



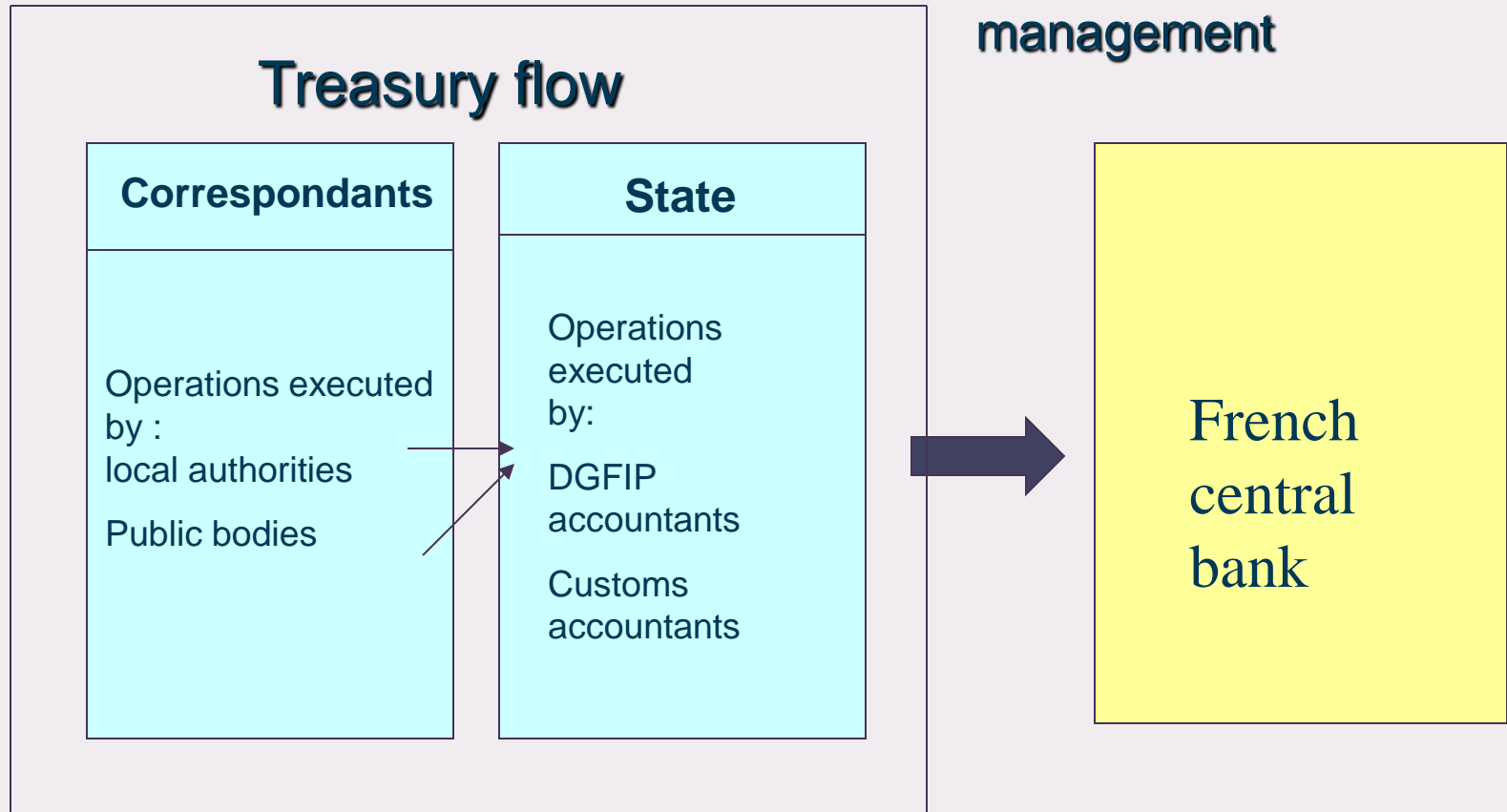
# The State – Bank of France agreement on Treasury Single Account management

**Thursday, July 3rd 2014**



# **Laws and regulations**

A centralised  
management



## The legal framework imposing the deposit with the Treasury

### - An ancient principle

#### **Art 15 of 2<sup>nd</sup> January 1959 legal order:**

« unless a derogation of the Minister of finance, local governments and public establishments are bound to deposit their funds with the Treasury »

### - A principle confirmed by the recent legislation governing public finance (1st August 2001) (LOLF)

>> Article 26

« unless expressly stated by a finance law, local governments and public establishments are bound to deposit all their funds with the State Treasury »

## Legal framework imposing the deposit of funds with the Treasury

### - A principle also stated in the fundamental legal dispositions of public accounts

Article 43 –decree of 29th December 1962 establishing general settlement of public accounts (RGCP):

« Public entities funds other than the State are bound to deposit with the treasury, unless special statement from the Minister of finance »

Article 47 - decree of 7th november 2012 relating the new budgetary and public accounting management (GBCP):

« ... legal entities mentionned in art. 1 are bound to deposit their funds with the Treasury»

## Legal framework imposing the deposit with the central Bank of France

### - The principle of the deposit with the central Bank of France

>> The monetary and financial Code (art L 141-7 and 8) made under the Law of 4th august 1993

The Treasury can hold an account at the Central Bank of France

>> Article 137 - decree of 7th november 2012 (GBCP) « Subject to public accountants cash balances [...], these funds are deposited with the **monetary issuing authorities** »

The monetary issuing authorities:

- The central Bank of France in metropolis;
- The issuing authorities of overseas French departments (IEDOM) and Saint Pierre et Miquelon;
- The issuing authorities of overseas (IEOM) in the Pacific zone of « Franc »

## Legal framework imposing the deposit with the central Bank of France

### - Order of 24th January 2013 governing the liquidity accounts and the funds deposited with the treasury

->> article 1

«The State holds in the registration books of the central Bank of France a STA managed in euros and accounts opened in convertible currencies»

>> articles 2 to 5

- principle of liquidity accounts = fragmentation of STA
- principle of daily centralisation on the STA of debit and credit transactions registered on operational accounts
- definition of the respective functions of the French DGFIP and AFT
- Reference to agreements signed between the State and the issuing authorities defining the accounts operational modalities and compensation of the issuing authorities

## Legal framework imposing the deposit with the central Bank of France

### - Legal framework for the central Bank of France

The Bank of France is allowed to hold accounts in the conditions defined by art. L 141-8 of the monetary and financial Code for:

- the French Treasury
- The issuing authorities of overseas French departments (IEDOM)
- The « Caisse des dépôts et consignations »
- The foreign central banks and foreign commercial banks
- International financial institutions and international organisations

The general council of the Bank of France is empowered to authorise the opening of accounts in the books of the bank of France for:

- The staff of the Bank of France, as well as any other person holding a customer account in the Bank of France before 6th August 1993
- Any other institution or person expressly authorised by an order of the general council to open an account in the Bank of France. Since 2007, the Direction of banking services (DSB) is authorised to call for tenders in the social sphere



# Ministre de l'Économie et des Finances

Ministre délégué  
auprès du ministre de l'Économie et des Finances,  
chargé du Budget

Ministre délégué  
auprès du ministre de l'Économie et des Finances,  
chargé de l'Économie sociale et solidaire  
et de la consommation

Secrétariat général des ministères économiques et financiers  
Haut fonctionnaire de défense et de sécurité 3

Direction  
générale  
du Trésor 1

Direction  
générale des  
Douanes et Droits  
indirects 1

Direction  
générale  
de l'Insee

Direction générale  
de la Concurrence,  
de la Consommation  
et de la Répression  
des fraudes

Direction  
du Budget

Direction  
générale  
des Finances  
publiques

Inspection  
générale  
des Finances

Délégation  
nationale  
à la lutte  
contre la fraude

Service  
du Contrôle  
budgétaire  
comptable  
ministériel

Direction  
des Affaires  
juridiques 4

Contrôle  
général  
économique  
et financier

Traitement  
du renseignement  
et action contre les  
circuits financiers  
clandestins

Service  
des achats de  
l'État

Médiateur des  
ministères  
économiques  
et financiers 4

Médiateur  
du crédit aux  
entreprises

Conseil général  
de l'Économie,  
de l'Industrie, de  
l'Énergie et des  
Technologies 5

Agence pour  
l'informatique  
financière  
de l'État

Opérateur  
national  
de paye 2

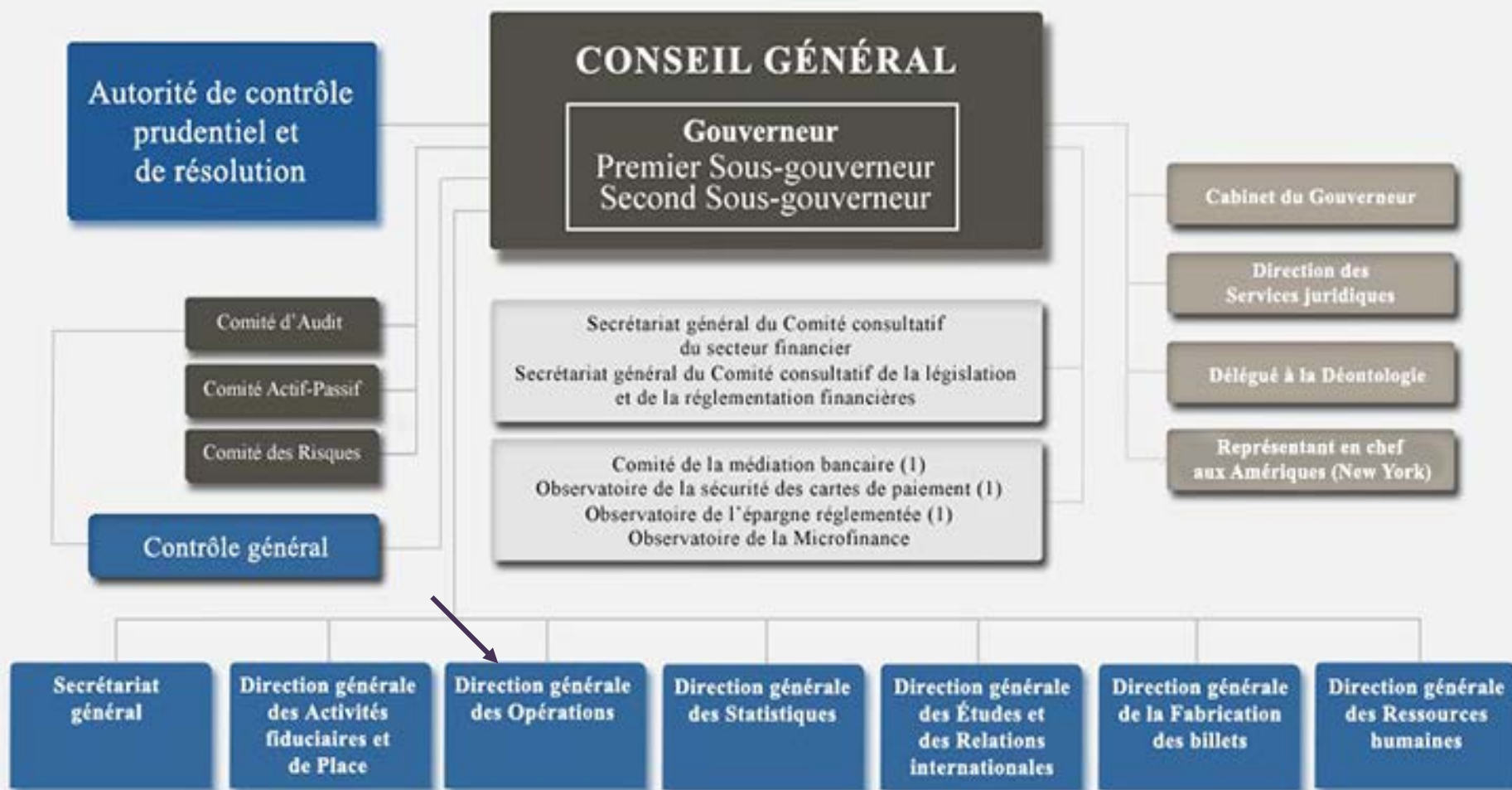
Agence  
des participations  
de l'État 5

Direction  
générale  
de la Cohésion  
sociale 6

Direction  
de la Sécurité  
sociale 7

Direction  
de la Recherche,  
des Études,  
de l'Évaluation et  
des Statistiques 8

# ORGANIGRAMME DE LA BANQUE DE FRANCE

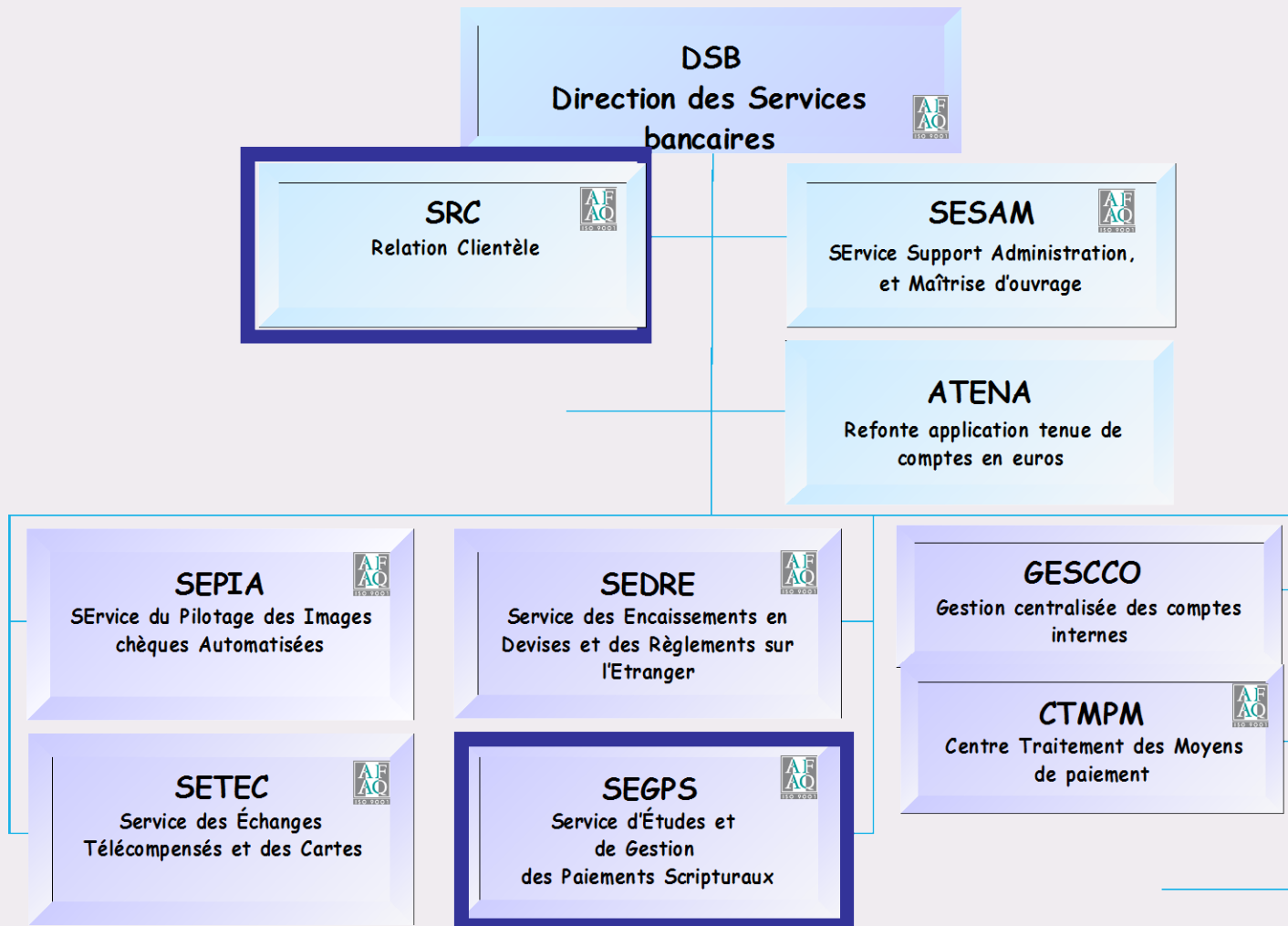


96 directions départementales dont 22 directions régionales

21 antennes économiques, 7 centres de traitement du surendettement et 3 centres de traitement de la monnaie fiduciaire.

(1) Le Gouverneur préside le Comité de la médiation bancaire, l'Observatoire de la sécurité des cartes de paiement et l'Observatoire de l'épargne réglementée.

# Présentation de la DSB – Direction des Services Bancaires



# **The agreement on cash management State – Bank of France**

## Historic background

- Creation of the STA in the Bank of France in 1857. Since then the Bank of France is the unique banker of the State
- This relationship has tremendously evolved since the 1990s:
  - >> real-time monitoring of the transactions on the STA
  - >> active use of investment and borrowing programmes
  - >> computerisation of payment and revenue collection by the public accountants : generalisation of transfer order for expenditures and direct debit for revenues
- This evolving has been concretised through an agreement in 2002, rewritten in 2011 to take into account the new role of the Bank of France with regards to STA Treasury notification.
- This agreement complies with a framework convention of 1994 (revised in 2012) specifying the compensation terms for the services performed by the Bank of France to the State (management of the STA, but also the overindebted people, balance of payment, entry into circulation of money.....)

## Practically

Tripartite agreements between the Bank of France, DGFIP and the General Directorate for the Treasury, integrated in the realm of the performance contract Bank of France / State relative to:

- three-year objectives of compensation for the State account management based on the management costs of the Bank of France
- The quality of service (quantitative and qualitative objectives)
- The terms of treatment regarding debit and credit of all the State transactions (bank cheques, cash, credit cards, bank transfer and withdrawals)
- the deadlines for entering transactions on the account
- the compensation conditions and management of the STA

## The agreement

- Administration of the agreement
  - The State accounts (single current account and transactions account)
  - the operational procedures (opening and closing of the transaction accounts, accreditation procedures)
  - the proxies for the operation of accounts
- transactions
  - general provisions
  - cash transactions
  - State revenues
  - State expenditures
  - debts outstanding, rejected bank payment , refunds, restitutions, cancellation of operations
  - Participation in the exchange system
- Accounting standards, IT and quality control
  - Accounting standards
  - information feed-back
  - performance contractual obligations and quality certification
- pricing methodology for supplied services given by the Bank of France

## Performance contractual obligations (PCO)

- **Compliance with the deadlines** of debiting and crediting Treasury transactions:

Compliance with the intraday cutoffs for recording transactions on the account

- **Information** from the AFT

- **Information** from the DGFIP on the transactions intended to the Treasury correspondents

- A **compensation scheme** if the PCOs are not respected

Regularisation and correction of the interests in case recording transactions are late

The implementation of compensation based either on the compliance to the rules adopted by the European Banking Federation (EBF) « European Interbank Compensation Guidelines », or on the repayment corresponding to the damage duly justified

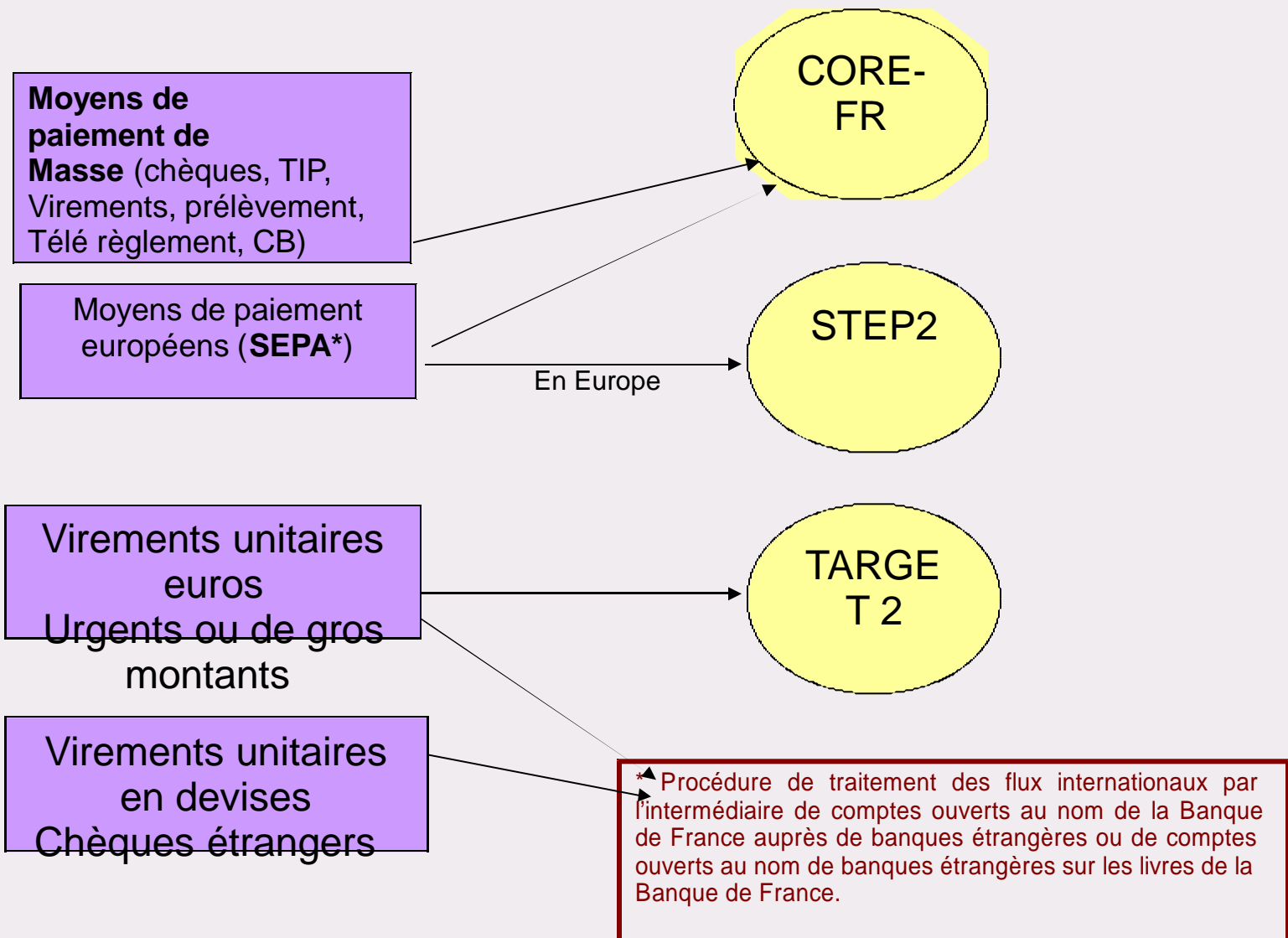
- **Quality control indicators** have been defined and are monitored within the steering committee AFT/DGFIP/Bank of France that gathers once a month

**Objective** : give AFT what it needs to pilot its cash flows and have an active management of the State Treasury.



# **Concrete functioning of the agreement**

# Les obligations contractuelles de service (OCS)



## **Volume of transactions processed for the State in 2013**

### **Mass transactions:**

**853** million operations presented and received in CORE

### **Cheques deposited for cashing:**

**145,9** millions

**Currency operations (funds transfer + credits exchange rapatriation) :**  
**31 341**

### **Cheques in foreign currency or cheques in euro received from foreign payments:**

**29 460** cheques

**Credit transfer issued from domestic euros: 33 325**

**Transfer received in domestic euros : 163 067**

**Credit transfer issued from international euros : 161 543**

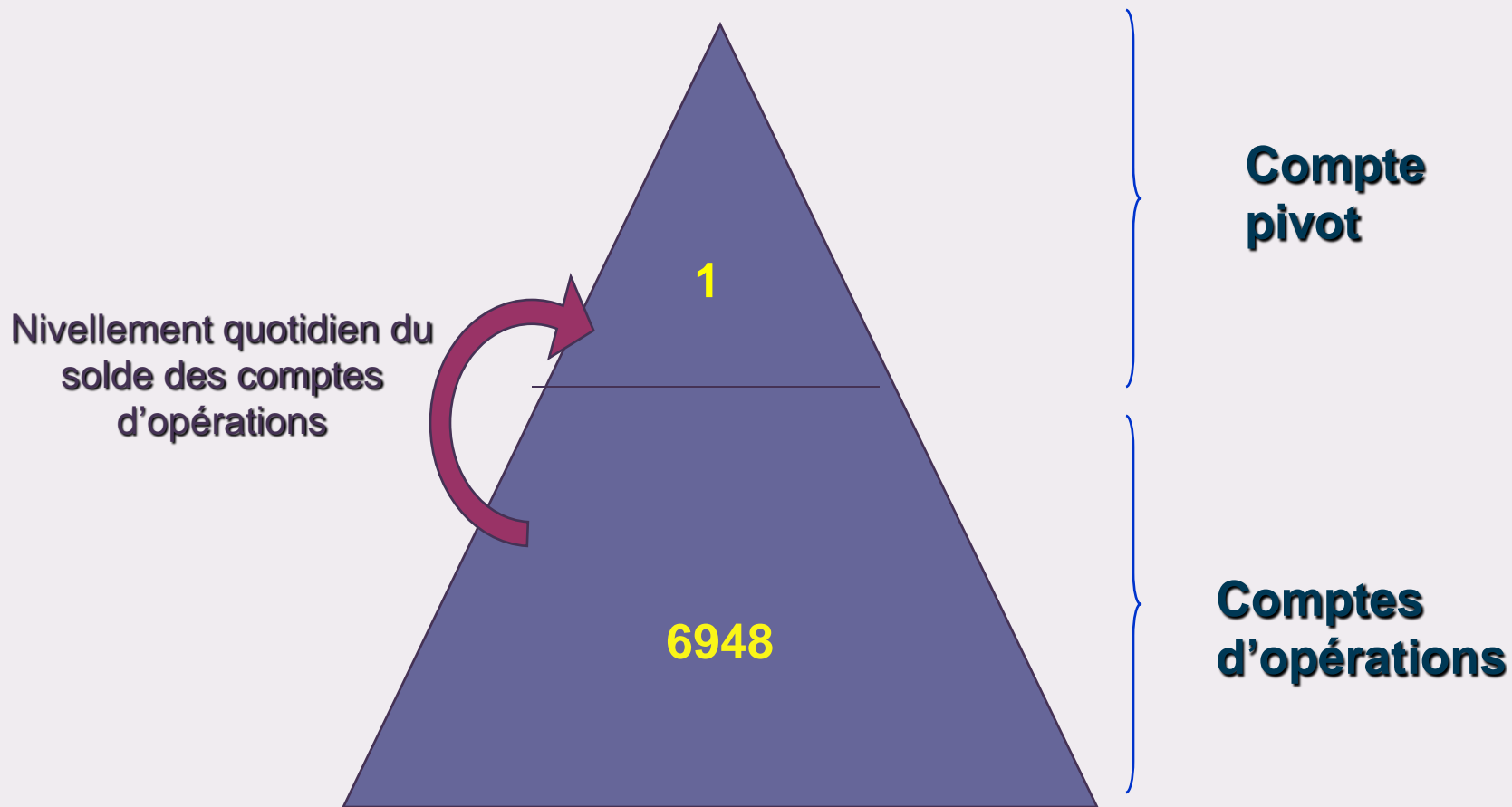
**Transfer received in international euros: 92 623**

**VCC issued : 6 464**

## The relation between the State and the Bank of France is regulated by an agreement providing the STA operating principles and contractual service obligations for the Bank of France :

- \* Principle transaction account / State single account ;
- \* Operating procedures of the operation accounts ( opening, means of payments...)
- \* Contractual deadlines to operate the transactions presented by public accountants;
- \* Bank of France quality service commitments on the transaction accounts and on the single account;
  - quality control indicators : compliance with time-table, speed-up response in the event of an incident...
  - A monitoring through a steering committee
  - A compensation for deposit
  - A compensation for the Bank of France for the management of the account

# LE COMPTE UNIQUE DU TRESOR



## **Transaction accounts are specialised in regard with the nature of the flows**

**Including :**

**Public Treasury**

**Customs**

**Revenue General direction**

**Local governments**

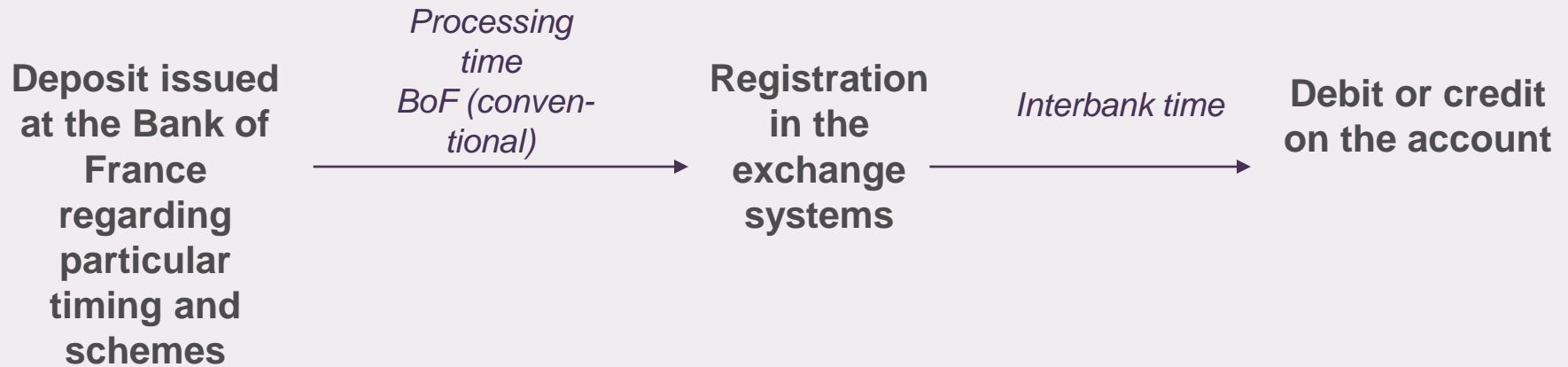
**Correspondents : public bodies, CCP, CDC, ACOSS, etc**

**Public debt operations**

**Large business directorate**

**...**

## Relations relying on strict time-table compliance



**The non-compliance of deposit in the dedicated time entails the execution (debit or credit) the following day**

|   | <b>Remise à la BDF</b> | <i>Délai BDF</i> | <b>Présentation CORE</b> | <i>Délai interbancaire</i> | <b>Débit ou crédit au compte</b>   |
|---|------------------------|------------------|--------------------------|----------------------------|------------------------------------|
| Virements<br>paies et<br>pensions       | J-2 avant<br>16h30     | }                | <b>J</b>                 | }                          | J                                  |
| Prélèvements<br>mensualisation          | J-2 avant<br>16h30     |                  |                          |                            | J+4                                |
| Autres<br>opérations<br>dématérialisées | J-1 avant<br>12h30     |                  |                          |                            | J+n selon<br>moyens de<br>paiement |
| Chèques<br>< 5000 €                     | J-1 avant<br>15h00     |                  |                          |                            | J+1                                |
| Chèques<br>>5000 €                      | J avant<br>10h00       |                  |                          |                            | J+1                                |



# Transactions operated on transaction accounts

## credit

- Cash payment
- Cheque deposit, commercial papers, payment notice, TIP or e-payment
- Bank transfer
- Payment by the Bank of France of the proceeds of borrowings and Treasury bills
- Payment of transactions from interbank exchange systems

## Debit

- Cash levy
- Payments of the the expenditures by bank transfer
- payment of cheques or commercial papers
- Repayment to the Bank of France of coupons, values or Treasury bills
- Payment of transactions from interbank exchange systems

# Repayments

## For the accountants

- Dematerialised or paper (rarely) transactions notice
- Cadran IT : intraday monitoring and consultation intraday and dematerialised statement of accounts

## At the central level

- Information for AFT during and at the end of the day, and the end of the year
- For DGFIP : information at the end of the year for the adjustment of the single account balance and the global information, statistics
- During the closing day of the exchange system and the bank of France office

## For the BoF

- Volume of the transactions of MP issued : tax levy, TIP and cheques in cashing outlet
- Pay calendar, retirement pensions, monthly levies