

I
SET UP AND CAPITALIZATION

One Central Bank at Paris with 149 branches and 400 agencies. Capital subscribed by private individuals or corporations. Total paid up capital 182,500,000 francs in shares of Fcs. 1000. No shares are owned by the State.

II
MANAGEMENT

Governor and two Deputy-Governors appointed by President on proposal of Finance Minister. No specified term of office is laid down. The Governor directs all the Bank's business, and the importance of his position is emphasised by the law.

The above officials may not be members of Parliament.

General Council consist of Governor and Deputy-Governors, together with fifteen Regents and three auditors elected by the General Assembly of stockholders.

Three of the Regents must be chosen from the Treasury disbursing agents, five of the Regents and the three auditors from the commercial and industrial members among stockholders, and one Regent from the agricultural members.

Term of office of Regents, 5 years.

Term of office of Auditors, 3 years. Regents and Auditors are eligible for re-election.

The General Council are responsible for the administration of the Bank and the conduct of business.

Discount Council consists of 12 shareholders, elected by the Auditors, and acting in advisory capacity.

General Assembly consists of the 200 largest shareholders, but only French citizens are eligible for membership. Meets regularly once a year at the end of January, but may be summoned specially. Each member has one vote, regardless of number of shares owned.

Main duties:

1. To elect Regents and Auditors.
2. To receive annual report of General Council.
3. To receive Auditors' report on balance sheet.

III
NOTE ISSUE AND RESERVES

The Bank has a monopoly of note issue. Denomination of the notes is fixed by law. Maximum note issue is fixed by Act of Parliament and altered from time to time in accordance with needs of trade. The most recent figure is 58,500 million. Until very recently there was no requirement with regard to reserves, but the law now requires that a reserve of at least 35 per cent in gold bullion or coin must be kept against outstanding notes and deposit liabilities. Notes may be redeemed in gold bullion, only in a large quantity, which means that France has adopted the gold bullion, standard. It is interesting to note that the per capita monetary circulation is higher than that of any other country with a developed banking system.

IV
SURPLUS AND PROFITS

Surplus has been built up in various designated ways;

- (a) through profits
- (b) through direct credit to reserve of certain profits resulting from discount notes in excess of 5%.
- (c) by amalgamation with certain Departmental banks.

The State shares heavily in the profits of the bank through;

- (a) ordinary taxes
- (b) prescribed royalties calculated with reference to rate of discount and productive circulation
- (c) bulk of profits resulting from discount rates in excess of 5%.
- (d) all extra dividends (i.e., above Fcs. 240 per share in any year) are shared equally by shareholders and State.

V
SERVICES FOR THE GOVERNMENT

The Bank pays and discounts for anyone the coupons of French Government securities and also pays the interest on The French Railway Securities. The Bank also acts as banker to the Government and issues Treasury Bills and rentes for the Government without charge.

VI
DEPOSIT ACCOUNTS

Anyone at all may have an account with the Bank of France. Even those not having accounts may make a temporary deposit. No deposits may be interest bearing. There is no requirement that other banks keep on deposit a reserve with the Bank of France.

VII
GENERAL BUSINESS POWERS

The Bank of France was intended from the outset to bring banking and discount facilities within the reach of the small tradesman, as well as the big corporation and the governing statutes make no distinction in terms between the business with other banks and business with the public. It is interesting to note that of the total number of bills held by the bank more than 25 per cent have at times been for less than 100 francs (pre-war value of franc). Thus, the Bank of France is in active competition with other banks and has fairly broad powers, although its discount and loan powers are definitely limited to maturities of ninety days or less.

1. Discounts, for those having accounts with discount facilities, internal bills, commercial and agricultural warrants, and bills to order

with currency not exceeding 3 months. Three signatures are ordinarily required except in cases of warrants, and in case of bills if approved collateral is given, when two suffice.

2. Discounts bills payable abroad for the promotion of French export trade, ~~centred~~ in France. Conditions as to signatures and maturity as in 1.

3. Receives for customers short term bills for collection.

4. Makes advances against deposit of French Government, colonial, municipal and other specified securities for 90 days, period being open to extension.

5. Deals in gold bar or foreign gold coin and makes loans against them.

6. Undertakes safe custody of securities, jewels, etc.

7. Issues letters of credit and circular cheques.

8. Undertakes to execute on the bourses of Paris, the Departments, or abroad all stock exchange orders of its clients and generally all operations concerning securities.

9. Effects the transfer of funds by means of its many branches and agencies.

VIII DISCOUNT RATES

Changes in the discount rate have been less frequent and advances much less radical than in other countries. The Bank has in the past pursued a policy of protecting its reserve by buying gold at a loss rather than burdening commerce by increasing the discount rate.

IX ADVANCES TO THE STATE

At each renewal of the Charter privilege, the Government has obliged the Bank to make large permanent advances for its account either free of interest or at a very beneficial rate. These advances are partially offset by the very substantial balance maintained by the Government and also by the profit arising from revaluation in 1928 which was credited by the State towards the amortization of its debt to the Bank.

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