

September 2007



COMPAGNIE GENERALE  
D'AFFACTURAGE

## World news

## In brief

### ► 20 years of anti-money laundering

- 1987** (France): law of December 31<sup>st</sup>, 1987 – making the laundering of drug money a criminal offence.
- 1989** (Worldwide): G7 summit, Paris – creation of the Financial Action Task Force (FATF).
- 1990** (France): law of July 12<sup>th</sup>, 1990 on the involvement of financial organizations in fighting the laundering of drug money.
- 1996** (France): extension of the offence of money-laundering to the proceeds of all criminal activities.
- 2001** (France): law on New Economic Regulations (NRE law) – extension of requirements for Tracfin declaration and of sectors subject to the declaration process.
- 2004** (France): Perben law - extension of the scope of declarations of suspicion to transactions which could contribute to the financing of terrorism.
- 2005** (Europe): in June, the EU Council of Ministers adopts the final version of the third directive.
- 2007** (France): end of April – presentation of the report by the ministerial task force.
- 2007** (Europe): December 15<sup>th</sup> – transposition of the third directive into national law.

Sources: French Banking Federation

### ► The Balkans: a new Eldorado for the big banks?

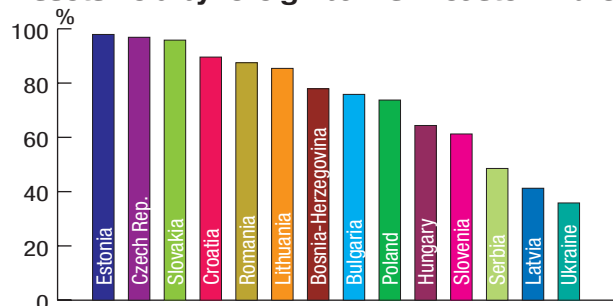
Following on from Central and Eastern Europe, South East Europe is now becoming the priority growth area for many international banking groups. The region, which is poised to play a much bigger role in Europe, holds massive potential for development. Demand for banking products is very high and, as a result, players already in the market are reporting growth rates of up to 50% in certain cases.

A number of Western banks are already exploiting this new Eldorado. Two Austrian banks, Erste Bank and Raiffeisen International, are already vigorously contesting the market, closely followed by a range of Greek, Turkish and Italian rivals. Despite the risky nature of the investment, new players are flocking to take up positions in the Balkans: General Electric, Citigroup, Fortis and Dexia, to name but a few.

The Balkans is also a priority for French banks. Société Générale has gained a foothold in the marketing of specialized financial services and through its acquisitions of Croatian bank Splitska Banka, and of Mobiasbanca, one of the leading banks in Moldavia. These acquisitions are in addition to its regional coverage which already includes Serbia, Montenegro, Croatia, Slovenia, Romania, Bulgaria and Czech Republic. BNP Paribas is represented by Arval and Cetelem, while Crédit Agricole is already involved in the Serbian and Ukrainian markets and can rely on Greek bank Emporiki to extend its reach into Albania, Romania and Bulgaria.

This promising new market has a lot to offer in terms of growth prospects but also, eventually, in terms of competitive tensions if concentration continues at its current pace.

### Assets held by foreign banks in eastern Europe



Source: Deutsche Bank Research

## Focus on...

### ► **The banking multichannel strategy: outlook and challenges**

The multichannel distribution model, first deployed in the 90s, is now widely applied by financial and banking entities. Now that customers have become familiar with this marketing policy, they are no longer content with the basic concept of multiple banking channels but are looking for a customer relationship and customer service to match, i.e. proactive, pertinent and transparent.

Companies operating in the sector are therefore being forced to rethink their multichannel strategy, after so many of them opted to implement this distribution model without thinking through issues of overall consistency or of possible interactions between channels. Improvements in this direction are now an absolute priority. For the future, only consistency and total porosity between the various media will provide uniform and accurate customer vision.

Achieving this will call for pertinent, tailored management of commercial operations and the real-time circulation of information between channels in play.

The two channels most popular with customers are Internet and telephone banking. According to a Capgemini study of retail banking worldwide, these two account for 5% and 8% of sales respectively, figures that are expected to rise to 17% and 13% by 2010.

Current thinking favors the Internet, which is probably the information vector best suited to banking services and offerings. The major groups are also planning to develop and diversify the use of ATMs, the potential of which has been rather overlooked of late, with a view to making them into real customer loyalty tools.

The growing popularity of these "remote" banking channels raises issues, however. How do the banks maintain a close customer relationship when the customer is increasingly remote from the physical marketing network? The world of banking and financing needs to think long and hard about these issues if it is to meet the challenge from the massive upsurge in e-business which, despite certain hesitations on the part of customers, is making rapid inroads into the financial products sector. While they may play a privileged role within this complex multichannel mechanism, branches alone cannot meet all the requirements of today's demand.

### ► **2012, a new era for the SME?**

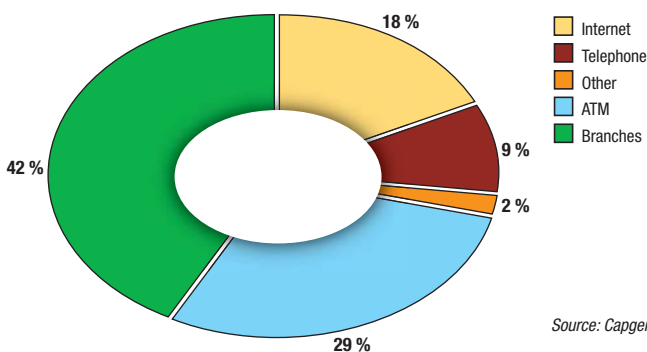
On January 24<sup>th</sup>, 2007, the European Commission published its action programme for reducing administrative burdens, which is intended to bring about a 25% reduction in the administrative burdens on EU businesses by 2012.

As part of this project, the Commission is embarking on consultation with Member States aimed at simplifying the demands on SMEs. This consultation will address 5 central themes:

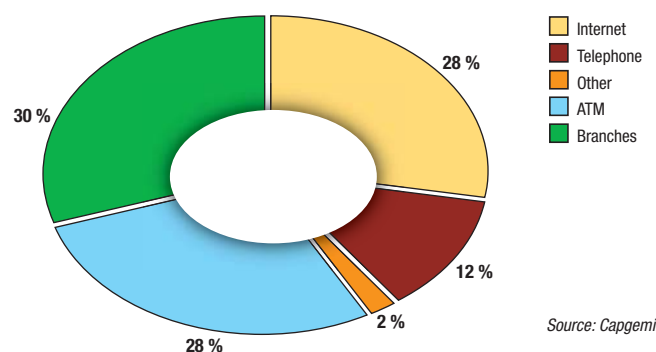
- Level of definition thresholds  
In the light of the current level of the threshold, which is very high, according to which 96% of businesses qualify as SMEs;
- Extension of exemptions  
The exemptions considered will relate primarily to small entities;
- Modification or withdrawal of certain options  
Reducing the number of existing options would improve the comparability of accounts and allow for European accounting harmonization;
- Simplification of accounting requirements  
As mentioned above, the Commission would like Member States to reflect on the introduction of common European accounting rules;
- Reduction in disclosure requirements  
The principal questions concern the allocation of revenue and the breakdown of start-up costs.

In order to become reality, these modifications and simplifications of administrative burdens will need to take into account the IFRS accounting standards published by the International Accounting Standards Board as they apply to SMEs, as well as all the other issues of security, tax, disclosure, etc. Failing which, EU countries would be exposed to the risk of deterioration in the quality of financial information recently achieved.

**Distribution of services by channel in 2005**



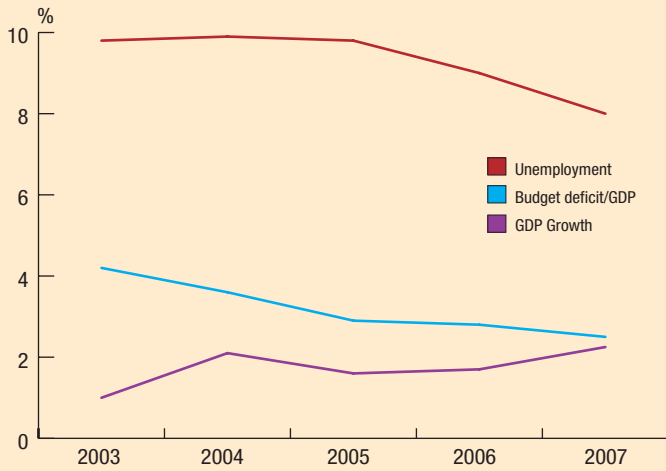
**Distribution of services by channel in 2010**



# French economy side-bar

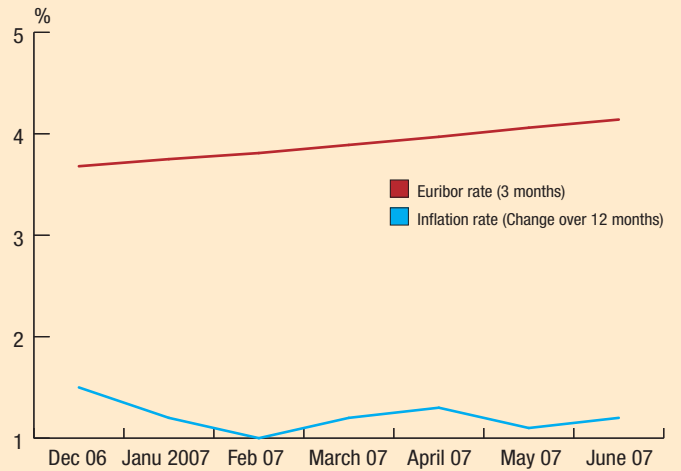
## Economic indicators

Source : Insee



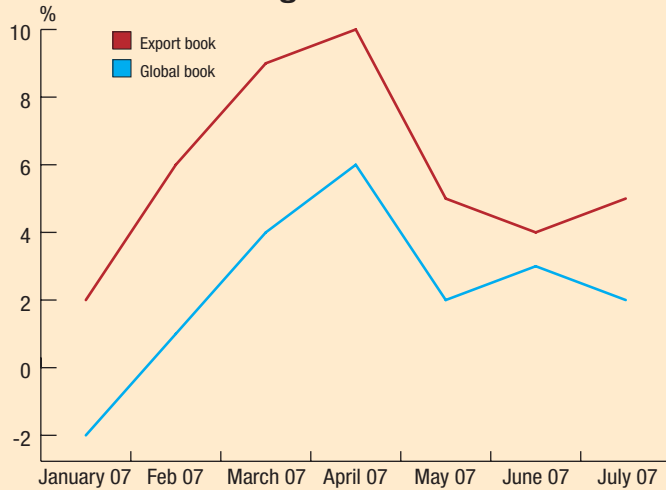
## Short term rate and inflation

Source : ASF



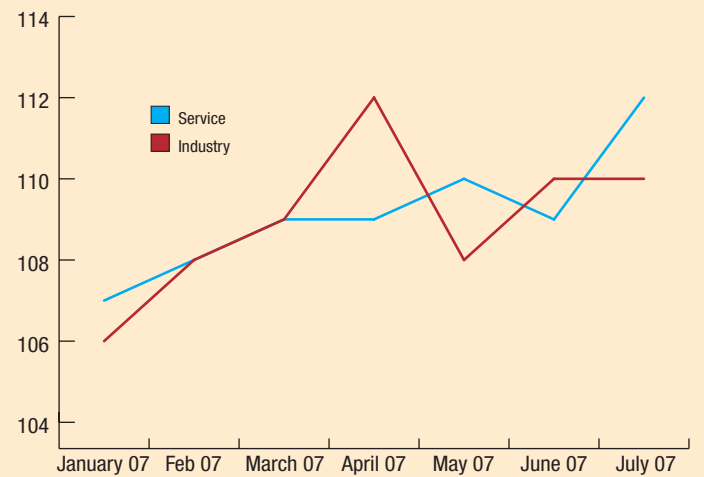
## Order books for companies in the manufacturing sector in 2007

Source : Insee



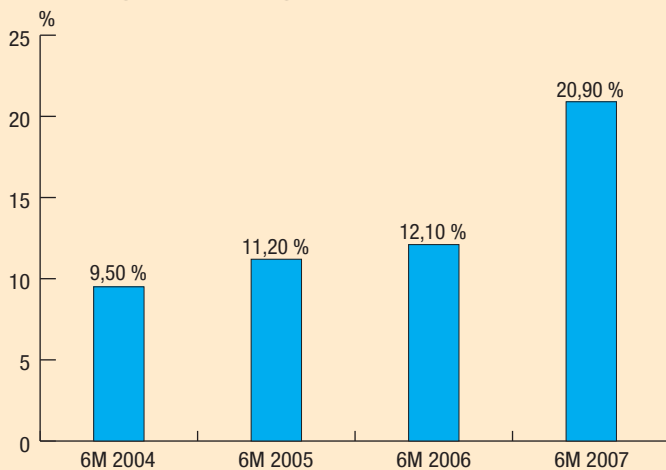
## Global Indicator of business climate

Source : Insee



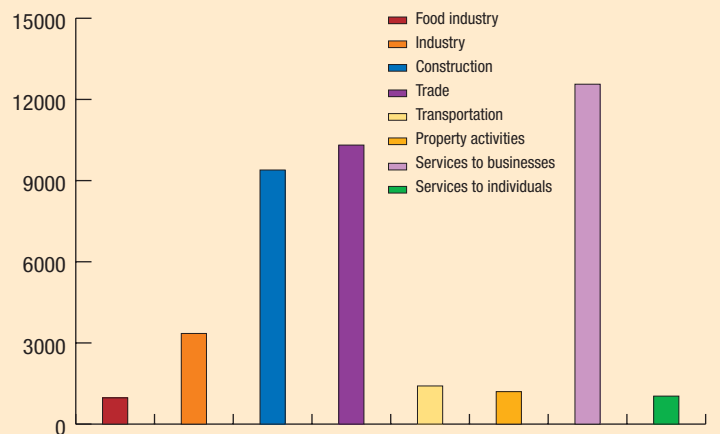
## Factoring turnover growth

Source : ASF



## Number of bankruptcies by business sector in 2006

Source : Insee

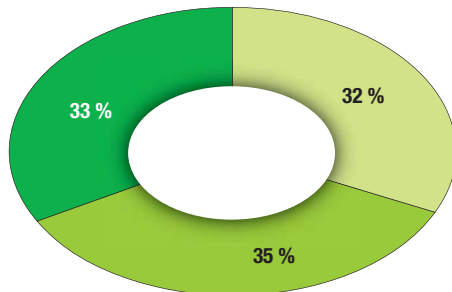


## CGA Indicators

### Breakdown of payment methods

January-July 2007

Bill of exchange Cheque Wire transfer



Source : CGA

## CGA news

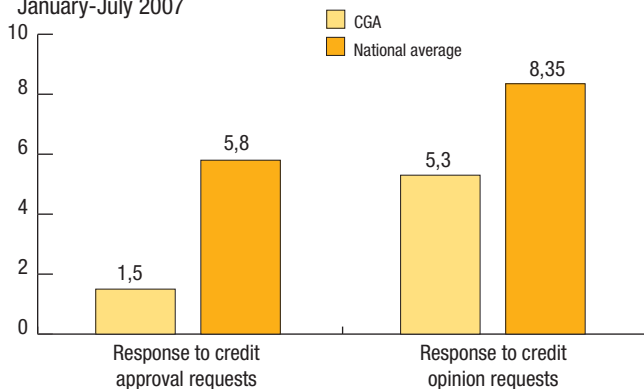
### ► CGA dematerializes sign remittance slips

CGA is providing its current and future customers with a new service, extending its range of receivables management services: CGA Trust. The new service enables customers to dematerialize their invoices and sign remittance slips electronically. After subscribing to an electronic signature certificate, CGA customers will now be able to sign their remittance slips online, cutting invoice processing costs and gaining access to instant financing options.

**CGA TRUST**

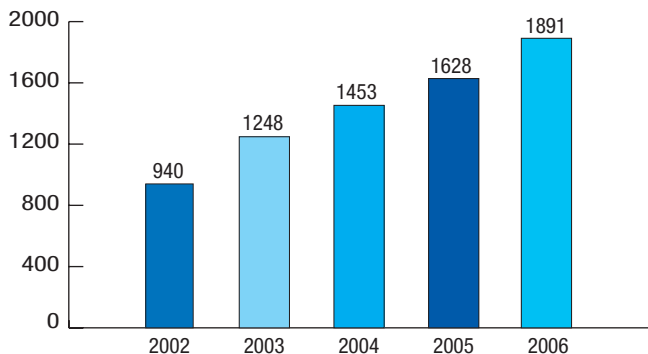
### Performance indicator in days

January-July 2007



Source : CGA

### Increase of invoices (x 1000)



Source : CGA



CGA ASSOCIATIONS

### ► CGA Associations

Compagnie Générale d'Affacturage is in the process of launching a financing solution for non-profit organizations operating in the health, social, education and leisure sectors. The solution is based on the provision of receivables-backed credit (under the Dailly law) to registered non-profit associations under French law. The new product enables these organizations to obtain advances on the public subsidies and allowances to which they are entitled, and thus offers an answer to their cash flow problems. Simple, flexible and secure, the solution offers a guarantee of financing available within 48 hours, freeing the organization to concentrate on managing its activities.

**CGA**infos

CGA News Letter

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Publisher : Philippe Lepoutre

Editor : Emilie Francisco

Registration of copyright : September 2007

