 - New forms of cooperation: establishing CHTO
- II.3 - Striving for safer transports of cash

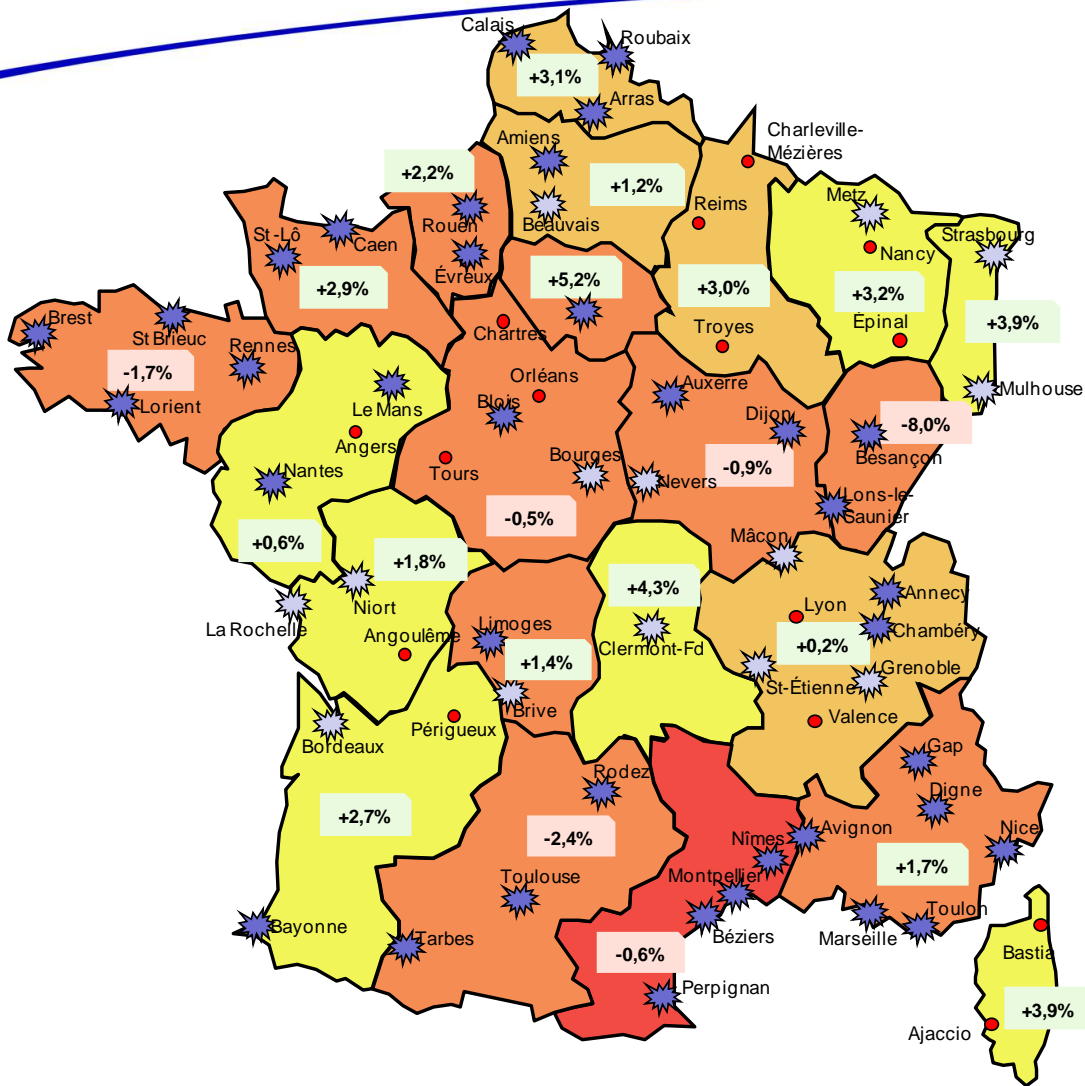
# DEVELOPING SHORT CIRCUITS (RECYCLING)



**CIT**  
Valuation :  
counting each deposit  
Merger : reconciliation by BDFcustomer  
Sorting / dénomination

**150 Cash centres**  
Banque de France  
Gilles VAYSSET  
Directorate General for Cash and Branch Network Activities

# DEVELOPING SHORT CIRCUITS (RECYCLING)



Where recycling by credit institutions is increasing, deposits at the BdF counters are decreasing (negative figures of change)

# DEVELOPING SHORT CIRCUITS (RECYCLING)



- At the end of 2011, 5,095 banking agencies were distributing their own recycled notes (+14.7% / end-2010).
- From S1 2012, all recycling actors will comply with a reporting obligation.
- Target: 50%-50% public-private sorting and recirculation.

# INCREASING PRIVATE SECTOR INVOLVEMENT



## II.2 - A new cooperation scheme with the private sector

# INCREASING PRIVATE SECTOR INVOLVEMENT



- Need for a new scheme incentivizing banks and CIT companies to be further involved in recycling:
  - ❖ Currently, density + proximity of NCB cash centres: free of charge sorting by the NCB compensates for the (limited) cost of transport
  - ❖ CIT companies are not allowed to sort together the banknotes deposited on different bank account holders
  - ❖ The in- and out- flows of cash at the bank agencies / groups level are not balanced --> the business model for recycling is limited

# ESTABLISHING CHTO CONSIDERING NHTO



- Different models have been implemented in Europe to decentralize or outsource NCB's cash activities.
- Banque de France is rather considering, together with CIT companies and credit institutions, a scheme to complement its future cash centres network and keep the cash cycle fluid.



## II.3 - Striving for safer transports of cash



# THE GROWING ROLE OF BDF AS REGARDS THE SAFETY OF TRANSPORT



- Aim of anti-theft devices: a higher level of security in cash transports, for both the CIT security staff and the public.
- Use encouraged by the new European Regulation on professional cross-border transport of euro cash by road (to enter into force at end-November 2012).
- French homologation rules of IBNS will be revamped in 2012 in order to be aligned with the EU regulation
- The BdF is more and more involved in the process



Thank you for your attention