

## End of the requirement to face and orientate banknotes

As of 1 January 2011, it will no longer be necessary to face and orientate banknotes when depositing them at the counters of the Banque de France branches. This measure, which responds to a request from the banking sector, is also part of a harmonisation effort within the euro area.

### A request from banks...

The request to drop the requirement to face and orientate banknotes had been formally expressed in 2007 by the Fédération bancaire française (French Banking Federation) and, at the European level, by the European Payment Council (EPC), a body representing banks among, in particular, the ECB, for questions pertaining to payment instruments. The FBF and the EPC argued that the modern banknote handling techniques, and in particular the capability of sorting machines to authenticate banknotes irrespective of how they are presented, no longer required them to be faced and oriented for lodgements and withdrawals at NCBs. This argument was based on the example of a number of euro area NCBs (Italy, Greece, Austria, etc.) that did not impose this obligation, and stressed notably that automated teller machines did not require banknotes to be replenished faced and orientated in order to function correctly.

### ...set out in the Eurosystem roadmap

The Eurosystem<sup>1</sup> has therefore agreed, via the Governing Council's decision of 28 February 2008, to comply with this request, which it has included, among other guidelines, in a "roadmap for a greater convergence of the cash services" provided by euro area NCBs. The roadmap recommended that the "facing" and orientation of banknotes should be dropped at latest by 1 January 2011.

After consulting the players in the industry, and in order to give them the time needed to adapt to the new methods, the Banque de France decided to set the date of 1 January 2011 for dropping the obligation of facing and orientating banknotes at its branches. On 21 May 2008, it informed the relevant professional organisations (FBF and, for cash-in-transit companies, Fedesfi) as to its decision.

### The banknotes delivered will no longer be faced nor orientated

The measure, henceforth generally applied across the euro area, comes into effect as of 1 January 2011. As the banknotes deposited at its branches are not necessarily faced and orientated, the Banque de France itself will no longer be able to deliver, as of this date, banknotes presented in this way. Indeed, even if the new banknotes are still, for their part, faced and orientated, and possibly those of some banks might continue to be deposited in this way, the Banque de France will not be able to distinguish, in its stocks, banknotes presented faced and orientated. Moreover, the delivery of new banknotes, which only concerns limited quantities (around 10 to 15% according to the denomination size, with the exception of the 5 euro banknote), is guided by general considerations regarding the maintenance of the quality of banknotes in circulation. In this regard, no specific requests from credit institutions can therefore be taken into account.

The cash transaction procedures (available on the Banque de France website) will be modified on 1 January 2011 to reflect the new measure (dropping of the sentence regarding the obligation of facing and orientating banknotes making up packets).

<sup>1</sup> The Eurosystem is constituted by the European Central Bank and the national central banks (NCBs) of the Member States that have adopted the euro.