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## | ARTICLES

- Non-resident holdings of French CAC 40 shares at end-2014** 5  
Pierre Bui Quang  
*In 2014, non-residents held 45% of the total stock market capitalisation of the CAC 40. French CAC 40 companies paid some EUR 17 billion in dividends to non-resident investors, but generated over EUR 45 billion in income from their foreign direct investments.*
- Companies in the crisis: initial findings from a European survey** 17  
Christophe Jadeau, Édouard Jousselin, Sébastien Roux and Grégory Verdugo  
*As part of a survey conducted by the European Central Bank (ECB) in partnership with 25 national central banks (NCBs) from European Union (EU) countries, the Banque de France contacted 1,156 French companies to find out how the crisis had impacted their business environment and wage practices between 2010 and 2013.*
- Insurance undertakings in France: investments in 2014** 27  
Pierre-Emmanuel Darpeix, Guillaume Ferrero, Gaël Hauton and Vincent Potier  
*In 2014, total outstanding investments by insurance undertakings in France rose by EUR 213 billion (up 10.3%) to EUR 2,281 billion, chiefly owing to increased unrealised capital gains and strong life insurance inflows. The share of investments outside the euro area rose.*
- G20 Seminar on assessing the impact of structural reforms  
(Banque de France, 1 June 2015)** 49  
Bruno Cabrillac, Sophie Haincourt and Sophie Rivaud  
*The Banque de France, together with the French Treasury, the OECD and the IMF, under the auspices of the G20 Turkish Presidency, organised a seminar to assess the macroeconomic impact of structural reforms. This topic is of particular importance in the current environment of subdued growth and constrained monetary and fiscal policies.*

## CONTENTS

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### | PUBLISHED ARTICLES

Quarterly Selection of Articles (since Winter 2010-2011)	61
--	----

### | OTHER PUBLICATIONS AVAILABLE IN ENGLISH 67

### | STATISTICS

Contents	S1
Economic developments	S3
Money, investment and financing	S13
Financial markets and interest rates	S27
Other statistics	S35

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## Non-resident holdings of French CAC 40 shares at end-2014

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**Pierre Bui Quang**

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*At the end of 2014, non-residents held EUR 491 billion of shares in French CAC 40 companies, accounting for 45.3% of a total stock market capitalisation of EUR 1,084 billion. This proportion was lower than at the end of 2013 (47.6%), but nonetheless remained firmly above the low of 41.2% reached in 2007. The decline is notably explained by net sales of EUR 6.4 billion of shares by non-residents.*

*Euro area investors remained the largest foreign owners of French CAC 40 companies in 2014. However, their share of total non-resident holdings has tended to shrink over the past five years in favour of US and UK investors. At the end of 2014, 26.1% of French CAC 40 equities by value were in the hands of non-euro area investors.*

*The composition of CAC 40 share ownership meant that in 2014, some EUR 17 billion of dividends were paid out to non-resident investors. At the same time, however, CAC 40 companies received an estimated EUR 46 billion in income from their foreign direct investments in 2014, resulting in a significantly positive net contribution to France's current account balance.*

Keywords: stock markets, portfolio investments, share ownership, balance of payments, non-resident investment, CAC 40

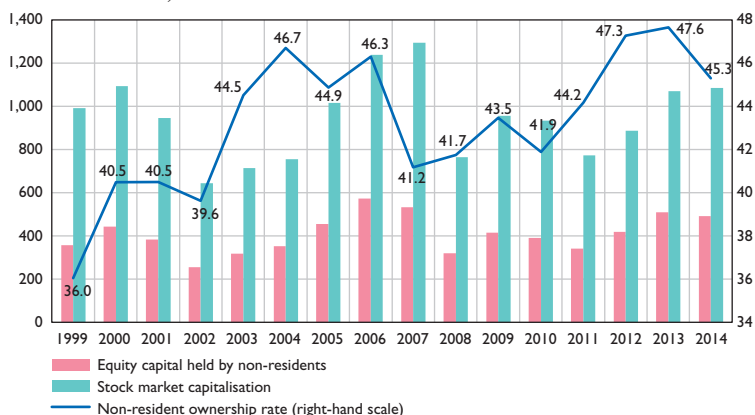
JEL codes: F21, F23, F36, G15, G34

## I | Non-resident ownership of French shares

### I | I | Decline in non-resident ownership of CAC 40 shares; rise in non-resident ownership of non-CAC 40 shares

Chart 1 Non-resident ownership of French CAC 40 companies

(in EUR billions and %)



Sources: Banque de France and Euronext.

As at 31 December 2014, non-resident investors held 45.3% of the total value of shares in the 36 French companies listed in the CAC 40,<sup>1</sup> down 2.3 percentage points compared with 2013 (see Chart 1). The decline came after almost six years of continuous growth, during which the rate of non-resident ownership rose by more than 6 percentage points.

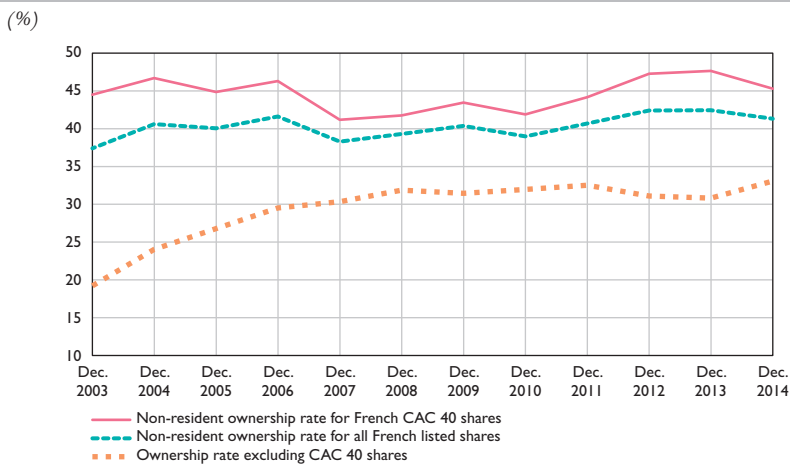
The bulk of these foreign holdings were portfolio investments.<sup>2</sup> Only 7.3% took the form of direct investments (i.e. individual holdings of more than 10% of the capital in a company), and this share has remained relatively stable over the past five years.

Non-resident ownership of all French listed stocks fell by a more modest 1.1 percentage points in 2014, to 41.3% (see Chart 2). This was because, outside the CAC 40, foreign ownership of French listed companies actually increased by 2.3 percentage points over the year.

<sup>1</sup> The study excludes the four remaining companies in the CAC 40 which are not domiciled in France (EADS, Gemalto, Solvay and ArcelorMittal; see Appendix 1: Composition of the CAC 40 in 2014).

<sup>2</sup> "Portfolio investments" refers to individual holdings accounting for less than 10% of the shares of a company. Beyond this threshold, holdings are considered to be "direct investments".

**Chart 2 Change in non-resident ownership of French CAC 40 companies and non-CAC 40 companies**



Source: Banque de France (Balance of Payments Directorate).

## I | 2 Half of French CAC 40 companies are more than 50%-owned by non-resident investors

As at 31 December 2014, 18 of the 36 French companies included in the CAC 40 index were more than 50%-owned by non-residents, down from 19 in 2013 (see Table 1). The number of companies more than 60%-owned by non-residents was also down, from seven in 2013 to just two in 2014.

In general, the companies with the highest rate of non-resident ownership in 2013 were also those that registered the biggest falls in this ownership in 2014 (see Chart 3).

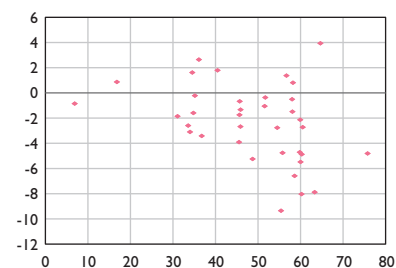
**Table 1 Breakdown of French CAC 40 companies by non-resident capital stake**

Share capital held by non-residents	Number of companies			Average rate of non-resident ownership		
	2012	2013	2014	2012	2013	2014
0-25%	2	2	2	11.1	11.9	11.9
25-50%	17	15	16	39.2	39.6	38.6
more than 50%	16	19	18	58.8	58.8	56.4
	35	36	36	46.6	48.2	46.0

Source: Banque de France (Balance of Payments Directorate)

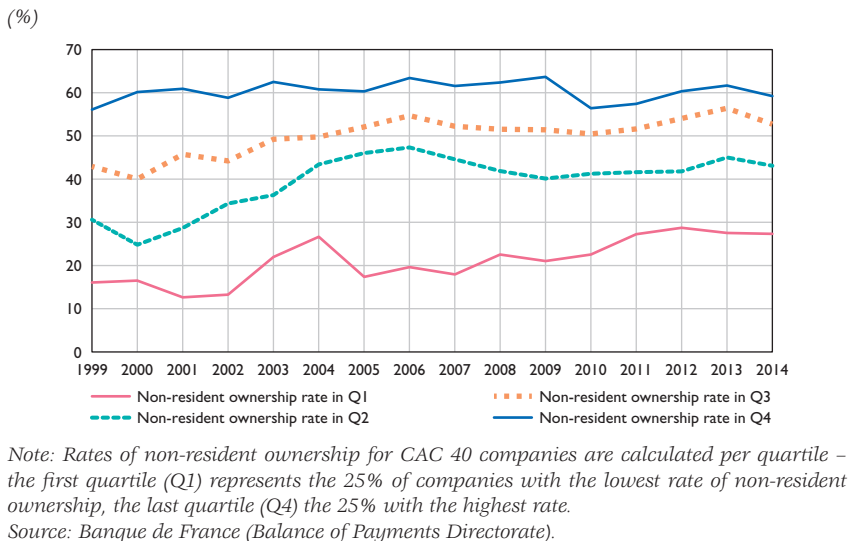
**Chart 3 2013-2014 change in non-resident ownership, by non-resident ownership rate at end-2013**

(vertical axis: change in percentage points; horizontal axis: rate in %)



Source: Banque de France (Balance of Payments Directorate).

**Chart 4 Dispersion of non-resident rates of ownership of French CAC 40 companies**



The seven companies that saw a rise in non-resident ownership in 2014 were, on average, 43.9% foreign-owned in 2013, compared with an average stake of 49.4% for the remaining 29 CAC 40 companies.

Since 1999, the dispersion of non-resident ownership rates for French CAC 40 stocks has decreased significantly (see Chart 4). Companies in the first quartile (i.e. with the lowest rate of ownership) saw an average rise of 11 percentage points in the share of non-resident holdings (from 16% to 27%), whereas those in the last quartile registered an increase of 3 percentage points (from 56% to 59%).<sup>3</sup>

### I | 3 Non-resident ownership by sector

Non-resident ownership rates fell in all sectors compared with 2013, with the exception of oil, gas and basic materials, where it rose by 0.7 percentage points to 52.6% (see Chart 5). Industrial companies saw the biggest drop, with the proportion of foreign holdings falling by 3.6 percentage points versus 2013, to 45.7%.

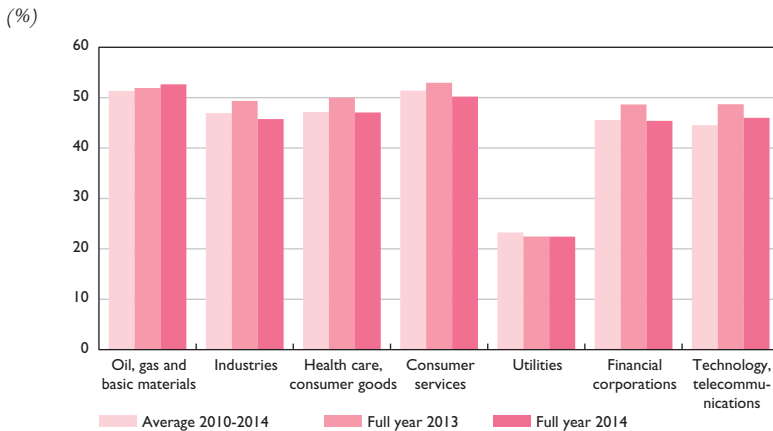
The consumer services sector tends to have the highest rate of non-resident ownership, averaging 51.4% between 2010 and 2014 (50.2% in 2014, down 2.7 percentage points versus 2013). Conversely, ownership rates are

<sup>3</sup> The ownership rate for each quartile is the weighted average of all rates of ownership observed for companies in that quartile.



**Chart 5 Rate of non-resident ownership of CAC 40 companies by sector**

According to the Industry Benchmark Classification (ICB) used by Euronext



Source: Banque de France (Balance of Payments Directorate).

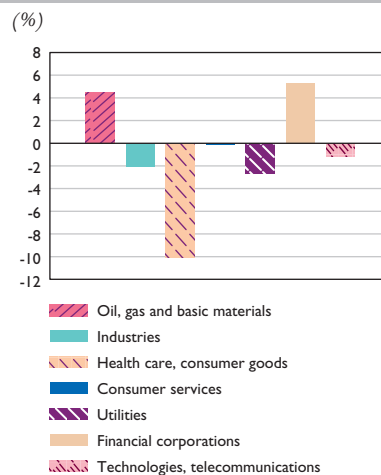
generally lowest among utilities companies, averaging 23.2% between 2010 and 2014 (22.4% in 2014, unchanged on the previous year), due in large part to the presence of state-owned companies in the sector.

## 2| Factors behind the change in non-resident ownership

Share divestment by non-residents accounted for 0.8 percentage point of the decline in the ownership rate between 2013 and 2014. At December 2013 prices, net sales by non-residents totalled EUR 6.4 billion over the period, compared with net purchases of EUR 10.7 billion by domestic investors (see Appendix 2). The health care and consumer goods sectors saw the highest level of divestment, with sales totalling a net EUR 10 billion (see Chart 6). In contrast, the oil, gas and basic

**Chart 6 Net flow of non-resident purchases/sales of French CAC 40 shares, by sector**

Prices as at 31 December 2013; sectors according to the Industry Benchmark Classification (ICB) used by Euronext



Source: Banque de France (Balance of Payments Directorate).

materials, and financial sectors saw net purchases by non-residents, totalling EUR 4.4 billion and EUR 5.3 billion respectively.

Changes in stock market valuation contributed a further 0.16 percentage point to the decline in the non-resident ownership rate – the market value of non-residents' 2013 holdings rose by 0.5% over the period to end-2014, compared with a 1.2% rise for the holdings of domestic investors.

The impact of changes in the index composition i.e. the replacement of Vallourec with Valeo, was negligible, adding just 0.04 percentage point to the ownership rate.

Lastly, technical adjustments carried out in 2014 to take into account changes in the coverage of the statistical collection had a negative impact of EUR 13 billion on non-resident holdings of French CAC 40 shares (–1.20 percentage points).<sup>4</sup>

### 3| Country of residence of CAC 40 shareholders

**Table 2 Country of residence of holders of French CAC 40 shares**

	Ownership rate				
	at end-2010	at end-2011	at end-2012	at end-2013	at end-2014 <sup>a)</sup>
<b>All non-residents</b>	<b>41.9</b>	<b>44.2</b>	<b>47.3</b>	<b>47.6</b>	<b>45.3</b>
Euro area	18.4	18.4	19.0	19.8	19.2
o.w. Luxembourg	5.2	5.0	5.3	6.0	5.8
o.w. Germany	3.5	3.4	3.6	3.8	3.6
United States	14.2	14.8	16.1	17.0	16.6
United Kingdom	1.9	2.8	3.4	4.4	4.0
Switzerland	1.3	1.4	1.4	1.4	1.4
Canada	1.1	1.3	1.4	1.4	1.4
Japan	1.4	1.3	1.3	1.1	1.5

a) Projection based on the relative weights of non-residents in the first half of 2014, due to time needed to collect data.

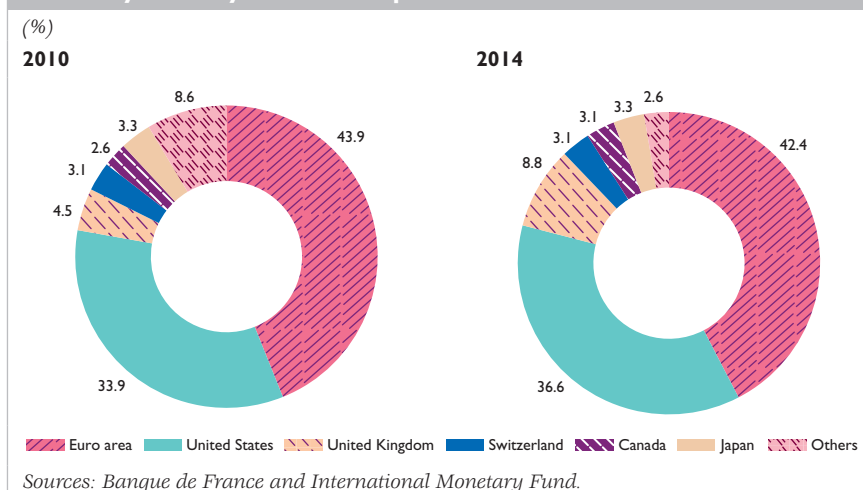
Sources: Banque de France and International Monetary Fund.

The International Monetary Fund's annual *Coordinated Portfolio Investment Survey* (CPIS),<sup>5</sup> to which the Banque de France contributes, lists individual countries' total holdings of French equities and investment fund shares combined. Taken together with CAC 40 non-resident ownership rates, these CPIS data can be used to calculate the share of CAC 40 equities held by country or geographical region. The calculation assumes that the geographical distribution of CAC 40 shareholdings is identical to that observed for non-resident holdings of French equities and investment fund shares combined, as the CPIS does not distinguish between the two asset types.

<sup>4</sup> Technical adjustments here refers to all transactions affecting the amount of holdings but which are neither flows nor changes in valuation: for example, transfers of securities custody from French to foreign custodians. These adjustments make it possible to calculate the individual impacts on non-resident ownership of changes in valuation/flows/stocks, at a constant rate of coverage.

<sup>5</sup> The CPIS survey provides data on the portfolio investment positions of some 80 countries, broken down by type of security (equities and investment fund units, long-term debt instruments, and short-term debt instruments). CPIS data and explanations of the statistics can be found on the IMF's website: <http://data.imf.org/>

**Chart 7 Breakdown of non-resident holdings of French CAC 40 shares by country of ownership**



In 2014, of the 45.3% of French CAC 40 equities (by value) held by non-residents, 19.2% were owned by euro area investors, 16.6% by US investors and 4% by UK investors (see Table 2). Compared with end-2010, the share of non-resident holdings owned by UK investors was up 4.3 percentage points, while that held by US investors was up 2.8 percentage points (see Chart 7). In contrast, the share owned by euro area residents declined by 1.5 percentage points over the period.

#### 4| Income paid to non-residents by CAC 40 companies

In 2014, French companies in the "extended" CAC 40 (i.e. including all French companies which have been listed in the index at some point since 2005) paid out a total of EUR 38.5 billion in dividends to shareholders (up from EUR 38.0 billion in 2013). The fall in non-resident ownership meant that the amount paid out to foreign investors was down slightly at EUR 17.1 billion compared with EUR 17.5 billion in 2013 (see Table 3).

But even taking into account the decline, dividend payments to non-residents still rose by 7.8% over the period 2008-2014. In parallel, the income derived by French CAC 40 companies from their foreign direct investments has risen at an even sharper pace (+ 20.8% since 2008, with total income estimated at EUR 45.9 billion in 2014).

**Table 3 Dividends paid to non-residents by CAC 40 companies***(amount in EUR billions; change in %)*

	2008	2009	2010	2011	2012	2013	2014	2008-2014 change
Dividends paid to non-residents by companies in the "extended" CAC 40	15.8	14.9	16.1	16.8	16.2	17.5	17.1	+7.8
Net income earned by companies in the "extended" CAC 40 from foreign direct investments <sup>c)</sup>	38.0	32.1	47.1	43.2	45.9	44.5	45.9 <sup>b)</sup>	+20.8
<b>Balance<sup>c)</sup></b>	<b>22.2</b>	<b>17.2</b>	<b>31.0</b>	<b>26.4</b>	<b>29.7</b>	<b>27.0</b>	<b>28.8</b>	<b>+29.7</b>
NB: Total income from France's direct investments and equity and investment fund investments	19.6	16.8	27.2	30.2	28.6	28.7	27.0	+37.0

a) See "Revenus d'investissement directs à l'étranger et profits des groupes du CAC 40 de 2005 à 2013", *Nivat D.*, Bulletin de la Banque de France No. 200, Q2 2015.

b) Projection based on the weight of CAC 40 companies in income from FDI and income from FDI published in The French Balance of Payments and International Investment Position – 2014 Annual Report.

c) Dividends paid out by CAC 40 companies are subtracted from net income in order to calculate this balance.

Note: Dividends paid out to minority shareholders by subsidiaries of these companies are not included in the calculation. Similarly, income from CAC 40 companies' portfolio investments is also excluded from the calculation.

Source: Banque de France (Balance of Payments Directorate).

The CAC 40 thus made a significant positive net contribution of EUR 28.8 billion to the current account balance in 2014 (+29.7% versus 2008; see Table 3). This was slightly higher than France's total net income from its direct investments and equity portfolio investments (EUR 27 billion in 2014).

## Appendix I

### Sources and methods

#### 1 | Composition of the CAC 40 in 2014

In 2014, Valeo was added to the CAC 40 while Vallourec was removed. The number of resident companies in the index therefore remained unchanged at 36.

#### List of the 36 resident companies in the CAC 40 at 31 December 2014

Accor	Bouygues	Essilor International	LVMH	Safran	Total
Air Liquide	Cap Gemini	GDF Suez	Michelin	Saint Gobain	Unibail-Rodamco
Alcatel-Lucent	Carrefour	Kering	Orange	Sanofi-Aventis	Valeo
Alstom	Crédit Agricole	Lafarge	Pernod Ricard	Schneider Electric	Veolia Environnement
Axa	Danone	Legrand	Publicis Group	Société Générale	Vinci
BNP Paribas	EDF	L'Oréal	Renault	Technip	Vivendi

Note: The survey does not include ArcelorMittal, EADS, Gemalto and Solvay whose headquarters are located outside France.

Source: Euronext.

#### 2 | Revisions to data

Data on French assets and liabilities positions for the last three years are revised when the Banque de France publishes its *French Balance of Payments and International Investment Position Annual Report*.<sup>6</sup> The figures published in this article take account of these corrections.

#### Change in non-resident ownership of CAC 40 companies

(in EUR billions; rate in %)

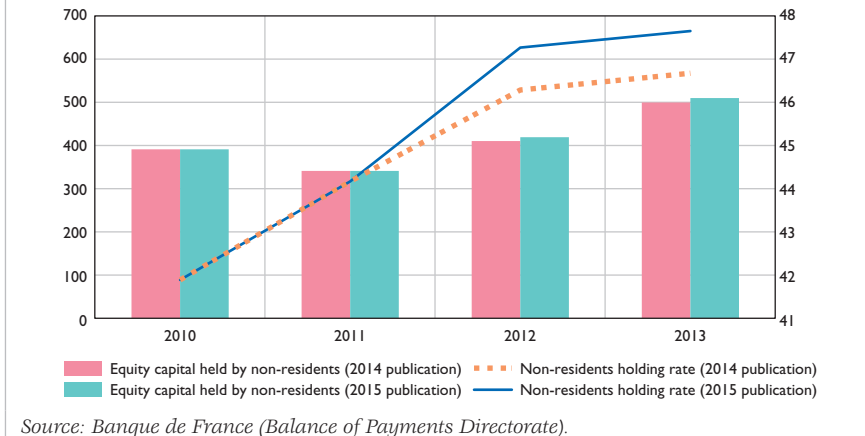
	2014 data		2015 data	
	2012	2013	2012	2013
Equity capital held by non-residents	410.3	499.2	418.9	509.7
Stock market capitalisation	886.4	1,069.6	886.4	1,069.6
Non-resident ownership rate	46.3	46.7	47.3	47.6

Revisions to security holdings stem from additional data collected from securities custodians, the integration of additional foreign direct investments or corrections to the valuation of certain securities. Stock market capitalisation data, however, are produced by Euronext and are not revised.

<sup>6</sup> The 2014 annual report on France's balance of payments and international investment position is available on the Banque de France website at <https://www.banque-france.fr/economie-et-statistiques/balance-des-paiements-et-autres-statistiques-internationales/la-balance-des-paiements-et-la-position-exterieure/rapport-annuel-de-la-balance-des-paiements-et-la-position-exterieure-de-la-france.html>. Other documents on the same subject can be found at: <https://www.banque-france.fr/economie-et-statistiques/balance-des-paiements-et-autres-statistiques-internationales.html>

## Change in non-resident ownership of CAC 40 shares

(amount in EUR billions; rate in %)



As a result of these revisions, non-resident holdings of French CAC 40 shares for 2012 were adjusted upwards from a published figure of EUR 410.3 billion to EUR 418.9 billion (the ownership rate rose from 46.3% to 47.3%). Non-resident holdings for 2013 were also revised upwards from EUR 499.2 billion to EUR 509.7 billion (pushing the ownership rate up from 46.7% to 47.6%).

## Appendix 2

### Breakdown of flow/stock effects

The main abbreviations used in this appendix are:

$S_i^{(j)}$	Stock of French CAC 40 shares held by non-residents at the end of year $i$ , estimated at market value at the end of year $j$
$C_i^{(j)}$	Market capitalisation of French CAC 40 shares at the end of year $i$ , estimated at market value of the end of year $j$
$CS_i^{(j)}$	Impact of the change in the composition of the CAC 40 over year $i$ on the stock of shares held by non-residents, calculated at market value for year $j$
$CC_i^{(j)}$	Effect of the change in the composition of the CAC 40 during year $i$ on the stock market capitalisation of the CAC 40 at the market value for year $j$
$F_R^{(j)}$	Net flow of purchases/sales of CAC 40 shares by French residents in year $i$ , calculated at market value at the start of year $j$
$F_{NR}^{(j)}$	Net flow of purchases/sales of CAC 40 shares by non-residents in year $i$ , calculated at market value at the start of year $j$

#### Non-resident ownership of French CAC 40 shares

(in EUR billions)

	2013 stock	Change in the composition of the CAC index	Net non-resident flows in 2014	Adjustments	2014 stock
	$S_{13}^{(13)}$	$+CS_{14}^{(13)}$	$+F_{NR,14}^{(13)}$		$= S_{14}^{(13)}$
Change in stock in 2014 excluding price variations	509.7	1.1	-6.4		504.4
	$V_{S_{13}}^{(13)}$	$+V_{CS_{14}}^{(13)}$	$+V_{F_{NR,14}}^{(13)}$		$= V_{S_{14}}^{(13)}$
Change in prices in 2014	0.5	2.2	-2.9		-0.2
	$S_{13}^{(14)}$	$+CS_{14}^{(14)}$	$+F_{NR,14}^{(14)}$		$= S_{14}^{(14)}$
Change in stock in 2014 including price variations	510.2	3.3	-9.3	-13.0	491.2

#### Total market capitalisation of French CAC 40 companies

(in EUR billions)

	2013 capitalisation	Change in the composition of the CAC 40	Net resident flows in 2014	Net non-resident flows in 2014	2014 capitalisation
	$C_{13}^{(13)}$	$+CC_{14}^{(13)}$	$+F_R,14^{(13)}$	$+F_{NR,14}^{(13)}$	$= C_{14}^{(13)}$
Changes in market capitalisation in 2014 excl. price variations	1,069.6	1.3	10.7	-6.4	1,075.3
	$V_{C_{13}}^{(13)}$	$V_{CC_{14}}^{(13)}$	$V_{F_R,14}^{(13)}$	$V_{F_{NR,14}}^{(13)}$	$= V_{C_{14}}^{(13)}$
Change in prices in 2014	5.4	4.0	2.5	-2.9	9.0
	$C_{13}^{(14)}$	$+CC_{14}^{(14)}$	$+F_R,14^{(14)}$	$+F_{NR,14}^{(14)}$	$= C_{14}^{(14)}$
Change in market capitalisation in 2014 incl. price variations	1,075.0	5.3	13.3	-9.3	1,084.3

### Measurement of the impact of changes in the index composition, flows, prices and adjustments

(in % and percentage points)

	Non-resident ownership rate in 2013	+ Change in the composition of the index	+ Flows	+ Adjustments	N-R ownership rate in 2014
	47.65	0.04	0.79		
+ Valuation		-0.16	-0.24		
+ Adjustments				-1.20	
					45.30

Composition	Prices	N-R flows	Adjustments	Calculation formula	N-R ownership rate	
Composition unchanged	Constant prices	Without N-R flows	Excl. adjustments	$S13^{(13)}/C13^{(13)}$	47.65%	R1
Composition changed	Constant prices	Without N-R flows	Excl. adjustments	$[S13^{(13)} + CS14^{(13)}]/[C13^{(13)} + CC14^{(13)}]$	47.69%	R2
Composition changed	Current prices	Without N-R flows	Excl. adjustments	$[S13^{(14)} + CS14^{(14)}]/[C13^{(14)} + CC14^{(14)}]$	47.53%	R3
Composition changed	Constant prices	With N-R flows	Excl. adjustments	$[S14^{(13)}]/[C14^{(13)}]$	46.90%	R4
Composition changed	Current prices	With N-R flows	Excl. adjustments	$[S13^{(14)} + CS14^{(14)} + F_{NR}14^{(14)}]/[C14^{(14)}]$	46.49%	R5
Composition changed	Current prices	With N-R flows	Incl. adjustments	$[S14^{(14)}]/[C14^{(14)}]$	45.30%	R6

The impacts of changes in the composition of the index are calculated at constant prices, before taking into account non-resident flows and adjustments (R2 - R1).

The impacts of non-resident flows and changes in valuation are calculated after taking into account changes in the index composition (R4 - R2 for flows and R3 - R2 for valuation effects).

The impact of adjustments is calculated after taking into account all other effects (R6 - R5).



# Companies in the crisis: initial findings from a European survey

---

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*As part of a survey conducted by the European Central Bank (ECB) in partnership with 25 national central banks (NCBs) from European Union (EU) countries, the Banque de France contacted 1,156 French companies to find out how the crisis had impacted their business environment and wage practices between 2010 and 2013.*

*Feedback revealed that in France, more than one-half of all employees work in companies whose business was primarily affected by a contraction in demand, compared with just one-fifth in Germany. By contrast, companies reporting difficulties in accessing credit represented less than 20% of employees, as compared with 30%-40% in Spain and Italy.*

*The survey showed that specific constraints are preventing wage and labour adjustments and hindering job creation. For example, French companies said that labour costs went up between 2010 and 2013, in spite of the crisis. Many respondents also reported significant difficulties in adjusting their workforce, saying that it became harder to hire skilled workers, adjust working time and move employees from one job to another. The lack of skilled workers was flagged as a significant hiring barrier.*

*Hiring difficulties in a high unemployment setting suggest an increase in structural unemployment. The other factors most commonly cited as affecting hiring decisions include economic uncertainty, risks linked to the instability of labour laws, high payroll taxes and firing costs.*

*Within the euro area, France stands out because base wages went up while hiring difficulties were similar to those of Germany, even though conditions are quite different on the two countries' labour markets.*

Keywords: WDN, survey of wage dynamics, crisis

JEL codes: J31, E32

French gross domestic product (GDP) contracted by 2.6% in 2009 – less than the OECD average – as the global economy experienced its worst recession since the Second World War. Economic activity has been extremely weak in France since that time. GDP saw virtually no growth in 2012, before expanding by a mere 0.7% in 2013 and 0.2% in 2014. This was below the OECD average, which stood at 1.3% in 2012, 1.4% in 2013 and 1.8% in 2014.

France's labour market underwent a swift and sharp deterioration over the same period. The unemployment rate as measured by the ILO<sup>1</sup> rose from 7.1% in Q1 2008 to 9.5% in Q4 2009, fell to 9.1% in Q1 2011 before climbing to 10.3% in Q2 2013 and has hovered around that level since. In Q2 2015, the unemployment rate was 10.3%.

These developments underline the need for reforms that can stimulate the economy over the long run. With this in mind, it is instructive to have an assessment of the changes to the economic environment arising from the crisis and of the constraints preventing job creation.

In coordination with the ECB and 24 other NCBs from the European System of Central Banks (ESCBs), the Banque de France surveyed 1,156 companies between June and September 2014 (see box entitled "Description of French data"). The survey was coordinated by the Wage Dynamics Network (WDN), a research network made up of participants from these central banks that studies the links between wage and price dynamics.

The findings of the first two surveys, which were conducted in 2007 and in 2009, yielded valuable insights into how companies adjust wage costs (Babecky *et al.*, 2012), the link between price and wage setting (Bertola *et al.*, 2012) and the determination of wages of newly hired employees (Galuscak *et al.*, 2012).

For France, the first two surveys revealed that despite the crisis and the desire among companies to lower their wage costs, nominal cuts to base wages were extremely rare. Companies adjusted their wage bill chiefly by reducing temporary and permanent staff and, to a lesser degree, by lowering the variable component of compensation (Horny *et al.*, 2010).

The new survey carried out in 2014 targeted business behaviour during the 2010-2013 period with a view to studying the shocks and constraints affecting companies, such as reduced demand and access to credit, and how businesses adjusted to these factors.

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<sup>1</sup> Metropolitan France and overseas departments. Source: Insee.

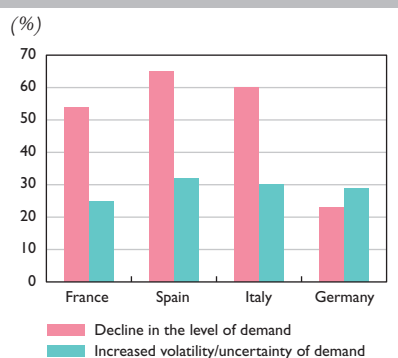
Comparing the survey findings for France against those of three other major European countries – Germany, Spain and Italy – provides an initial insight into the specific features of France's situation. French companies stood out in that they had to contend with an increase in base wages plus hiring difficulties similar to those of German firms over the period, despite differing labour market patterns.<sup>2</sup> Furthermore, when weighted by the number of employees, half as many French and German companies said that problems in accessing credit affected their business compared with firms in Spain or Italy.

## I | A negative demand shock was the primary factor

Companies were asked first about the factors influencing their business, including level of demand, volatility or uncertainty of demand, and access to external financing. Across all countries, the negative demand shock had the most significant effect (see Chart 1). In France, companies whose business was primarily affected by a decline in the level of demand accounted for more than 50% of employees, slightly less than the proportion reported in Spain and Italy, and compared with just 20% in Germany. These findings square with average economic growth rates observed from 2010 to 2013 for these four countries: over the period, growth averaged 1.9% in Germany,<sup>3</sup> 0.8% in France, -0.5% in Spain and -0.6% in Italy.

Companies may also be affected by increased uncertainty over orders. If future demand is uncertain, firms may reduce output to be on the safe side. The proportion of employees whose companies experienced increased volatility or uncertainty of demand ranged between 25% and 30% for the four countries studied.

**Chart 1 Demand-related factors affecting activity between 2010 and 2013**

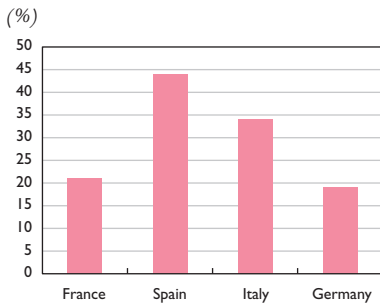


*Note: Employment-weighted distribution. Interpreting this chart: in France, companies that reported a moderate or large decline in the level of demand between 2010 and 2013 accounted for 54% of employees. Source: WDN survey.*

<sup>2</sup> The unemployment rate has been falling steadily in Germany for a decade, declining from 8.5% in 2007 to 7% in 2010 and 5% in 2014.

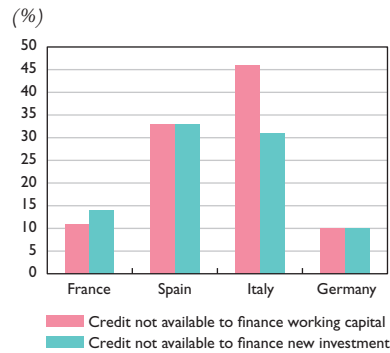
<sup>3</sup> Germany saw a larger contraction in real GDP in 2009, with a 5.6% decrease relative to 2008, compared with 2.6% in France and 3.6% in Spain.

**Chart 2 Moderate or large decline in access to external financing between 2010 and 2013**



*Note: Employment-weighted distribution. Interpreting this chart: in France, companies that reported a moderate or large decline in access to external financing between 2010 and 2013 accounted for 21% of employees. Source: WDN survey.*

**Chart 3 Financing difficulties perceived by companies**



*Note: Employment-weighted distribution. Interpreting this chart: in France, companies that reported a lack of credit to finance working capital accounted for 11% of employees. Source: WDN survey.*

Reduced activity may also reflect difficulties in accessing financing. The share of respondents that cited financing problems varied considerably across countries (see Chart 2). In all, 44% and 34% of Spanish and Italian employees respectively work for companies that ran into this type of difficulty – between two and three times more than the percentages seen in France or Germany, where these issues concerned companies employing approximately 20% of employees.<sup>4</sup> The purpose of financing does not appear to elicit large differences, except in Italy, where companies are more likely to experience difficulties in financing working capital than in funding new investment (see Chart 3).

## 2| In France, labour costs increased countercyclically

The crisis is not necessarily the only cause of companies' difficulties: it may certainly affect production costs, particularly in the event of a supplier's failure, but other factors may also impact these costs, particularly those relating to labour, which reflect labour movements and hourly labour costs. If there are no institutional constraints or if the labour supply does not decrease, wages would be expected to decline in response to weaker activity and increased unemployment.

<sup>4</sup> Kremp and Sevestre (2012) confirm the notion that French SMEs have not experienced pronounced credit rationing since 2008 based on the analysis of a sample of 60,000 companies.

## Box

## Description of French data

## Sample

The third wave of the WDN survey was performed using an initial sample of 4,778 companies that are regularly interviewed as part of the monthly surveys of business conditions<sup>1</sup> conducted by the Banque de France. These companies account for 20% of total revenues generated in France.<sup>2</sup>

The survey was produced in collaboration with Banque de France branches, and in particular with the departments that prepare the business conditions surveys, which are in regular contact with companies.

## Response rate and characteristics of respondents

In all, 1,156 responses were gathered between June and November 2014 by mail, email and over the phone. The response rate was 24%.<sup>3</sup> The data are representative of 365,000 companies with more than five employees in manufacturing and the other sectors. The partial response rate varied between 58% and 100% depending on the question but exceeded 90% for more than 80% of questions. Responses were provided chiefly by human resources or finance departments, which have a good grasp of the subjects broached by the survey (see Table A).

Table A Position in company of WDN survey respondent

Table A Position in company of WDN survey respondent		
(%)		
Senior management (43.8)	Chairman	11.1
	Chairman and CEO	6.0
	Board of Directors	0.8
	Human Resources Director	4.9
	Chief Financial Officer	18.7
	Site manager	2.3
Management (47.3)	Human resources	5.9
	Finance/accounting	9.9
	Administration	8.3
	Management control	4.1
	Manager	19.2
Assistant (2.4)	Human resources assistant	0.3
	Accounting assistant	0.3
	Management assistant	1.0
	Assistant	0.9
Information not provided		6.5

1 After stripping out companies with fewer than five employees, the initial database contained 10,054 companies, of which the largest 957 by revenues were retained; 3,821 other companies were randomly selected from the remaining 9,097 firms.

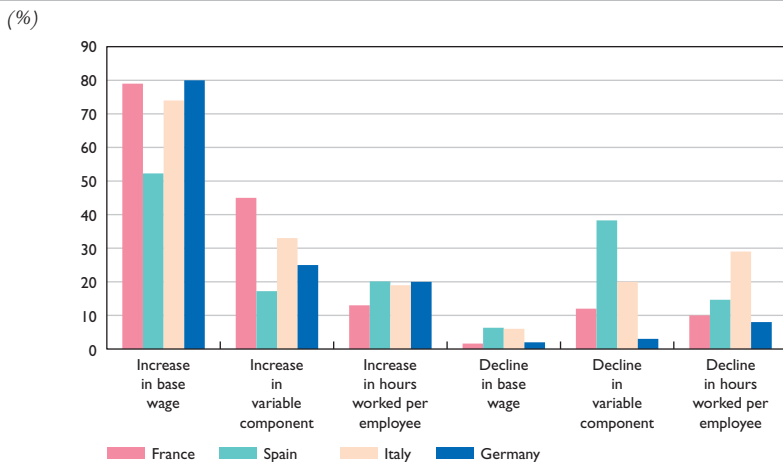
2 These companies account for 90% of the revenues of companies taking part in business conditions surveys. They were selected from six sectors: construction, wholesale trade, manufacturing, services, public works and retail trade.

3 The weightings do not take into account the method used to provide feedback. Respondents were left free to submit information by email, phone or mail, and it is assumed that this did not affect the probability that they would respond.

Among the respondents, manufacturing is over-represented compared with other the sectors, while small companies are under-represented relative to larger firms. These biases reflect the make-up of the initial sample, the sampling method and response biases. They are corrected by means of a statistical adjustment (calculation of weights) covering sector, company size and company revenues per employee. Three types of weights were calculated: (i) the basic sampling weight, which adjusts for the unequal probability of firms ending up in the sample, (ii) the employment-adjusted sampling weight, which ensures the representativeness of employees in the population, and (iii) the importance weight, which is proportional to the size of the firm. The results presented in the paper are weighted, ensuring that the statistics are representative of the employed population.

Chart 4 shows how companies perceived changes in the components of the cost of labour. Companies in which the base wage increased between 2010 and 2013 accounted for over 80% of employees in France and Italy, which is on a par with the proportion in Germany, even though unemployment moved in different directions in these countries. Surprisingly, in France, more than 40% of workers are employed by companies in which the variable component of wages also went up and just 11% by companies in which the variable component went down.<sup>5</sup> This finding of relative wage rigidity is confirmed by Askenazy *et al.* (2013) and Verdugo (2013), who show that France has

**Chart 4** Change in components of labour costs between 2010 and 2013



Note: Employment-weighted distribution.

Interpreting this chart: in France, companies that reported a moderate or large increase in the gross base wage between 2010 and 2013 accounted for 79% of employees.

Source: WDN survey.

<sup>5</sup> The share of companies that cut the variable component of wages exceeded 30% in 2009 as reported in the last wave of WDN survey (Horný *et al.*, 2010). This high proportion was linked to the scale of the 2009 recession, while the lower proportion in the subsequent period reflects the fact that the variable component has been small since the outbreak of the crisis (Sanchez, 2014).

been characterised by a relative disconnect between wages and economic activity in recent years.

Spanish firms appeared to enjoy more wage flexibility, doubtless owing to the 2012 labour market reforms that deregulated the wage-setting process.<sup>6</sup> The proportion of workers employed by firms reporting an increase in base wages was around one-third lower in Spain compared with the proportions seen in France and Germany, and around 40% of workers were employed by companies that said they reduced the variable component of wages.

**Chart 5 Use of base wage freezes or cuts by French companies**



Note: Employment-weighted distribution.  
Interpreting this chart: in France, companies that froze wages in 2010 accounted for 8.2% of employees.  
Source: WDN survey.

Some companies also responded to the crisis by freezing wages or cutting individual wages at certain times. In this regard, the impact of the crisis was felt most strongly in 2013 in France: companies that froze wages accounted for 17.2% of workers, while 1.1% of workers were employed by companies that cut wages (see Chart 5). Small firms were most likely to make this type of adjustment, a fact that held true in all years.

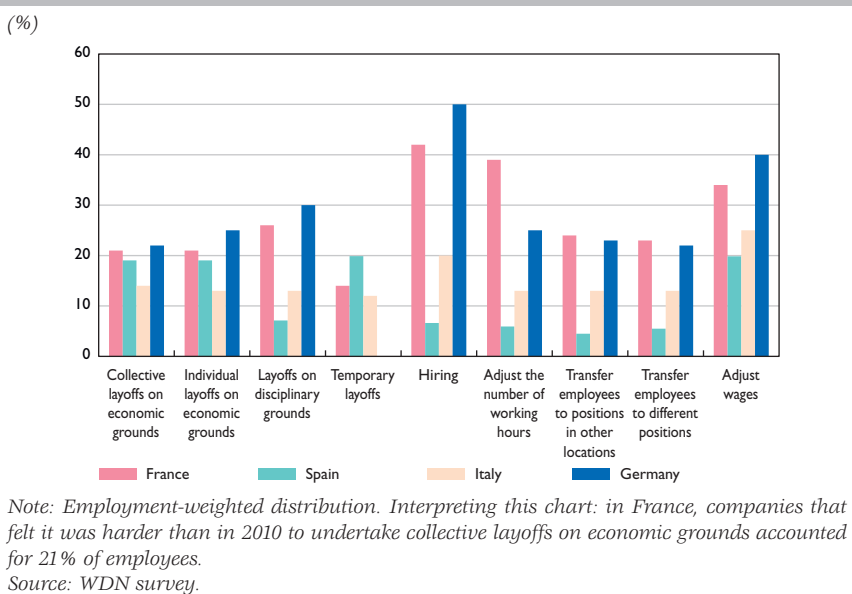
### 3| Growing difficulties in recruiting and adjusting wage costs in France

The hiring difficulties reported by companies in France and Germany are an indicator of pressure on the labour market (see Chart 6). More than 40% of employees in these two countries work for companies that mentioned increased difficulties in recruiting over the period. These results are consistent with the change in the Beveridge curve identified by Maravalle *et al.* (2014), which points to a simultaneous increase in job vacancies and unemployment in recent years. Similarly, more than 35% of employees in France and Germany work at companies that said it had become harder to adjust wages since 2010.

<sup>6</sup> The Decree/Act of 10 April reforming the Spanish labour market contained a series of measures including (i) reduced firing costs; (ii) reduced firing costs for permanent employees; (iii) a framework for renewing temporary contracts; (iv) creation of a new type of permanent contract designed to benefit entrepreneurs and firms with fewer than 50 employees; (v) internal flexibility on working conditions; (vi) priority given to firm-level collective bargaining; (vii) improved training entitlements.

The reform's many objectives include preventing job destruction, addressing the two-speed labour market (notably by reducing the difference in firing costs for permanent and temporary employees), promoting flexibility and good employee relations within companies and reducing court action.

Chart 6 Increased difficulty in making adjustments since 2010



By contrast, feedback from companies in Italy and especially Spain suggests that reforms implemented in these countries<sup>7</sup> have helped to limit the difficulties in adjusting labour costs.<sup>8</sup>

#### 4| Obstacles to hiring are relatively numerous in France

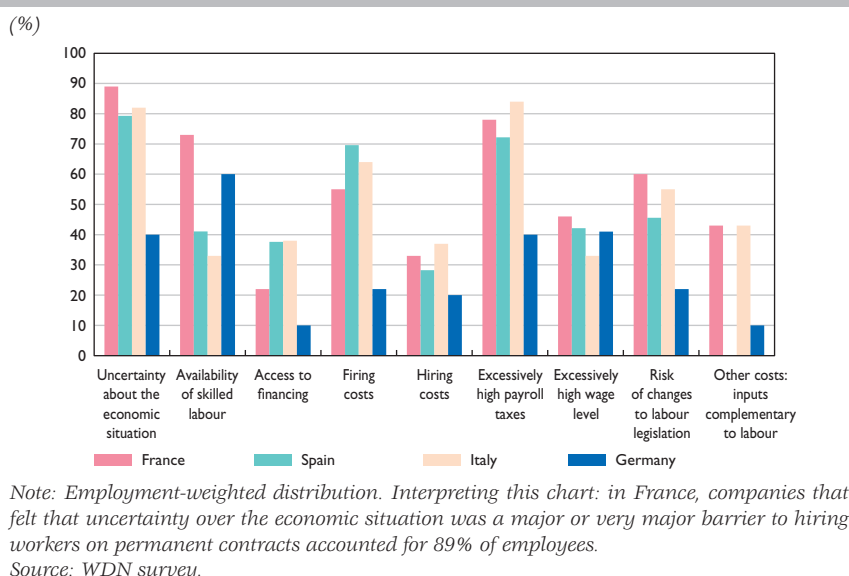
Companies employing over 80% of workers identified economic uncertainty as the main barrier to hiring in France, Spain and Italy. Other obstacles reflect the effect of institutional factors: in this regard, companies accounting for a significant proportion of employees in these three countries stressed the impact of excessively high payroll taxes. Similarly, in all countries except Germany, a large proportion of employees work for companies that said they were not hiring because of the risks of changes to labour laws. Finally, for France and Germany, the results confirm the effects of strain on the labour market, since a lack of available skilled labour was felt to be a hiring obstacle by companies employing 70% and 60% of employees respectively. The result for France receives qualitative backing from a recent study on hiring difficulties (Blache *et al.*, 2014), which shows that these problems are most often linked to issues of availability of skilled labour, among companies that decided to hire workers.

<sup>7</sup> Italy has undertaken major labour market reforms in recent years, including the 2012 Fornero reform and the 2015 Renzi reform. These have promoted "flexicurity", with greater legal certainty for terminations of permanent contracts, increased flexibility in the use of temporary contracts and the introduction of universal unemployment insurance.

<sup>8</sup> In Spain, 45% of employees work at companies that said that individual or collective layoffs had become easier over the period.



Chart 7 Main hiring barriers reported by companies



The initial findings of the WDN survey shed light on how companies have adjusted to the crisis, based on a direct survey of companies and a comparison of different European countries using a harmonised questionnaire.

Unlike Italian and Spanish firms, French companies said that they did not notice financing difficulties between 2010 and 2013. The decline in economic activity mainly reflects reduced demand. Despite weaker activity, many companies reported an increase in costs, especially those relating to wages.

Companies mentioned difficulties in hiring skilled personnel, which suggests the presence of structural unemployment. Among the countries reporting high unemployment, France is unusual in that it is experiencing hiring difficulties similar to those of Germany, where unemployment is at a record low. At a time when unemployment is running high, these difficulties point to a mismatch between jobseekers' skills and companies' needs.

Companies also flagged the consequences of unstable labour laws, which hinders hiring and undermines the labour market. Unpredictability is a concern for companies in all the surveyed countries except Germany.

Beyond the effects of this instability, a cross-country comparison can be used to highlight the role played by specific institutions in those countries. In France, Spain and Italy, for example, aside from uncertainty about the economic situation, institutional characteristics, such as firing costs and payroll taxes, are often viewed by companies as barriers to hiring, which is not the case in Germany.

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# Insurance undertakings in France: investments in 2014

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Over 2014, total outstanding investments by insurance undertakings in France rose by EUR 213 billion to a realisable value of EUR 2,281 billion, chiefly owing to increased unrealised capital gains on debt securities as French government bond yields headed sharply lower.

At end-2014, debt securities made up 72.9% of the investment portfolio held by insurers compared with 72.8% at end-2013, while equities saw their share dip slightly over the year from 11.8% at end-2013 to 11.6%.

The following study highlights several findings regarding developments in insurers' investments over 2014.

At 8.5 years, the residual maturity of debt securities increased by 2.4 months, and the share of short-term assets decreased by three-tenths of a percentage point to 3.9% of total investments. Meanwhile, the share of high-rated debt securities continued to increase in the portfolio.

Insurers refocused their portfolios on domestic counterparties until 2012, amid the ongoing sovereign debt crisis. An examination of the geographical breakdown shows that this trend broke off in 2013: the share of securities issued by counterparties resident in France was stable at just under 45%, while that of securities issued in the euro area but outside France was down by two-tenths of a point to 29.1%. The share of investments outside the euro area (European Union ex. euro area and rest of the world) increased by seven-tenths of a point to 14.8%.

.../...

NB: The authors wish to thank Patrick Barré and Karine Jean for their hard work in gathering and processing TCEP data, Jean Baptiste Feller for providing additional information, and Laetitia Cassan and Cécile Chenesseau for managing and expanding the databases and for providing statistical expertise.

*In terms of the structure of funding provided to the domestic economy, the share of the public sector increased to 18.3% in 2014 from 17.2% in 2013, while that of non-financial corporations rose to 7% in 2014 after 6.4% in 2013. This shift took place at the expense of financial corporations, whose share shrank from 19.3% in 2013 to 17.2% in 2014.*

*Although investments in unit-linked contracts were the largest recorded in seven years, this type of product continued to attract a small share of resident household savings directed towards life insurance (EUR 7 billion out of EUR 50 billion in 2014) and did not materially change the structure of investments (total outstanding unit-linked contracts of EUR 275 billion compared with EUR 240 billion in 2013).*

Keywords: insurance institutions, life insurers, non-life insurers, technical provisions, euro-denominated life insurance contracts, unit-linked contracts, financial investments, look-through approach, household savings, equities, financing channels, debt securities, bonds, collective investment schemes

JEL code: G22

## I | Insurers now hold longer-dated, lower-risk securities

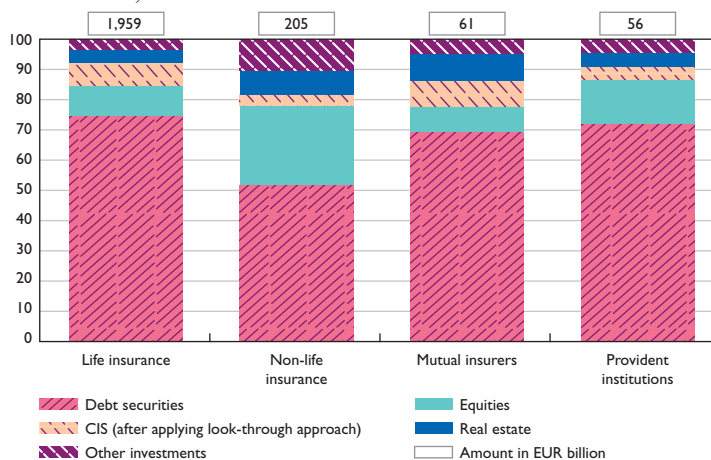
### I | I Slight decline in the share of short-term assets

Debt securities accounted for 75.2% of the outstanding investments of life and mixed insurers, compared with just 52.2% among non-life insurers (see Chart 1).<sup>1</sup> The portfolios of non-life companies do however feature a much larger proportion of equities, at 26.3% compared with 10% for life and mixed insurers. The investment structures of provident institutions (PIs, unions and groups governed by Title III, Book IX of the Social Security Code) and mutual insurers are relatively similar to those of life insurers. Mutual insurers are set apart from PIs by a larger share of property assets (9.1% compared with 4.4%) and a smaller proportion of equity investments (8.4% compared with 14.7%).

<sup>1</sup> Life and mixed insurers alone account for 85.9% of the insurance sector's total investments (EUR 1,959 billion out of EUR 2,281 billion at end-2014). As a result, the aggregate structure of the sector's total investments chiefly reflects the portfolio choices of this category of insurer. See Appendix – Main types of insurance institutions in France.

**Chart 1 Asset allocation by type of insurance at end-2014**

(% of realisable value)

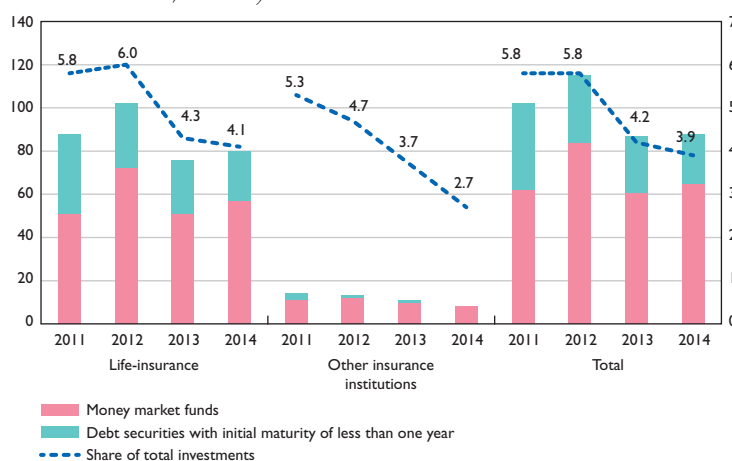


Sources: Banque de France – ACPR, TCEP tables after applying the look-through approach (See Appendix). Insurance institutions file these documents annually with the ACPR in accordance with Article A344-3 of the Insurance Code.

In terms of changes, the share of short-term assets<sup>2</sup> in the total investments of life insurers shrank from 4.3% to 4.1% in 2014 (see Chart 2) despite a EUR 6 billion increase in the total outstanding amount of money

**Chart 2 Outstanding investments in money market funds and debt securities with initial maturity of less than one year**

(amount in EUR billions, % share)



Sources: Banque de France, ACPR, TCEP before applying look-through approach.

<sup>2</sup> Money market funds and debt securities with an initial maturity of less than one year.

market funds. Other insurance institutions cut back their investments in short-term assets from EUR 11 billion to EUR 8 billion. Overall, the share of short-term assets in total investments declined from 4.2% to 3.9%.

Extending the residual maturity of portfolios was one way in which insurers sought to generate returns in a setting of persistently low interest rates in 2014.

## I | 2 Coupon yield down despite slightly longer residual maturity

The average coupon yield on the portfolio of debt securities held by the insurance sector continued to decline, falling around 60 basis points in three years from 4.4% at end-2011 to 4.0% in 2013 and 3.9% at end-2014<sup>3</sup> (see Table 1). The moderate increase in the average residual maturity of securities, which lengthened in 2014 from 8.3 years to 8.6 years, was thus unable to contain the decline in yields.

This situation was especially pronounced in the portfolio held by mutual insurers, whose average residual maturity increased by six months, while the coupon yield edged down from 4.7% to 4.5% over the year. That being said, the average coupon yield<sup>4</sup> for mutual insurers is still significantly higher than in other categories.

**Table 1 Average coupon yield and residual maturity**

(% yield, maturity in years)

	Average coupon yield				Residual maturity			
	2011	2012	2013	2014	2011	2012	2013	2014
Life insurance	4.4	4.2	4.1	3.9	8.3	8.4	8.3	8.5
Non-life insurance	4.1	3.9	3.7	3.5	6.9	7.3	7.2	7.5
Mutual insurers	4.6	4.7	4.7	4.5	9.1	10.0	10.8	11.3
Provident institutions	4.1	4.0	3.7	3.5	10.1	10.6	10.0	10.2
<b>Total</b>	<b>4.4</b>	<b>4.2</b>	<b>4.0</b>	<b>3.9</b>	<b>8.3</b>	<b>8.4</b>	<b>8.3</b>	<b>8.6</b>

Sources: Banque de France, ACPR, TCEP before look-through approach.

<sup>3</sup> Market rates fell much more steeply over the same period. For example, the yield on new ten-year government bonds fell from 3.24% on 1 January 2012 to 0.84% at 31 December 2014, i.e. a decline of 240 basis points.

<sup>4</sup> For the purposes of this paper, the average coupon yield is the average of the annual coupon yields of debt securities weighted by gross portfolio assets.

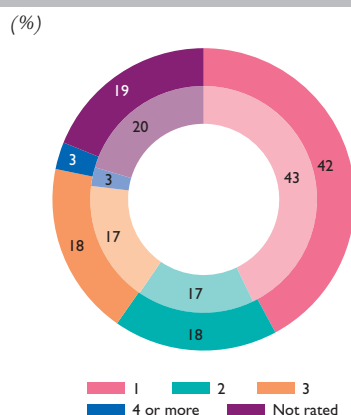
## I | 3 Increase in the average rating of portfolio securities

### The share of investment grade debt securities increased

A detailed examination of the ratings of debt securities held by insurers gives an indication of the credit risk borne by the sector. At end-2014, the proportion of investment grade debt securities<sup>5</sup> increased to 78.2% after applying the look-through approach, compared with 76.9% the previous year. The proportion of debt securities eligible for monetary policy operations was down slightly at 78.4% in 2014, compared with 79% in 2013. Looking at all rated securities covered by the study,<sup>6</sup> the amount of securities carrying the lowest level of credit risk (category 1) was EUR 700.8 billion (42.1% of total investments in debt securities or 51.9% of the total amount of rated debt securities, see Chart 3).

The share of rated securities is higher among non-life and life insurers (85.7% and 81.1% respectively, see Table 2) than among other types of insurers (72.9% for mutual insurers and 77.4% for PIs). In the portfolio of rated debt securities held by mutual

**Chart 3 Portfolio of debt securities by credit quality step at 31 December 2013 and 2014**



Note:

Inner ring (total outstanding amount at end-2013): EUR 1,505.3 billion.

Outer ring (total outstanding amount at end-2014): EUR 1,663.5 billion.

Sources: Banque de France, ACPR, TCEP after applying look-through approach.

**Table 2 Insurers' holdings of rated debt securities, by credit quality step at 31 December 2014**

(amount in EUR billions, % share)

Type of insurance	Securities rated by selected agencies		Credit quality step			
	Amount	Share	1	2	3	4 or more
Life insurance	1,195.7	81.1	51.9	21.8	22.8	3.5
Non-life insurance	91.8	85.7	55.5	20.0	22.4	2.2
Mutual insurers	31.0	72.9	36.9	23.8	29.3	10.0
Provident institutions	31.2	77.4	55.9	20.8	20.2	3.1
<b>Total</b>	<b>1,349.7</b>	<b>81.1</b>	<b>51.9</b>	<b>21.7</b>	<b>22.8</b>	<b>3.6</b>

Sources: Banque de France, ACPR, TCEP after look-through approach.

5 Securities whose credit quality falls within categories 1, 2 and 3, i.e. the top three of the six rating categories given in the Eurosystem's harmonised scale (See Appendix – Methodology – paragraph on the rating of debt securities). Without information on rating changes for all debt securities on the reference market on which insurers operate, the portfolio reallocation strategies pursued by insurers cannot be analysed.

6 Ratings could be assigned to around three-quarters of the debt securities covered by the study. The remaining quarter comprises unrated securities and securities whose ISIN codes were incorrectly reported.

**Table 3 Insurers' holdings of covered bonds at end-2014 by geographical area of issuance***(amount in EUR billions, % share)*

Type of insurance	Holdings of covered bonds		Of which issued by		
	Amount	Share	French residents	Euro area residents (excluding France)	Rest of the world (non-euro area)
Life insurance	106.4	7.2	57.5	30.4	12.2
Non-life insurance	7.9	7.4	59.7	25.6	14.7
Mutual insurers	2.9	6.8	84.2	12.9	2.9
Provident institutions	2.1	5.3	80.1	16.8	3.0
<b>Total</b>	<b>119.3</b>	<b>7.2</b>	<b>58.7</b>	<b>29.4</b>	<b>12.0</b>

Sources: Banque de France, ACPR, TCEP after look-through approach.

insurers, the share of securities corresponding to credit rating 1 is relatively smaller (36.9%) than it is among other types of insurers.

### Decline in the share of covered bonds

At end-2014, total outstanding covered bonds<sup>7</sup> held by insurers fell to EUR 119.3 billion from EUR 121.8 billion a year earlier (see Table 3) against the backdrop of a decline on the covered bonds market over the last two years.<sup>8</sup> Covered bonds accounted for just 7.2% of debt securities, compared with 8.1% the previous year.

## I | 4 Sharp growth in unrealised capital gains

The total amount of unrealised capital gains reported by insurance institutions at end-2014 came to EUR 267.8 billion (12.2% of total outstanding investments,<sup>9</sup> see Chart 4), almost 75% up on end-2013, when they amounted to EUR 150.6 billion and made up 7.6% of the value of investments. Several factors drove the EUR 117.2 billion leap in total unrealised capital gains:

- sharp growth (EUR 106.6 billion) in unrealised capital gains on debt securities, which totalled EUR 191.0 billion at end-2014, or 13.1% of investments in debt securities, compared with EUR 84.4 billion at end-2013 (6.4% of investments). This pronounced growth stemmed from a steady

<sup>7</sup> Covered bonds are securities that are backed by mortgage loans and that are protected in the event of the issuer's default. This protection is provided either by law, as is the case, for example, for French mortgage bonds, as well as for home-purchase bonds (obligations de financement de l'habitat – OFH) since the Act of 22 October 2010 was passed, or contractually.

<sup>8</sup> Total outstanding covered bonds in Europe fell from EUR 2,811 billion in 2012 to EUR 2,601 billion in 2013 and to EUR 2,505 billion in 2014 (source: European Covered Bond Council).

<sup>9</sup> "Other investments", which chiefly comprise loans, deposits and derivative products, were not analysed. Given the nature of deposits and credit, an analysis of unrealised capital gains on these assets would not be meaningful. In the case of derivatives (particularly hedging instruments), an analysis of unrealised capital gains or losses on these portfolios cannot be dissociated from that of the hedged items, but this information is not available. Total outstanding investments are measured at realisable value rather than book value, in keeping with previously established conventions.

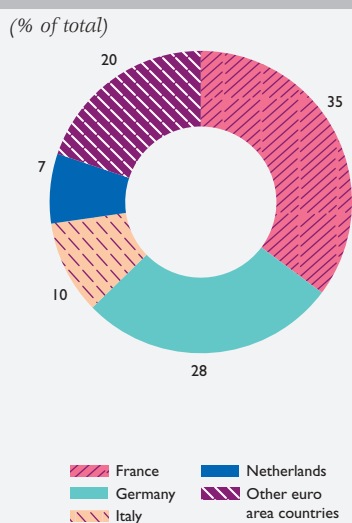


## Box I

### French insurers remain in first place within the euro area

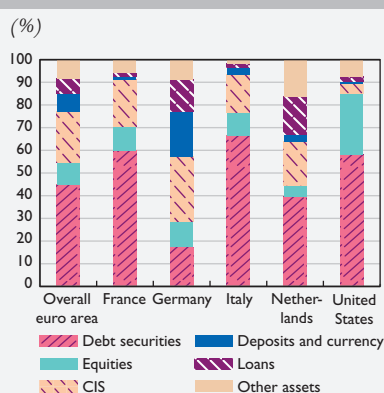
At end-2014, French insurance institutions were ranked number-one in the euro area by total assets (EUR 2,415 billion) ahead of German insurers (EUR 1,884 billion).<sup>1</sup> France's market share amounted to 35% at end-2014 (stable compared with 2013), while that of Germany was 28% (also stable compared with 2013). This situation may be partially due to the lack of pension funds in France. Existing private retirement products, such as popular retirement savings plans (PERPs), are managed like life insurance products.

#### Total assets of euro area insurers at end-2014



Source: European Central Bank.

#### Structures of insurers' investments in the euro area and USA at end-2014



Note: The amount of equities for each country also includes "Other equity investments", which cannot be separated out. "Other assets" include deposits, cash, derivatives, reinsured technical provisions, loans and non-financial assets.

Sources: European Central Bank and Federal Reserve System.

Before the look-through approach is applied, the portfolio of French insurers is primarily made up of debt securities (60%). Within the euro area, this same peculiarity is also

.../...

<sup>1</sup> The statistical statement used in this box (reported to ECB, before application of look-through approach) for the purposes of a cross-country comparison differs from that used elsewhere in the study (detailed statements of investments (TCEP), which are not available for other European countries) and to which, moreover, sampling techniques are applied (See Appendix, study data). Some differences may therefore be observed for France between the two data sources: for example, debt securities make up 60% of total investments here compared with 64% based on TCEP statements before application of the look-through approach.

observed among Italian insurers (66% in debt securities). In France, investments in CIS securities (21%) and equities (11%) make up a structurally significant portion of the portfolio. Other European insurance systems allocate a larger proportion of their assets to lending (14% in Germany, 17% in the Netherlands, compared with 2% in France) and a smaller share to debt securities (17% in Germany, 40% in the Netherlands).

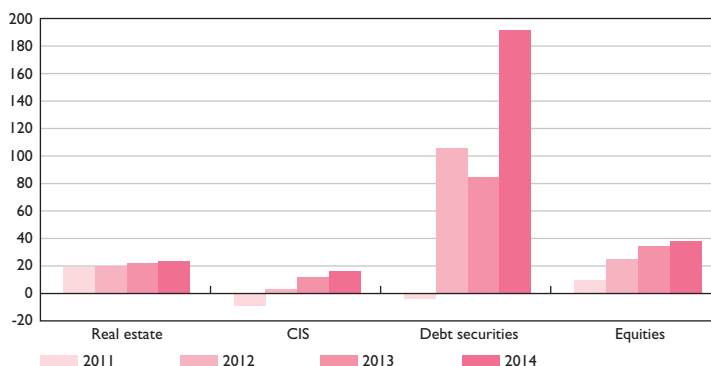
The US insurance market had total outstanding assets of EUR 6,397 billion at end-2014, equivalent to 93% of the euro area market. It is characterised by investments chiefly in debt securities (58%) and equities (27%) and a small proportion in CIS securities (4%).

decline in interest rates over 2014 (to give one example, the yield on French ten-year government bonds fell from 2.33% in December 2013 to 0.92% in December 2014);

- moderate growth in unrealised capital gains for the other three categories of securities in 2014 (equities, real estate and collective investment schemes - CIS):
  - EUR 3.9 billion for equities, for total capital gains of EUR 37.6 billion (28.2% of equity investments), compared with EUR 33.7 billion in 2013 (27.6%),
  - EUR 2.0 billion for real estate, for total capital gains of EUR 23.2 billion (21.6% of real estate investments), compared with EUR 21.2 billion in 2013 (21.0%),

**Chart 4 Unrealised capital gains and losses on different asset classes from 2011 to 2014**

(EUR billions)



Note: Total investments in 2014 (including "Other investments" not shown in the chart) = realisable value of EUR 2,281 billion / book value of EUR 2,012 billion.

Sources: Banque de France, ACPR, TCEP before applying look-through approach.

- EUR 4.8 billion for CIS securities, for total capital gains of EUR 15.9 billion (3.2% of CIS investments), compared with EUR 11.1 billion in 2013 (2.5%).<sup>10</sup>

## 2| Insurers step up their investments outside France

### 2|1 Increase in the share of intra-group assets

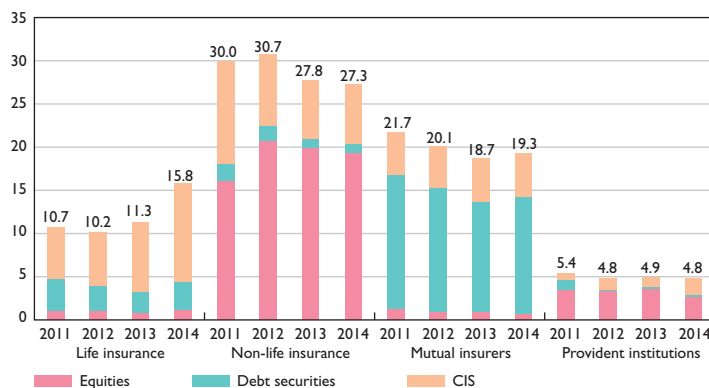
At end-2014, intra-group securities<sup>11</sup> accounted for 16.7% of insurers' investments (corresponding to EUR 380 billion), up from 12.9% the previous year (see Chart 5).

The overall increase reflects significant growth in the share of CIS owned by life and mixed insurers and managed by other companies from the same group (from 8.1% to 11.4%).<sup>12</sup>

As in previous years, the share of intra-group investments remains

**Chart 5 Proportion of portfolio invested in other companies in the same group, by type of insurance and by type of asset between 2011 and 2014**

(% of realisable value)

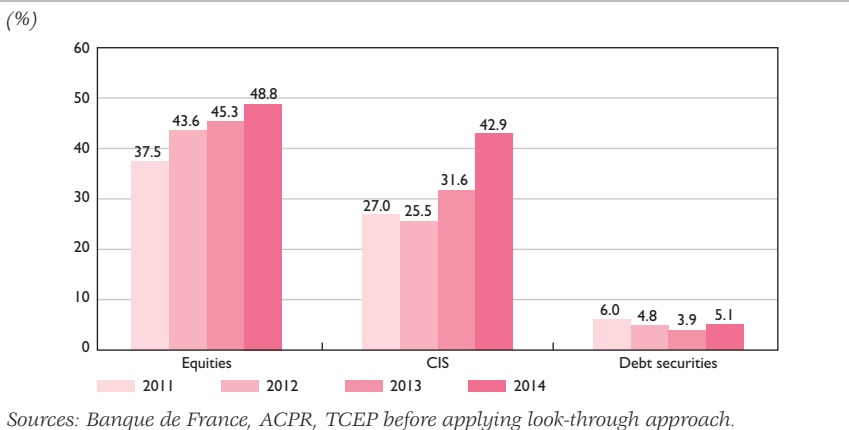


Sources: Banque de France, ACPR, TCEP before applying look-through approach.

<sup>10</sup> Compared with the study of insurers' investments in 2013, the 2013 statistics have been revised here in order to uniformly apply the methodology used since 2012.

<sup>11</sup> Intra-group ownership was estimated on the basis of equities, debt securities and CIS securities. Other types of assets, notably SCl and SCPI type real estate investments, were excluded.

<sup>12</sup> Before applying the look-through approach to CIS, which may invest in securities issued by insurers, and particular those whose manage these CIS funds they manage, especially when the CIS is itself managed by an insurer.

**Chart 6** Share of intra-group investments by the three main asset types

markedly higher among non-life insurers, despite a sharp decline in 2013. In 2014, the share of intra-group investments inched down once more to 27.3%. After falling for three years, the share of intra-group securities held by mutual insurers rose from 18.7% to 19.3%, driven by a slight upturn in investments in debt securities. PIs are characterised by a small proportion of intra-group assets (4.8%).<sup>13</sup>

Between 2013 and 2014, the share of intra-group assets in the portfolio of insurers climbed across all asset classes. At end-2014, almost one-half of equities and just over 5% of debt securities held by the sector were intra-group securities (see Chart 6).

## 2|2 Sector diversification of investments

### Increase in investments outside the euro area

In 2014, insurers made more investments outside the euro area.<sup>14</sup> This geographical shift may be attributable to higher returns on non-euro area assets.<sup>15</sup>

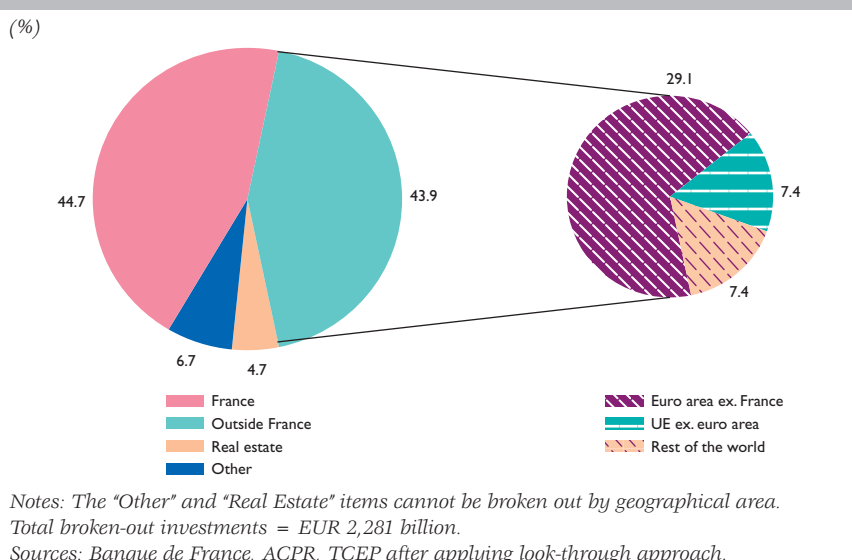
In 2014, investments in France had a more or less stable share of insurers' securities portfolios, down one-tenth of a point to 44.7% (see Chart 7). Investments within the euro area were down from 29.3% in 2013 to 29.1% in 2014. Investments within the EU but outside the euro area climbed by three-tenths of a point, while investments elsewhere in the world rose by

<sup>13</sup> The shares of debt securities and CIS securities were revised for 2011 and 2012 to correct misreporting by one entity.

<sup>14</sup> After applying the look-through approach to holdings of French CIS.

<sup>15</sup> Notably, insurers may acquire the securities of an issuer located outside the euro area if their return also covers the currency risk borne.

**Chart 7 Geographical breakdown of securities held by insurers at end-2014**



four-tenths of a point.<sup>16</sup> The shares of real estate and other investments were down slightly, with each giving up two-tenths of a percentage point.

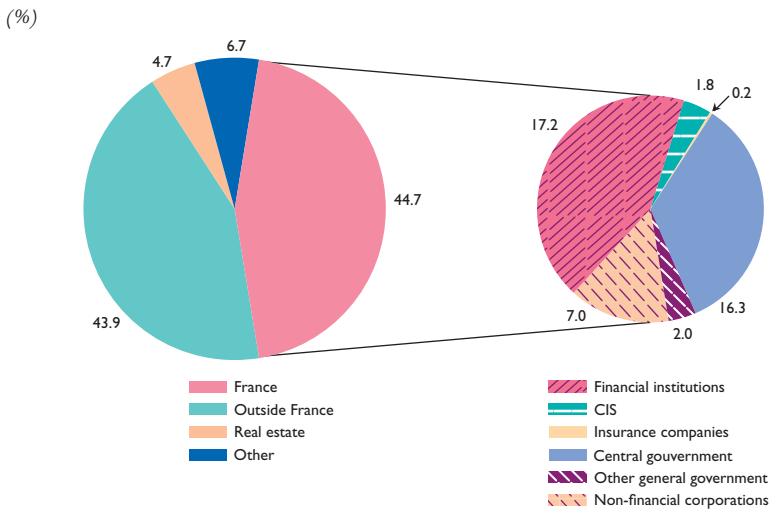
An analysis of investments by type of insurer reveals that the share of investments outside France increased in 2014 among non-life insurers from 27.4% in 2013 to 29.8% in 2014, mutual insurers (33.6% to 36.2%) and PIs (38.8% to 40.4%), while the proportion was unchanged among life insurers at 45.7% (see Chart 9).

### In terms of funding for the domestic economy, the public sector was the primary beneficiary of insurers' investments

The share of the overall resident public sector, including central and other general government, increased from 17.2% to 18.3% at end-2014, causing this sector to move ahead of financial institutions to become the primary beneficiary of insurers' investments for the first time (see Chart 8 and table in annex). Within this share, the proportion of central government securities fell slightly from 89.8% in 2013 to 89.1%, while that of other general government increased to 10.9% in 2014 from 10.2% in 2013. The overall shift was more pronounced for French issuers than for issuers elsewhere in the euro area (the overall public sector made up 8.2% of total euro area investments outside France in 2014, after 8% in 2013).

<sup>16</sup> Some investments cannot be broken out geographically (e.g. real estate) because there is no ISIN code to precisely identify them.

**Chart 8 Sector breakdown of investments held by insurers at end-2014**

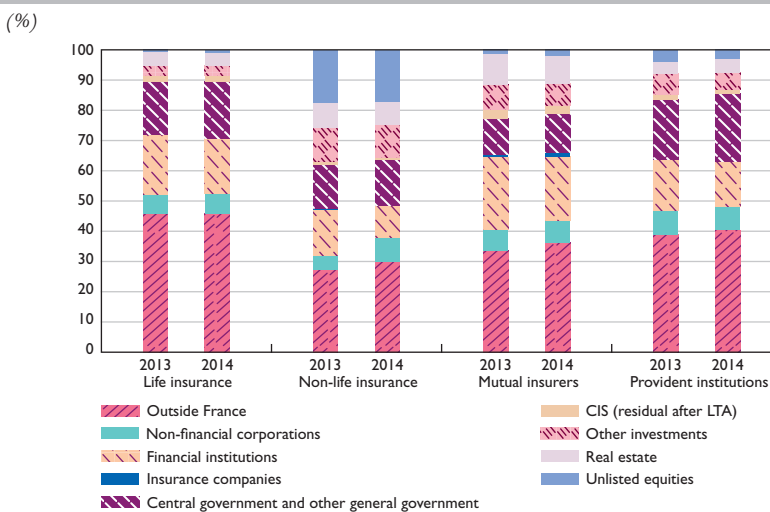


Note: Total investments = EUR 2,281 billion.

Sources: Banque de France, ACPR, TCEP after applying look-through approach.

The share of financing allocated to resident financial institutions dropped to 17.2% in 2014, down from 19.3% in 2013 and 20.9% in 2012. Adding up the shares of investments in financial institutions from across the European Union, the total declined from 36.4% to 32.6%.

**Chart 9 Sector allocation of investments by type of insurance in 2013 and 2014**



Note: LTA = Look-through approach.

Sources: Banque de France, ACPR, TCEP after applying look-through approach.

French non-financial corporations saw their share of insurers' total investments increase from 6.4% in 2013 to 7.0% in 2014. The different channels set up by the government to enable insurers to finance businesses (special credit funds called *fonds de prêts à l'économie*, euro-growth life insurance contracts – see boxes) could ultimately have an even greater impact in terms of steering investments.

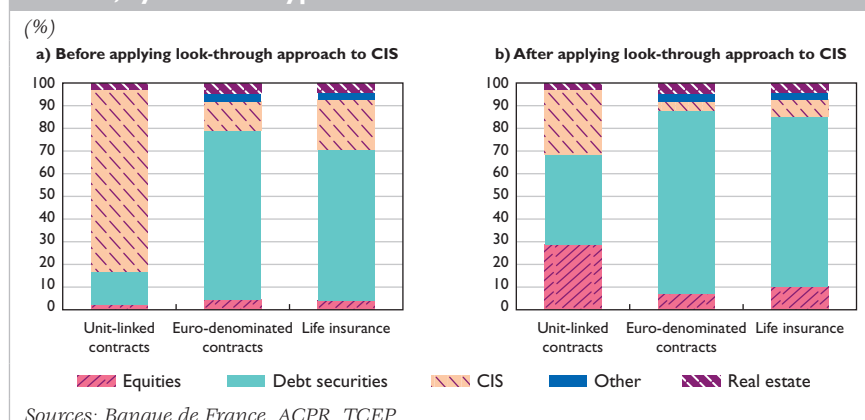
An analysis of investments by category of insurer reveals opposing movements in investments in financial institutions on the one hand and in the public sector on the other, across all types and categories (see Chart 9). Mutual insurers continued to maintain a prominent share of their investments in the securities of financial institutions (21.1% in 2014). Non-life insurers, meanwhile, sharply increased their investments in the debt securities of resident non-financial corporations, whose share climbed from 4.9% in 2013 to 8.1% in 2014.

## 2|3 Unit-linked life insurance contracts backed by an increasingly diverse array of investments

Investments by life insurers totalled EUR 1,959 billion at end-2014, of which EUR 1,695 billion in euro-denominated (or non unit-linked) products (86%) and EUR 265 billion in unit-linked contracts (14%).

Applying the look-through approach to CIS securities held by insurers to back both types of vehicle – CIS securities make up 80.4% of the total investments of unit-linked contracts and 13% for non unit-linked products – makes it possible to better understand the underlying composition of portfolios (see Chart 10).

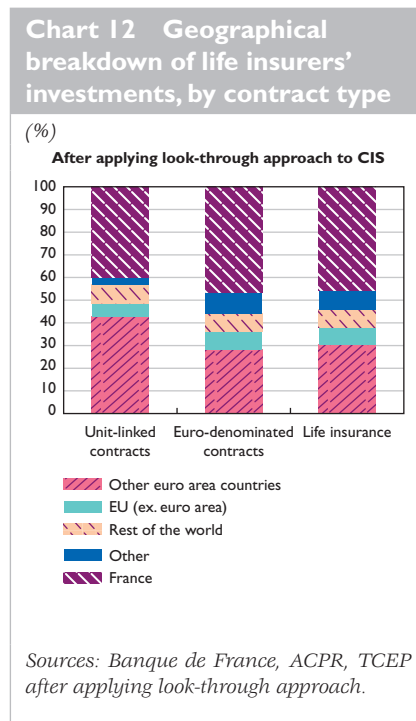
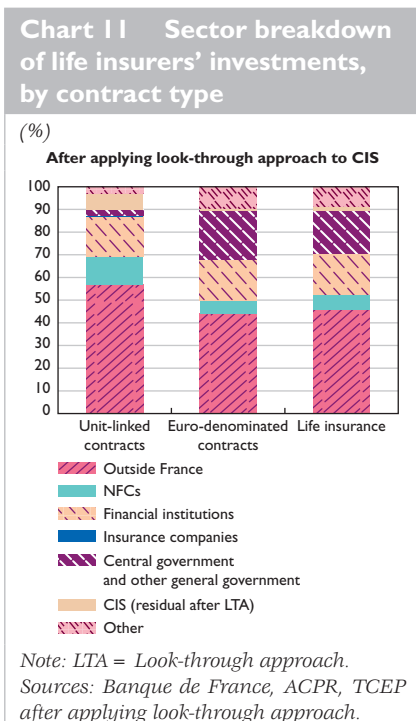
**Charts 10 Allocation of life insurers' investments by asset class in 2014, by contract type**



Debt securities make up the lion's share of investments for non unit-linked products (80.7%) and a smaller share within unit-linked contracts (39.8%). Conversely, equities account for just 7.1% of the investments of non unit-linked products, compared with 28.7% for unit-linked contracts. The remaining CIS securities, notably those from outside France, to which the look-through approach cannot be applied, account for a larger share among unit-linked contracts (28.7% of the total) than for non unit-linked products (4.1%).

These structural differences enable non unit-linked products to ensure portfolio stability over time and provide policyholders with a guaranteed minimum rate of return as well as principal protection, and allow unit-linked contracts to offer the possibility of higher returns.

The geographical breakdown of investments after applying the look-through approach by contract type shows that the portfolios of unit-linked contracts are tilted more towards assets outside France (56.8% in 2014) compared with non unit-linked products (44%), with a particular focus on the euro area (75.1% of international investments of unit-linked contracts, compared with 64.5% for non unit-linked products, see Charts 11 and 12).





## Box 2

**Fonds de prêts à l'économie**

Reforms to the Insurance Code in August 2013<sup>1</sup> relaxed the options for lending to the economy by insurers by allowing these assets to be held against regulated liabilities. These transactions may take the shape of direct loans or indirect loans through the acquisition of shares in special credit funds known as “fonds de prêts à l'économie” (FPE). Structured like securitisation entities, FPE may invest in public or private debt securities from European Union member states. The “Novo” funds created at end-2013 at the initiative of insurers and the public authorities, have gradually expanded the scope of their investments, notably taking part in private placements by medium-sized companies and mid-tier firms. Private placements, which include Euro Private Placements,<sup>2</sup> are medium to long-term financing transactions between a company and a small number of investors, and offer more flexibility compared with the requirements applicable to public offerings. Total outstanding investments by Novo funds came to EUR 742 million at end-2014. These will soon be followed by the “Novi” funds announced in June 2015, whose goal is to provide EUR 580 million to invest in the growth and innovation (equity and debt) of SMEs and mid-caps firms.

Moreover, the regulatory framework covering FPE was expanded in December 2014<sup>3</sup> and is now open to mutual insurers and provident institutions. The funds may also invest in claims on individual firms and intermediate structures (holding companies and real estate CIS).

**Change in number of FPE and total outstandings in 2014**

Date	At end-Jan. 2014	At end-Sept. 2014	At end-Dec. 2014
Number of FPE	2	5	13
Total outstanding securities issued (EUR million)	26	368	884
O/w Novo funds	26	349	742

Source: Banque de France.

<sup>1</sup> Decree 2013 717 of 2 August 2013.

<sup>2</sup> See [http://www.euro-privateplacement.com/index\\_fr.htm](http://www.euro-privateplacement.com/index_fr.htm)

<sup>3</sup> Decree 2014 1530 of 17 December 2014.

## Box 3

**Euro-growth life insurance contracts**

*Euro growth and growth life insurance contracts offer investors the chance to earn higher returns than with euro-denominated contracts, while taking less risk than with unit-linked contracts. The level of the contractually agreed guarantee that applies at the end of a minimum eight-year period differentiates between two types of contract (see below), which otherwise function identically.*

*At the investor's choice, a euro-growth (or growth) contract may take the form of a single-vehicle contract, where all the assets are invested in a single euro-growth fund, or a multi-vehicle contract where the assets include euro-denominated and/or unit-linked products and a euro-growth (or growth) fund.*

*Technically, the legislation defines euro-growth and growth funds as "liabilities giving rise to the establishment of a diversification reserve".<sup>1</sup> The insurer divides the capital invested in these funds by the insured party into an amount used to guarantee the principal at the end of the contractually agreed term and an amount that is invested in diversified assets with the hope of generating a more attractive overall return than that of euro-denominated products.*

*The principal invested in a euro-growth fund (premiums paid less expenses) is 100% guaranteed at the end of a period of at least eight years, as defined in the contract between investor and insurer. If capital is invested in a growth fund, a percentage is guaranteed at the end of at least eight years, but not the entire principal amount. The percentage guaranteed and the term are defined in the contract between investor and insurer. In the event that the contract is redeemed or if the investor dies before the end of the eight years, the capital or annuity are not guaranteed and the income is taxable.*

*Marketing of euro-growth contracts began in 2014.<sup>2</sup> Sector professionals believe that 70% of market participants may be offering euro-growth contracts by end-2015.*

<sup>1</sup> A euro growth or growth fund comprises a mathematical reserve and a diversification reserve. The mathematical reserve covers the secured portion of the euro growth or growth fund, whose purpose is to protect the principal at the end of the selected period. It increases regularly in principle. The diversification reserve covers the risky portion of the euro growth or growth fund, whose valuation fluctuates with the markets.

<sup>2</sup> The first euro growth contracts were launched on 16 October 2014.

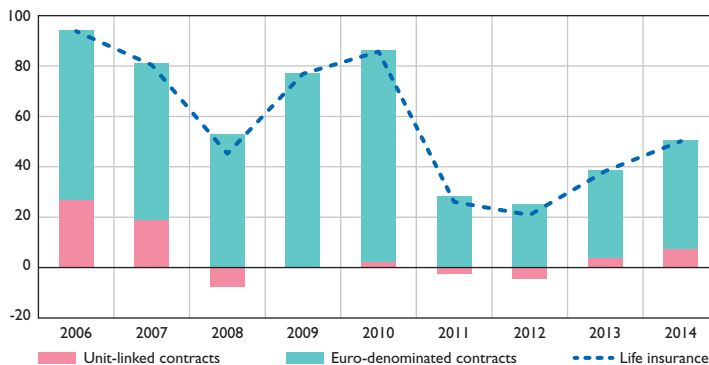
### 3| Households increase their investments in life insurance, which remains an attractive savings product

In 2014, investments in life insurance contracts had their best year since 2010, with net investments<sup>17</sup> totalling EUR 50.2 billion in 2014 (see Chart 13), a year-on-year increase of 31%. Although investments in unit-linked contracts were the highest in seven years, they remain weak with respect to levels seen in 2006 and 2007.

Out of households' total net financial investment flows of EUR 74 billion in 2014 (compared with EUR 71.1 billion in 2013), investments in life insurance dominated, accounting for 68% of the total, after 55% in 2013. Against a backdrop of persistently low interest rates, the appeal of life insurance contracts may be attributed to their continued high returns compared with other savings products,<sup>18</sup> tax treatment and preferential terms when it comes to passing on assets.

**Chart 13 Breakdown of resident households' net investment flows into life insurance**

(EUR billions)



Source: Banque de France, national financial accounts, resident household sector.

<sup>17</sup> Net investments include reinvestment of interest in contracts and profit-sharing.

<sup>18</sup> See 2014 Report by the Observatory for Regulated Savings.

## Box 4

### Switches in life insurance contracts favoured non unit-linked products once again in 2014

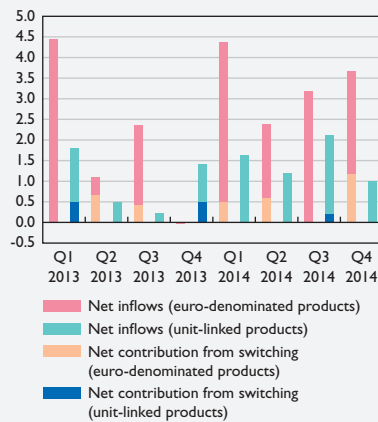
In 2014, net switching between non unit-linked and unit-linked products, measured by ACPR data gathered on life insurance flows (covering redeemable contracts)<sup>1</sup> again favoured non unit-linked products and totalled just over EUR 2 billion. The structural trend in favour of euro-denominated products could be partly due to profit-taking, which in the case of certain products may result from automatic mechanisms that are triggered either periodically or when pre-determined targets are reached (such as contractual clauses to lock in capital gains or rebalance products). That said, flows into unit-linked contracts did exceed those into euro-denominated products at times in 2014, for example during the third quarter of the year.

Accordingly, the increased share of unit-linked products in life insurance flows (net of benefits) observed over the last three years does not stem from euro-denominated to unit linked switching, nor from the moderate increase in benefits (total and partial redemptions, annuity payouts) paid on non unit-linked products. Rather, the trend has been driven by a change in the structure of premiums paid, with new payments benefitting unit-linked products. Premiums received by unit-linked vehicles accounted for 12.9% of the total collected in 2012, followed by 14.2% in 2013 and 17.8% in 2014. This trend gained further momentum in H1 2015 (share of over 20%).

<sup>1</sup> The scope covered includes all redeemable contracts of entities reporting as part of the ACPR's data collection exercise on life insurance flows, which account for approximately 95% of the market. The investments of the 102 entities concerned represented over 88% of the total covered by the study.

#### Net inflows into insurance and switching between product

(EUR billions)



Source: ACPR data on life insurance flows.

## Appendix

### Methodology

#### Main types of insurance institutions in France

Life and mixed insurers manage the bulk of non unit-linked contracts and all unit-linked contracts, which are insurance products mainly used as household savings vehicles. Non-life insurance companies cover most types of property, casualty and personal risk: they mainly take on short-term liabilities (one year on average) and, in general, settle outstanding claims within a period of less than two years, with a few exceptions, such as civil liability and construction risk. Life, mixed and non-life insurers are governed by the Insurance Code.

Mutual insurers are not-for-profit entities governed by the Mutual Insurance Code that provide extra healthcare and retirement coverage to supplement social security. Provident institutions are also not-for-profit entities and are governed by the Social Security Code. They manage group insurance contracts for company employees.

Different kinds of liabilities, coupled with regulatory constraints, result in specific asset portfolio structures for each type of insurance.

#### Data used in the study

This year's sample covers 477 entities that were active in 2014 (compared with 504 entities in the previous study) holding investments with a realisable value<sup>1</sup> of EUR 2,281 billion, or over 99% of total market investments at 31 December 2014. To allow a comparison with 2012 and 2013, a sample was prepared to reflect non-filings (five entities), unusable filings (six entities) and mergers (16 entities) between 2013 and 2014. The analysis was primarily based on an examination of the detailed statements of investments (called TCEP tables) that insurance institutions file annually with the ACPR in accordance with Article A344-3 of the Insurance Code. These tables report the gross and net book value and the realisable value on 31 December of each security held. These statements are cross-referenced with the Banque de France's databases on securities and issuers and with the European Central Bank's databases on non-resident securities. This cross-referencing identifies the types of securities, their initial maturity and the institutional sector of the issuer.

<sup>1</sup> The realisable value is the market value of insurance institutions' investments, which includes unrealised gains or losses. These gains and losses are calculated as the difference between the realisable value and the book value. Unless otherwise stated, investments are reported at realisable value.

### Coverage rate derived from the data in the detailed statements of insurance companies' investments

(outstanding investments in EUR billions)

	2014 total		Sample	
	Population	Realisable value at end-2014	Population	Realisable value at end-2014
Life and mixed	90	1,960	83	1,959
Non-life	169	217	139	205
Mutual insurers	335	66	222	61
Provident institutions	38	57	33	56
<b>Total</b>	<b>632</b>	<b>2,299</b>	<b>477</b>	<b>2,281</b>

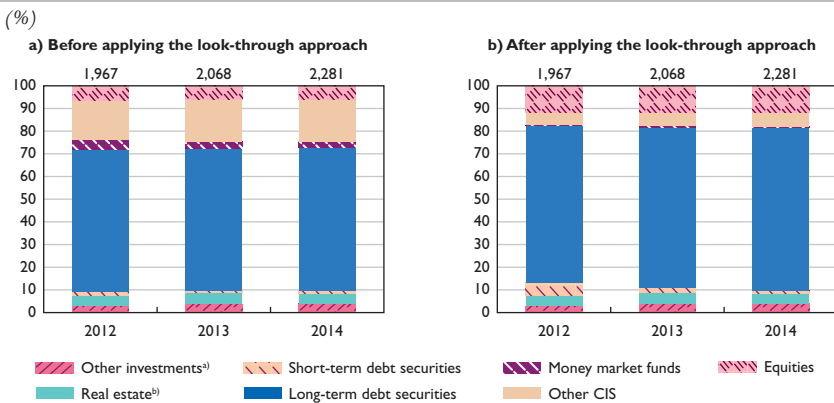
Source: Banque de France-ACPR.

### Look-through approach for CIS

Banque de France databases are used to apply the look-through approach to the securities of CIS held by insurers. This technique makes it possible to identify the final beneficiaries of investments, as the securities in which CIS invest are substituted for the CIS securities held in insurers' portfolios.

More than 68% of insurers' investments in CIS securities were thus able to be identified as belonging to one of two categories of underlying financial instruments: debt securities (approx. 60%) and equities. The remaining 32% of securities invested by insurers in CIS could not be assigned, which explains why a CIS category remains after the look-through approach has been applied (see charts below).

### Structure of insurers' investments (detailed statements)



a) "Other investments" are assets without an ISIN code or equivalent identifier (mainly loans, deposits and derivatives).

b) "Real estate" includes real estate and "paper" real estate investments (i.e. shares of real estate CIS)

Sources: Banque de France, ACPR, TCEP before look-through approach.

Thus, the share of equities (listed and unlisted) held by insurers is estimated at 5.9% of their investments before applying the look-through approach, and at 11.6% after applying the look-through approach to CIS.

### Rating of debt securities

At end-2014, after applying the look-through approach, 76.1% of the debt securities owned by insurers were rated by the three main credit rating agencies, namely Fitch Ratings, Standard & Poor's and Moody's, based on their ISIN codes. The ratings of securities identified using a different system (CUSIP for example) are not used and these securities are unrated. Unrated securities also include debt securities not rated by one of the three rating agencies and those that cannot be identified because the wrong ISIN code was reported for them.

The Eurosystem's harmonised rating scale comprises the following six credit quality steps:

**Cross-reference table showing credit quality steps used by the three main rating agencies and the Eurosystem's harmonised scale**

Agencies	Eurosystem harmonised scale	Fitch	Moody's	Standard & Poor's
Credit quality steps – long term credit assessment	1	AAA to AA-	Aaa to Aa3	AAA to AA-
	2	A+ to A-	A1 to A3	A+ to A-
	3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-
	4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-
	5	B+ to B-	B1 to B3	B+ to B-
	6	CCC+ and lower	Caa1 and lower	CCC+ and lower
Credit quality steps – short term credit assessment	1	F1+	P-1	A-1+
	2	F1	P-2	A-1
	3	F2, F3	P-3	A-2, A-3
	4	Below F3	NP	Below A-3
	5			
	6			

Source: European System of Central Banks.

### Breakdown of the investments of insurance institutions, mutual insurers and provident institutions at the end of 2014, by type of security, issuer sector and area of residence, after applying the look-through approach to CIS securities held in portfolios

(%)

	Debt securities			Equities			CIS			Real estate			Other investments	Total
	Short term	Long term	Total	Listed	Unlisted	Total	Money market	Other	Total	Paper	Actual	Total		
<b>France</b>														
NFCs	0.0	3.0	3.0	4.0		4.0			0.0			0.0	0.0	7.0
Financial institutions	0.8	16.0	16.8	0.4		0.4			0.0			0.0		17.2
CIS			0.0			0.0	0.4	1.5	1.8			0.0		1.8
Insurance		0.2	0.2	0.0		0.0			0.0			0.0		0.2
Central government	0.0	16.3	16.3			0.0			0.0			0.0		16.3
Other general government	0.0	2.0	2.0			0.0			0.0			0.0		2.0
Other sectors		0.0	0.0			0.0			0.0			0.0		0.0
<b>Total</b>	<b>0.8</b>	<b>37.5</b>	<b>38.3</b>	<b>4.5</b>	<b>0.0</b>	<b>4.5</b>	<b>0.4</b>	<b>1.5</b>	<b>1.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>44.7</b>
<b>Euro area excluding France</b>														
NFCs	0.0	2.9	2.9	1.9		1.9			0.0			0.0		4.9
Financial institutions	0.1	10.5	10.6	0.6		0.6			0.0			0.0		11.2
CIS			0.0			0.0	0.1	4.5	4.6			0.0		4.6
Insurance		0.2	0.2	0.1		0.1			0.0			0.0		0.3
Central government	0.0	7.9	8.0			0.0			0.0			0.0		8.0
Other general government	0.0	0.2	0.2			0.0			0.0			0.0		0.2
Other sectors	0.0	0.0	0.0	0.0		0.0			0.0			0.0	0.0	0.0
<b>Total</b>	<b>0.1</b>	<b>21.8</b>	<b>21.9</b>	<b>2.7</b>	<b>0.0</b>	<b>2.7</b>	<b>0.1</b>	<b>4.5</b>	<b>4.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>29.2</b>
<b>Non-euro area EU</b>														
NFCs	0.0	0.9	0.9	0.4		0.4			0.0			0.0		1.3
Financial institutions	0.0	4.0	4.1	0.1		0.1			0.0			0.0		4.2
CIS			0.0			0.0		0.3	0.3			0.0		0.3
Insurance		0.0	0.0	0.0		0.0			0.0			0.0		0.0
Central government	0.0	0.2	0.2			0.0			0.0			0.0		0.2
Other general government			0.0			0.0			0.0			0.0		0.0
Other sectors	0.0	1.3	1.3	0.0		0.0			0.0			0.0	0.0	1.3
<b>Total</b>	<b>0.1</b>	<b>6.4</b>	<b>6.5</b>	<b>0.5</b>	<b>0.0</b>	<b>0.5</b>	<b>0.0</b>	<b>0.3</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>7.4</b>
<b>Rest of the world</b>														
<b>Total</b>	<b>0.0</b>	<b>5.7</b>	<b>5.7</b>	<b>1.5</b>		<b>1.5</b>	<b>0.0</b>	<b>0.2</b>	<b>0.2</b>			<b>0.0</b>	<b>0.0</b>	<b>7.4</b>
<b>Real estate</b>														
<b>Total</b>			<b>0.0</b>			<b>0.0</b>			<b>0.0</b>	<b>3.1</b>	<b>1.6</b>	<b>4.7</b>		<b>4.7</b>
<b>Not identified</b>														
<b>Total</b>		<b>0.4</b>	<b>0.4</b>		<b>2.5</b>	<b>2.5</b>			<b>0.0</b>			<b>0.0</b>	<b>3.8</b>	<b>6.7</b>
<b>Grand total</b>	<b>1.0</b>	<b>71.9</b>	<b>72.9</b>	<b>9.1</b>	<b>2.5</b>	<b>11.6</b>	<b>0.4</b>	<b>6.5</b>	<b>6.9</b>	<b>3.1</b>	<b>1.6</b>	<b>4.7</b>	<b>3.9</b>	<b>100.0</b>

Source: Banque de France, TCEP



# G20 Seminar

## on assessing the impact of structural reforms (Banque de France, 1 June 2015)

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*When leeway for monetary and fiscal policy is limited and potential growth is struggling to return to pre-crisis levels, attention turns to structural reforms. Determining the macroeconomic impact of these reforms is key to their credibility and their acceptability. An example of this is the commitment by G20 countries to implement structural reforms that are supposed to generate additional growth of 2% by 2018.*

*A seminar devoted to the methods used for assessing the macroeconomic impact of such reforms was held at the Banque de France on 1 June 2015.<sup>1</sup> Jointly organised with the French Treasury, the OECD and the IMF, under the auspices of the G20 Turkish Presidency, it was open to both public policymakers and researchers. Different theoretical and empirical approaches were presented with a view to assessing the impact on productivity, growth and employment of the reforms implemented on product and labour markets. These approaches also set out to analyse both the short-term impact of these reforms and the spillover of this impact at the global level.*

*Discussions initially focused on the data and tools used, as well as on the relevance of these impact measures for the political economy. Philippe Aghion, who was the guest of honour, showed that while the innovation process may increase income inequality, it also improved social mobility and productivity growth. Building an ecosystem that is conducive to innovation is therefore crucial for strengthening growth-oriented structural policies.*

*In the concluding session, avenues for research and the challenges related to the credibility and acceptability of national and international reforms were discussed by Catherine Mann (Chief Economist of the OECD), Jean-François Perrault, joint chairman of the G20 framework working group for strong, sustainable and balanced growth, and Francis Kramarz (École polytechnique).*

Keywords: structural reforms, productivity, potential growth, spillovers, international coordination

JEL codes: F42, F43, L16, L50, O33, O47

<sup>1</sup> The papers presented at the seminar are available at: <https://www.banque-france.fr/en/economics-statistics/research/seminars-and-symposiums/seminar-assessing-the-impact-of-structural-reforms.html>

In their introduction, Marc-Olivier Strauss-Kahn (Director General Economics and International Relations at the Banque de France), and Sandrine Duchêne (Deputy Director General of the Treasury), both stressed the importance of structural reforms for enhancing potential growth, in particular in the current context of a slowdown in productivity gains. These reforms often have a visible cost for some categories of the population. It is therefore essential for researchers and economic policymakers to study and discuss the impacts of structural reforms on growth and employment in order to strengthen the credibility and acceptability of these reforms, thus ensuring their success.

Marc-Olivier Strauss-Kahn also stressed that assessing the macroeconomic impacts of these reforms is a key focus of central banks' studies and work. Indeed, a balanced policy mix requires an accurate assessment of the economy's potential growth; in turn, the policy mix itself affects this potential growth. Achieving the right policy mix is therefore linked to the question of structural policies.

## I | The long-term impact of structural reforms in the goods and services markets

Two topics were discussed during this session: the slowdown in total factor productivity (TFP) in advanced economies (Vikram Haksar, IMF) and the macroeconomic assessment of structural market deregulation measures (Gilbert Cette, Banque de France). The discussions of these presentations, by Dan Andrews (OECD) and Erik Canton (European Commission), highlighted the difficulties associated with estimating the impact of structural reforms: the exact identification of transmission channels, endogeneity bias in estimates, the necessary assumptions/approximations stemming from the lack of data, etc.

According to Vikram Haksar, in a study on advanced economies, TFP growth, the advance of the technology frontier (i.e. the productivity of the country with the most advanced level of technology)<sup>2</sup> and the catch-up speed at the frontier have declined sharply over the past few years. In fact, these general trends mask large sectoral differences. For instance, TFP growth fell sharply in the non-market services sector. Empirically, using sectoral panel data, the author finds a particularly strong (and positive) impact on TFP of highly-skilled labour, R&D, intensity of information and communication technologies (ICT) capital use, and a negative impact on TFP of regulation, in particular in the services sector. Vikram Haksar therefore recommends deregulating the services sector and increasing investments in R&D, ICT and human capital, in particular to enhance the

2 0.3% on average over the 1997-2007 period whereas it was 0.8% over the 1983-1993 period.

advance of the technology frontier and the catch-up speed to the frontier. In the discussion, Dan Andrews questioned the concept of the frontier used in the study: a firm-level approach shows that productivity at the technology frontier is continuing to grow whereas its diffusion effects are disappointing. Subsequently, and more importantly, Dan Andrews questioned the intra-sectoral approach used. A more disaggregated firm-level approach would be more appropriate and would make it possible to study TFP gains from intra-industry as well as inter-industries reallocations (notably via a better allocation of skilled labour, etc.).

Gilbert Cette presented his latest study co-authored with Jimmy Lopez and Jacques Mairesse.<sup>3</sup> This paper assesses the impact on TFP and consumer prices of product and labour market anti-competitive regulations. This impact is evidenced by the creation of rents (via production prices) and their sharing (via wage setting for high and low-skilled workers). In particular, the authors showed, taking a panel of 13 countries and 18 sectors, for the 1986-2007 period, and using OECD regulation indices,<sup>4</sup> that these anti-competitive regulations have a significant impact on production prices and wages and thus affect TFP – directly in the considered industry and indirectly in downstream industries. The direct impact stems from the fact that firms protected by regulation have less incentive to innovate in order to benefit from innovation rents. The indirect impact stems from the fact that protected firms can sell their product at a higher price to downstream firms, as the latter, thus deprived of a share of their rents, therefore have less incentive to innovate. Similarly, labour market regulations skew the distribution of value added in favour of wages, which discourages innovation. These different impacts, which weigh on innovation expenditure, lower TFP gains.

This paper then proposes an assessment of the impact on TFP at the national level (and thus on the level of GDP) of reform programmes that should correspond to the adjustment of regulations to the best practices<sup>5</sup> observed in 2013. In the long term, this impact on the level of TFP would be over 4% on average, with the greatest impact observed naturally in countries that are initially the furthest from best practice in the sample under review, e.g. France, Italy or the Czech Republic. In these countries, the dynamic impact on growth would exceed a third of a percentage point for several years. The long-term impact on the level of consumer prices would be negative and fairly small (a little more than 1% in the countries where it would be the highest), corresponding to a dynamic deflationary impact of around 0.05 percentage point at most.

<sup>3</sup> "Product and labor market regulations, production prices, wages and productivity", NBER Working Paper No. 20563, October 2014.

<sup>4</sup> The OECD indices used are as follows: harmonised tariff (HT), product market regulation (PMR) and labour market regulation (LMR). These different indicators summarise a broad range of regulations implemented across OECD countries. The PMR index – the most widely used – measures the regulatory conditions prevailing in the professional services sector. It covers entry and conduct regulations in the legal, accounting, engineering, and architecture professions, and has been estimated for 1996, 2003 and 2008.

<sup>5</sup> "Best practices" defined as the average level of regulation in the three countries with the lowest levels of regulation.

Erik Canton and Dan Andrews questioned the relevance of using production prices and wages to assess the creation and sharing of rents. Erik Canton suggested using margins instead. Gilbert Cette replied that product market regulations admittedly had a direct upward impact on margins but that labour market regulations had a direct downward impact. Dan Andrews asked for further explanations on the link between rents and TFP, noting that the innovation process could be largely independent from the allocation of resources and for example linked to a favourable social and cultural environment.

## 2| The long-term impact of structural reforms in the labour market

The labour market traditionally constitutes an important focus for structural reforms. The second session set out to assess the mechanisms by which labour market reforms can boost GDP and employment.

Using a labour market model à la Blanchard and Katz augmented with indicators reflecting labour market regulations, constructed by the OECD,<sup>6</sup> Fabrice Orlandi (ECB) recalled the determinants of structural unemployment for EU countries.<sup>7</sup> Empirical estimates confirm that labour market regulations and the tax burden on wages have a very significant impact on structural unemployment and therefore corroborate the potentially favourable impact of reforms. The empirical results of the statistical regressions on 13 EU countries over the 1980-2012 period show a significant positive elasticity between the tax wedge and the unemployment rate. Fabrice Orlandi analyses in particular the extent to which specific reforms, such as reducing the tax wedge on labour, can bring down the structural unemployment rate.

These results are nevertheless subject to a degree of uncertainty related notably to the choice of labour market regulation indicators and more generally to the methodological choices. The interactions between reforms should also be taken into account. These limitations were also stressed by Stefano Scarpetta (OECD), who pointed out that this work ignored the fact that impacts were asymmetrical in different periods of the cycle (good times versus bad times), and that the results were dependent on the time horizon of estimates.

6 Lawrence F. Katz and Olivier Blanchard, "Wage dynamics : reconciling theory and evidence", *The American Economic Review*, American Economic Association, Vol. 89 (2), p. 69-74, May 1999. In the model proposed by Orlandi, labour demand is augmented by active labour market programmes, whereas labour supply is augmented by the tax wedge, the power of unions and the unemployment benefit rate.

7 Fabrice Orlandi, "Structural unemployment and its determinants in the EU countries", *European Commission Economic Papers* 455, May 2012. Structural unemployment is defined as the "non-accelerating wage rate of unemployment" entering into the calculation of potential growth in EU countries.

The reforms implemented on the Spanish labour market “in bad times” (Mario Izquierdo, Banco de España) highlighted the fact that structural reforms on the labour market were even beneficial during downturns. Indeed, the reforms implemented in 2012 (wage flexibility, reforming job contracts, etc.) boosted employment and hence domestic demand. Using empirical analyses based on microeconomic data, Stefano Scarpetta observed that Spanish labour market reforms led to an increase in the creation of permanent jobs. Since labour market reforms are implemented in different national institutional frameworks, Mariya Aleksynska (International Labour Organisation) recalled the importance of interactions between institutions and structural reforms, and more specifically the need to adapt reforms to each of the G20 countries. She questioned the relevance of the OECD’s labour market regulation indicators, pointing to the fact that they did not sufficiently take in account the degree of application of these regulations (due to exemptions or informal work). She also put forward the idea that the relationship between unemployment and the degree of regulation would be non-linear, which would reduce the relevance of panel data estimates. Masashi Saito (Bank of Japan) discussed the Japanese situation to highlight the importance of taking into account demographic trends in the construction of labour market reforms and, in this case, of targeting more specifically labour supply.

### Guest speaker: Philippe Aghion on innovation and inequalities

Given the increase in income inequality worldwide, and especially in developed countries, Philippe Aghion presented a study on the impact of innovation on income inequality and social mobility.<sup>8</sup> The authors build a Schumpeterian growth model, where social mobility is mainly driven by incumbent or entrant innovators. Innovation increases income inequality as innovators earn higher incomes *via* innovation rents, but innovation boosts social mobility on the one hand and, on the other, growth via a creative destruction process. The model is applied to US aggregate data. The impact of innovation on income inequality is analysed using cross-state panel data on patents crossed with the share of the top 1% of earners between 1975 and 2010. The authors then use commuting-zone data to consider the impact of innovation on social mobility. Lastly, Philippe Aghion presented the results from individual patenting combined with individual fiscal data in Finland, in order to compare the social mobility (measured by income) of inventors versus non-inventors.<sup>9</sup> The main results of the two studies show that (i) the last (top) income percentile is positively correlated with the State’s degree of innovativeness, whereas innovativeness is less positively correlated with broader measures of inequality; (ii) Innovativeness is positively

<sup>8</sup> Aghion-Akcigit-Bergeaud-Blundell-Hemous, “Innovation and Top Income Inequality”, 2015.

<sup>9</sup> Aghion-Akcigit-Toivanen “Living ‘American dream’ in Finland: the social mobility of innovators”, 2015.

correlated with upward social mobility. Innovation therefore only appears to increase income inequality in favour of the top percentile. But, in fact, it increases social mobility by speeding up the rotation of top earners and by fostering a Schumpeterian process. The aim of economic policy is therefore to promote this innovation process.

### 3| Countries' experience on assessing other structural reforms

During this session, Jungwook Kim (Korea Development Institute) presented the per capita GDP gains (particularly in Korea) stemming from the implementation of deregulatory reforms by using several regulation indicators: the OECD's PMR, as well as the World Bank's Regulatory Quality Index (RQI). In a panel regression on OECD countries, the author finds that a one unit decline in the level of regulation (measured by the RQI), leads to around a 0.2 percentage point rise in real per capita GDP. Zia Qureshi (World Bank) underscored the importance of the regulatory environment for growth. According to a recent World Bank study,<sup>10</sup> although small changes in the overall level of business regulations may have a negligible impact on growth, moving from the lowest quartile of improvement in business regulations to the highest quartile is associated with a significant increase in annual per capita growth of around 0.8 percentage point.

The presentation by William Roos (French Treasury) showed specifically the difficulties in assessing the productivity gains from two structural reforms defined in the Growth and Economic Activity Bill (the Macron Law): deregulating coach services and revising the fees of regulated legal professions. Pro-competitive reforms affect the economy through different channels (i) they generate purchasing power gains for users (households and firms), (ii) they act on rents in the regulated sectors (introducing income biases for some households and firms) and (iii) they generate productivity gains. These demand-side effects (i) and (ii) in the case of broadening the offer of coach transportation services<sup>11</sup> and the lowering fees for regulated professionals<sup>12</sup> are first assessed in terms of their microeconomic impact, using where available comparable foreign experiences, before being incorporated into a model used by the French Government (Mésange) in order to obtain an assessment of the macroeconomic impact. Two approaches are used to assess the

<sup>10</sup> Divanbeigi (R.) and Ramalho (R.), "Business regulations and growth", *World Bank Policy Research Working Paper* (forthcoming).

<sup>11</sup> The creation of coach transportation services will act on the purchasing power of some households and on railway sector rents as agents will use coaches instead of trains. The impact is assessed by incorporating shocks into the Mésange macroeconomic model, here in the form of a decline in prices for households and an equivalent fall in rents in the Mésange macroeconomic model.

<sup>12</sup> Reviewing the regulated fees of legal professionals will also have an impact on the income of some households or the intermediary consumer prices used by firms. All in all, the reform is transcribed here as a decrease in prices for the households and firms using these services, and symmetrically a decline in rents with half of the impact on the households in the top percentile and half on the firms in the sector concerned.

supply-side effects (iii), i.e. taking account of the impact of these measures on productivity: the first is the method of Bourlès *et al.* 2010, using the link between changes in the OECD's PMR index and productivity. The use of this index is tricky, notably because average elasticity may not be relevant for a measure that only changes one subcomponent of the PMR index. The second method, presented by Gilbert Cette during the seminar, assesses productivity gains through price changes and offers a more flexible and comprehensive approach consistent with the above-mentioned demand-side effects. Again, these supply shocks are incorporated into the Mésange model in order to obtain a complete macroeconomic assessment.

Yuanfang Li (Institute of World Economics and Politics, Chinese Academy of Social Sciences) described pension reform in China's public sector and the difficulties involved in assessing its impact. China has a dual-track pension system with large disparities between public sector employees, who enjoy advantageous conditions, and private sector employees.<sup>13</sup> The aims of the reform are not only to ensure greater equity between workers, but also to increase incentives for public sector employees to enter the private sector and to guarantee the sustainability of public finances. Zia Qureshi regretted the absence of an attempt to quantify the macroeconomic impact, in particular using the tools provided by the World Bank, although they are not perfect, the ELG-CEG models could be used as well as the Pension Reform Options Simulation Toolkit model (PROST).

## 4| Short-term impact of structural reforms and the role of the macroeconomic situation

The aim of structural reforms is to increase long-term economic performance. But the expected benefits may take time to materialise, and in the short term they can depress demand. Alain De Serres (OECD) presented a work carried out by his organisation that sets out to measure the impact of structural reforms on the components of demand, as well as the influence of macro conditions on the transmission channels of the reforms on demand. The study shows that, in normal times, the short-term impact of the reforms on demand and growth is positive, with the positive impact on income and wealth offsetting the increase in uncertainty and precautionary savings. Furthermore, fiscal and monetary policies can support activity. But under weak demand conditions and large output gaps, the relative strength of the transmission channels of the reforms changes, with the uncertainty generated by the reforms outweighing the impact on income and wealth that is also lower. This impact may be increased in the

<sup>13</sup> Public sector employees who benefit from a replacement rate of around 90% of their final salaries (prompting employees to seek promotions at the end of their career), and private sector employees who have a replacement rate of around 50% of total wages.

face of constrained fiscal (high debt levels) or monetary policy (zero lower bound). In this case, the least painful reforms in the short term should be targeted. While the impact of structural reforms may be negative in the short term, it is only temporary or marginal according to the results of the simulations carried out using the QUEST model and presented by Jan int'Veld (European Commission).

In his talk, Enisse Kharoubi (Bank for International Settlements) stresses that structural slumps are not of the same nature. "Unbalanced" downturns (often caused by financial disruptions) will have a larger need for sectoral reallocations, that monetary and fiscal policies will have more difficulty in attenuating.<sup>14</sup> Alex Izurieta (CNUCED) shares this assessment, but for different reasons. He presents the results from the GPM model,<sup>15</sup> where the impact of certain reforms may be largely negative, due to negative multiplier effects on demand. He concludes that during slumps, demand-side policies must be implemented to accompany structural reforms, otherwise there is a risk that the positive macroeconomic impact rely too heavily on non-cooperative improvements in external competitiveness.

## 5| International spillovers of structural reforms

During this session devoted to the international spillovers of structural reforms, Benjamin Hunt (IMF) and Bruno Cabrillac (Banque de France) presented an assessment of these spillovers using global economic models.

As an introduction, Benjamin Hunt presented the main properties of the G20MOD model, designed and developed by the IMF, and used notably in the the G20 Framework Working Group to assess international spillovers from domestic productivity and employment shocks triggered by G20 member countries' growth strategies, mainly based on structural reforms.<sup>16</sup>

Benjamin Hunt then explained the two-step methodology for assessing the macroeconomic impacts of the growth strategies proposed by G20 member countries. In the first step, the exogenous impacts are determined as calculated by the OECD: (i) TFP shocks generated by structural reforms, (ii) labour supply shocks generated by the measures taken to increase the participation rate, and (iii) shocks from new commitments on investment. In the second step, these exogenous shocks are introduced

<sup>14</sup> See, for example Bech, Gambacorta and Kharoubi: "Monetary policy in a downturn: Are financial crises special?" based on stylised facts, the authors show that accommodative monetary policies result in a stronger recovery than in the event of a non-financial crisis, but the result is not statistically verified in the case of a financial crisis. Agents' necessary deleveraging during a financial crisis partly explains this result.

<sup>15</sup> Global Projection Model (GPM) developed by the IMF. It is a reduced-form model covering 85% of the global economy. Aside from its use for its forecasts in the framework of the World Economic Outlook, the IMF uses it to construct risk scenarios.

<sup>16</sup> Andrieu (M.) et al., "The flexible system of global models", IMF Working Paper No. 15/64. The G20MOD model is a single good, semi-structural model where private consumption and structural investment are micro-founded but trade, labour supply, and inflation have reduced-form representations. Monetary and fiscal policy are endogenous.



into the G20MOD model. This method was used to calculate the impact of the growth strategies presented at the G20 Brisbane Summit, resulting in additional growth of 2.1% by 2018, which is slightly above the initial objective of 2.0%. The gross impact on GDP, without taking into account international aspects, is 1.6%, while international interactions via trade flows add 0.3 percentage point of additional growth and international spillovers via productivity catch-ups contribute 0.2 percentage point of additional growth. Indeed, G20MOD includes a particularly strong catch-up dynamic when the productivity shock affects the country at the efficiency frontier, i.e. the United States in this model. International spillovers estimated using the G20MOD model therefore account for around 25% of the total impact in terms of growth.

Bruno Cabrillac then presented the work conducted by the Banque de France on the same topic,<sup>17</sup> but using the NiGEM multinational macroeconomic model to assess the national and international impact of reforms leading to the deregulation of product and labour markets and an increase in the labour force participation rate. The potential productivity gains are calibrated using the method of Cette *et al.* 2014 – presented in Session 1, in which it is assumed that the practices of countries will catch up with those of the three countries with the best practices as measured by OECD indices and these shocks are introduced into the NiGEM model. The results of this two-step approach, like in the previous case, initially reveal three types of heterogeneity across countries: heterogeneity of potential productivity gains, depending on the distance of the different countries from the best practices frontier, heterogeneity of the macroeconomic impacts of productivity gains, due to the different structures of the economies as modelled in NiGEM, and heterogeneity of international spillovers via the trade channel.

While the overall impact of structural reforms on GDP is positive, including in the short term, this impact is not the same across countries and depends on the underlying structures of the economies. The more flexible the economy, the more it benefits from a domestic productivity shock or one in another country. The simulations carried out in NiGEM also show a significant gain from simultaneous reforms in several countries.

In the case of asymmetric productivity shocks (i.e. size of the shock depends on distance to the best performers), the most flexible countries, being the closest to the frontier, implement comparatively smaller reforms, but benefit from greater positive spillovers as their economies are generally more flexible. Bruno Cabrillac also showed that there were positive interactions between reforms. For instance, the simultaneous implementation of reforms that generate productivity gains and increases in the labour participation

17 Rivaud (S.), "International macroeconomic impacts of structural reforms", *Quarterly Selection of Articles*, No. 38, August 2015.

rate will have a greater impact on GDP than the mere sum of the impacts on GDP stemming from productivity gains on the one hand and from increases in the labour participation rate on the other.

Benjamin Carton (Cepremap) and Riccardo Cristadoro (Banca d'Italia) recalled the limitations inherent to using macroeconomic models as well as the importance of the initial context, i.e. notably a deflationary environment, or a constrained monetary and/or fiscal policy. They thus highlighted the limitations of the approach imposed by such models, a reduced-form approach in which structural reforms solely result in shocks affecting the factors of production (capital, labour or productivity). Yet, structural reforms can for example generate an increase in the variety of manufactured goods (and not only a decline in the price of existing goods) and the impacts are particularly difficult to model, even in a multi-good macroeconomic model. When the structural reforms implemented are institutional, it is very tricky to take them into account in models.

Riccardo Cristadoro also considered the impact of these pro-competition reforms in the context of global imbalances, asking whether such reforms would not impose more real deflation on deficit countries to reach equilibrium. He then recommends, in this context, the implementation of cooperative sequencing policies to foster a rebalancing of the global economy whose costs would be lower and better distributed between countries.

### Concluding panel

The seminar ended with a round table comprising Catherine Mann, OECD Chief Economist, Jean-François Perrault, co-Chair of the G20 Framework working group for strong, sustainable and balanced Growth and Francis Kramarz, professor at École polytechnique.

Catherine Mann highlighted a number of conclusions to be drawn from the day's presentations. First, as regards the research strategies on quantifying reforms, she stressed the need for a comprehensive view of simultaneously-implemented reforms, in particular their interactions including with macroeconomic policies. To do this, it is necessary to analyse their impact on both prices and quantities (productivity, and employment) as well as their impact on the allocation resources between firms and households, while assessing how these impacts change over the cycle. Such a strategy must be more closely based on company data and on type of household, even though we must be aware of the limitations of these data (for example the lack of company-level price measures). Moreover, in order to attempt to broaden the scope of the structural reforms whose macroeconomic impacts can be quantified, it is necessary to develop empirical methodologies that take account of the impacts of public and

institutional policies that are not measured or observed on a regular basis or that, by their nature, vary little over time. This implies finding approaches other than the identification of fixed-effects models, by focusing on those which also make it possible to more accurately model the interactions between the different reforms. Second, the ultimate aim of structural reforms must no longer be determined solely by the impact on per capita GDP, because redistributive effects must also be taken into account.

As regards more specifically the G20 agenda, the target of 2% additional growth over five years illustrates the importance that political authorities attach to quantifying the macroeconomic impact of reform strategies, and the usefulness in terms of the credibility of commitments that this quantification brings, despite the inevitable methodological uncertainties highlighted throughout the seminar. There is therefore a strong political will to improve and enhance the robustness of these methods and quantification techniques. National and international institutions must address this by promoting relevant research work. The quantification of a common objective is also a key element to ensure the quality and effectiveness of international economic cooperation. In this context, a particular effort must be made to improve our understanding of international spillovers from reform strategies.

Jean-François Perrault shared Catherine Mann's remarks. He recalled the origins of economic policy coordination within the G20 working group, which was created at the height of the financial crisis. Against this backdrop, marked by a major universal shock, the coordination of macroeconomic policies was easier and more effective than had been imagined. But as countries gradually emerged from the crisis, divergences arose making this coordination trickier and Paretian equilibria more difficult to achieve, especially since assessments of the economic climate also differed. It was in this context and based on divergent analyses of the slowdown and lack of potential growth that coordination within the G20 shifted its focus to structural policies. Naturally this development, as Catherine Mann stressed, resulted in the defining of overall quantified objectives for these strategies and in particular of their international interactions. This will to improve quantification methodologies preceded the existence of sufficiently advanced tools and methodologies and, as such, the methodology used to assess these growth strategies, despite being at the frontier of empirical research, was insufficient for this purpose. It is important not to place too much confidence in these assessments which could undermine their credibility and that of these reform strategies. Furthermore, Jean-François Perrault agreed with Catherine Mann about the priorities for improving these impact assessments: taking into account inequality, studying changes in impacts over the cycle, and better assessing their international spillovers.

Basing his remarks on the difficulties in assessing macroeconomic impacts, Francis Kramarz chose a different angle by asking whether determining these impacts *ex ante* was really important for the acceptability of reforms. In order to overcome the opposition of the losers, not only must the losses be limited and compensated, but one must also count on the winners' awareness. Identification and awareness of winners is more important for the acceptability of reforms than assessing the overall welfare gain. It is therefore better to implement relatively unambitious reforms for which it is easy to demonstrate that they will change the lives of their beneficiaries. To illustrate this, Francis Kramarz took concrete examples from the French case. For instance, he cited reforms related to the driving licence, the deregulation of bus transport, housing policy and, by contrast, the perverse effects of the Royer Law (regulating the construction of supermarkets over a certain size).

### Quarterly Selection of Articles

#### Winter 2010-2011

- The position of firms in 2009: a decline in business and a reluctance to invest during the crisis
- Payment periods in 2009 – One year on from the Economic Modernisation Act
- French outward and inward foreign direct investment in 2009
- The future of monetary policy – Summary of the conference held in Rome on 30 September and 1 October 2010
- New challenges for public debt in advanced economies – Summary of the conference held in Strasbourg on 16-17 September 2010

#### Spring 2011

- The impact of the earthquake of March 11<sup>th</sup> on the Japanese economy and the rest of the world
- Monetary and credit developments in France: 2010, the year of the recovery
- Inventories in the crisis
- Structural reforms, crisis exit strategies and growth – OCDE-Banque de France Workshop, 9 and 10 December 2010
- Structural analysis in times of crisis – Banque de France symposium, 29 and 30 November 2010
- The Banque de France in European and international organisations

#### Summer 2011

- Summary of the international symposium organised by the Banque de France “What is the appropriate regulatory response to global imbalances?”
- The relationship between capital flows and financial development: a review of the literature
- Households’ savings and portfolio choices: micro and macroeconomic approaches
- National financial accounts in 2010: recovery in lending and ongoing rise in debt ratio
- Household savings behaviour in 2010

#### Autumn 2011

- SMEs see a pick-up in business in 2010, but delay investment
- Companies after the crisis – Banque de France seminar, 28 June 2011
- Fiscal and monetary policy challenges in the short and long run – Summary of the Banque de France-Bundesbank conference held on 19 and 20 May 2011 in Hamburg
- After the collapse, the reshaping of international trade – Summary of the Banque de France/PSE/CEPII conference of 25 and 26 May 2011
- Insurance companies’ investments at the end of 2010

## Winter 2011-2012

- The cost of business credit by firm category
- Companies in France in 2010: a mixed picture
- Payment periods in 2010: the efforts made since the implementation of the LME have lost momentum
- France's national economic wealth showed a marked rebound in 2010 due to higher land prices
- French overseas territories and the euro
- Summary of the international workshop on microfinance organised by the Banque de France on 8 July 2011
- Forecasting the business cycle - Summary of the 8<sup>th</sup> International Institute of Forecasters workshop hosted by the Banque de France on 1-2 December 2011 in Paris
- Fiscal and monetary policy in the aftermath of the financial crisis - Summary of the BDF/EABCN/EJ/PSE conference on 8-9 December 2011

## Spring 2012

- High-growth SMEs
- The financial situation of the major French groups remained sound in the first half of 2011
- Leveraged buy-outs in France: substantial differences between small and medium-sized targets
- Monetary and credit developments in 2011
- Has the 2008-2009 recession increased the structural share of unemployment in the euro area?
- The measurement of systemic risk - Summary of a lecture given by Robert F. Engle, winner of the Nobel Prize in Economics, Banque de France, 25 January 2012
- United States then, Europe now - Summary of a lecture given by Thomas J. Sargent, winner of the Nobel Prize in Economics, Banque de France, 1 March 2012

## Summer 2012

- Holdings of French investment funds
- SMEs in Europe: disparities between countries and sectors were greater in 2010 than before the crisis
- Analysis of banking activity by business line
- Firms' financing and default risk during and after the crisis - Summary of a conference hosted by the Banque de France and OSEO on 9 and 10 February 2012
- 18<sup>th</sup> international panel data conference: a brief synthesis

## **Autumn 2012**

- Current account imbalances in the euro area: competitiveness or demand shock?
- Non-residents' equity holdings in French CAC 40 companies at end-2011
- New housing loans to households: recent trends
- Insurance institutions' investments at end-2011

## **Winter 2012-2013**

- French companies in 2011: expanding activity but shrinking profits
- The financial situation of the major listed groups remained sound in the first half of 2012 despite a difficult environment
- Securitisation in France
- Equilibrium exchange rate and competitiveness within the euro area
- Macroeconomic and financial vulnerability indicators in advanced economies
- The labour market: institutions and reforms

## **Spring 2013**

- Monetary and credit developments in 2012 – Credit distribution grew more quickly in France than in the euro area
- France's inward foreign direct investment from 2005 to 2011
- Assisted microcredit – Summary of the symposium organised by the Banque de France on 12 December 2012
- Oil and the macroeconomy – Summary of the Banque de France workshop on 14 November 2012

## **Summer 2013**

- Profits of CAC 40 companies: what contribution does foreign direct investment income make? An assessment of the period 2005-2011
- Access to credit of SMEs and MTEs: decline in supply or lower demand? Lessons learned from a new quarterly business survey
- Firm competitiveness: summary report on the CompNet conference Banque de France – 20 and 21 September 2012
- French investment funds during the crisis (2008-2012)
- Wage dynamics and current account rebalancing in the euro area

## **Autumn 2013**

- The economic slowdown took a toll on SMEs' profits and investments in 2012
- Globalisation and labour market outcomes: an overview of the conference organised by the Banque de France on 16 and 17 May 2013
- Insurance institutions' investments at end-2012
- Non-residents holdings of French CAC 40 shares at end-2012
- The IMF and management of capital flows: the long road towards a pragmatic approach

## Winter 2013-2014

- How do VAT changes affect inflation in France?
- Securitisation in France: recent developments
- Financial situation of the major listed groups in H1 2013: faltering growth coupled with debt reduction
- The performances of French firms deteriorated in 2012 but they consolidated their financial structures
- Innovation at work: introducing the first banknote in the Europa series

## Spring 2014

- International adjustment and rebalancing of global demand: where do we stand?
- The labour market: institutions and reforms — Summary of the 2nd labour market conference organised by the Aix-Marseille School of Economics and the Banque de France on 16 and 17 December 2013
- International workshop on algorithmic and high-frequency trading: a brief summary

## Summer 2014

- Monetary and credit developments in 2013
- Major French groups were less profitable in 2013, but their cash position was stable and their financial structure strong
- Labour productivity in Europe: allocative efficiency of labour or performance of firms?
- How do house prices affect wages? A comparison between France and Germany
- Euro banknotes and coins in France in 2013

## Autumn 2014

- The Banque de France company rating system: a tool to facilitate companies' access to bank credit
- The decline in profitability has affected the investment of SMEs
- Non-resident holdings of shares in French CAC 40 companies at end-2013
- Is the rise in student loan debt in the United States a source of economic fragility?
- Four instruments to strengthen financial integration in sub-Saharan Africa
- Summary of the conference of 27 May "Promoting financial integration in Africa"



## Winter 2014-2015

- New housing loans to households: trends up to mid-2014
- Change in French households' financial investment flows between June 2013 and June 2014 and the impact on bancassurance groups
- Financial situation of France's major listed groups in H1 2014: a combination of prudence and deleveraging
- The performance of French firms in 2013: supported by large enterprises, profitability recovered
- The euro area Beveridge curve in the post-crisis period: increase in structural unemployment since 2010
- US labour market and monetary policy: current debates and challenges

## Spring 2015

- Monetary and credit developments in 2014
- The financial position and funding of French non-financial corporations
- The state of corporate finances: Summary of the symposium held by the Banque de France on 21 November 2014
- Overvaluation in the housing market and returns on residential real estate in the euro area: insights from data in euro per square metre
- Preparing France's balance of payments in accordance with the new international standards: a statistical response to economic globalisation

## Summer 2015

- France's major listed groups continued to consolidate their finances and posted improved profitability in 2014
  - International macroeconomic impacts of structural reforms
  - Labour markets: institutions and reforms
- Summary of the third Labour Market Conference held in Aix-en-Provence on 4 and 5 December 2014 by the Aix-Marseille School of Economics and the Banque de France



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- **The French balance of payments and international investment position – Annual Report 2014**  
<https://www.banque-france.fr/en/economics-statistics/banking-and-financial-activity/frances-balance-of-payments/the-french-balance-of-payments-and-international-investment-position-annual-report.html>
- **The Observatory for Payment Card Security – Annual Report 2014**  
<https://observatoire.banque-france.fr/en/home.html>
- **Focus No. 13**  
Potential growth: a crucial but complex concept

- **Focus No. 14**  
French households channelled more savings into regulated products than market-based investments
- **Occasional Papers – February 2014**  
Macroprudential framework: key questions applied to the French case
- **Breakdown of the use of non-cash payment instruments – 2013**  
<https://www.banque-france.fr/en/financial-stability/payment-systems-and-market-infrastructure/cashless-payment-instruments.html>
- **Report on the oversight of payment instruments and financial market infrastructures**  
<https://www.banque-france.fr/en/financial-stability/payment-systems-and-market-infrastructure/report-on-the-oversight-of-payment-instruments-and-financial-market-infrastructures.html>
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## Contents

### Economic developments

1	Industrial activity indicators – Monthly Business Survey – France	S3
2	Industrial activity indicators – Monthly Business Survey – France (NAF revision 2, seasonally-adjusted data)	S4
3	Consumer price index	S5
4	The competitiveness of France's economy	S6
5	Balance of payments – Main components (quarterly data) – France	S7
6	Balance of payments – Current account (main components) – France	S8
7	Balance of payments – Financial flows (quarterly data) – France	S9
8	Balance of payments – Geographical breakdown (quarterly data) – France	S10
9	Balance of payments (monthly data) – France	S11
10	France's international investment position (direct investment measured at mixed value)	S12

### Money, investment and financing

11	Main monetary and financial aggregates – France and the euro area	S13
12	Banque de France Monthly Statement	S14
13	Deposits – France	S15
14	Time deposits – France	S16
15	Loans extended by credit institutions established in France to French residents – France	S17
16	New loans to residents (excl. overdrafts) – France	S18
17	Investment and financing – Insurance corporations and pension funds Euro area and France	S19
18	Investment and financing – Households – Euro area	S20
19	Investment and financing – Households – France	S21
20	Investment and financing – Non-financial corporations – Euro area	S22
21	Investment and financing – Non-financial corporations – France	S23
22	Interest rates on bank deposits – France and the euro area	S24
23	Interest rates on bank loans – France and the euro area	S25
24	Usury rates on loans to households and cost of business credit – France	S26

## Financial markets and interest rates

25	Interest rates	S27
26	Banking system liquidity and refinancing operations – Euro area	S28
27	Eurosystem key rates; minimum reserves	S29
28/29	Negotiable debt securities – France	S30/31
30	Investment funds' investments – France	S32
31	Debt securities and quoted shares issued by French residents	S33
32	Debt securities and quoted shares issued by French residents, by sector	S34

## Other statistics

33	Company failures by economic sector – France	S35
34	Retail payment systems – France	S36
35/36	Large-value payment systems – EU	S37/38
37	Large-value payment systems – France	S39

## Time series S41

### Nota bene

*In January 2015, Lithuania joined the euro area, bringing the number of euro area countries to 19.*

*Unless otherwise indicated, all data series included observations for 2015 relate to the “Euro 19” (i.e. the euro area including Lithuania) for the whole time series. For interest rates, monetary statistics and the HICP, euro area statistical series take into account the changing composition of the euro area.*

*Statistical data are updated monthly on the Banque de France’s website.*

**Table I**  
**Industrial activity indicators – Monthly Business Survey – France**

(NAF revision 2; seasonally-adjusted data)

	2015						
	April	May	June	July	Aug.	Sept.	Oct.
<b>Changes in production from the previous month <sup>a)</sup></b>							
<b>Total manufacturing</b>	2	6	2	1	3	2	7
Food products and beverages	7	18	3	6	0	8	0
Electrical, electronic and computer equipment and other machinery	1	0	-1	-3	3	4	5
Automotive industry	7	13	17	-7	16	-5	25
Other transport equipment	8	-8	10	8	13	0	3
Other manufacturing	-1	5	0	1	0	2	7
<b>Production forecasts <sup>a)</sup></b>							
<b>Total manufacturing</b>	4	6	4	1	5	5	6
Food products and beverages	7	8	6	6	5	3	6
Electrical, electronic and computer equipment and other machinery	3	5	5	2	7	2	5
Automotive industry	8	10	7	-5	2	12	13
Other transport equipment	5	10	4	5	-3	5	5
Other manufacturing	5	7	3	2	8	7	7
<b>Changes in orders from the previous month <sup>a)</sup></b>							
<b>Total manufacturing</b>	6	8	3	5	6	5	7
Foreign	6	7	3	4	4	4	4
<b>Order books <sup>a)</sup></b>							
<b>Total manufacturing</b>	5	4	5	6	8	9	8
Food products and beverages	8	3	6	9	4	7	2
Electrical, electronic and computer equipment and other machinery	-9	-9	-11	-9	-6	-4	-2
Automotive industry	8	13	17	15	12	11	12
Other transport equipment	58	58	59	55	57	58	59
Other manufacturing	1	1	2	3	6	8	6
<b>Inventories of finished goods <sup>a)</sup></b>							
<b>Total manufacturing</b>	4	4	4	4	4	5	4
Food products and beverages	2	9	9	8	6	12	9
Electrical, electronic and computer equipment and other machinery	7	8	6	5	1	4	4
Automotive industry	6	4	3	3	6	4	1
Other transport equipment	10	9	8	10	8	7	12
Other manufacturing	2	0	2	1	4	3	3
<b>Capacity utilisation rate <sup>b)</sup></b>							
<b>Total manufacturing</b>	76.6	76.9	77.2	76.9	77.2	77.3	77.7
<b>Staff levels (total manufacturing) <sup>a)</sup></b>							
Changes from the previous month	0	0	0	0	-1	2	3
Forecast for the coming months	-2	-2	-1	0	0	1	2
<b>Business sentiment indicator <sup>c)</sup></b>							
	98	99	98	98	98	98	99

a) Data given as a balance of opinions. Forecast series are adjusted for bias when it is statistically significant.

b) Data given as a percentage.

c) The indicator summarises industrial managers' sentiment regarding business conditions. The higher the indicator is, the more positive the assessment. The indicator is calculated using a principal component analysis of survey data smoothed over three months. By construction, the average is 100.

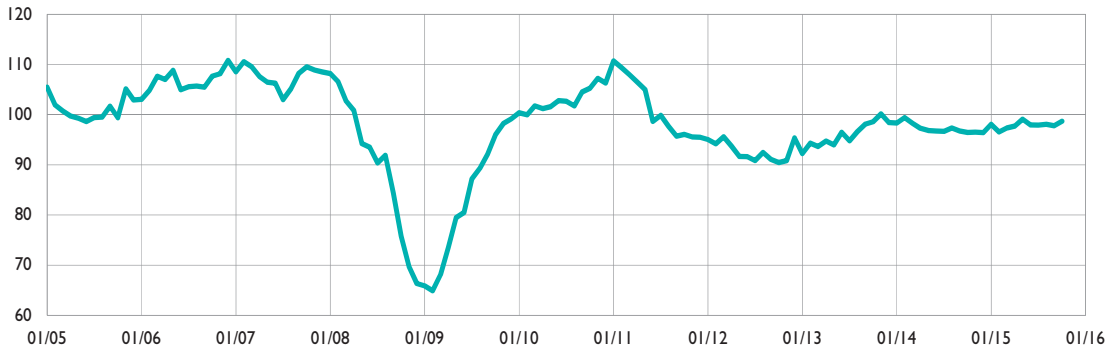
Source: Banque de France.

Produced 18 November 2015

**Table 2**  
Industrial activity indicators – Monthly Business Survey – France (NAF revision 2; seasonally-adjusted data)

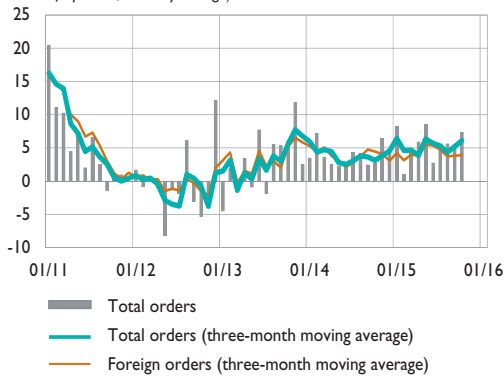
**Business sentiment indicator**

(100 = 1981 – last value)



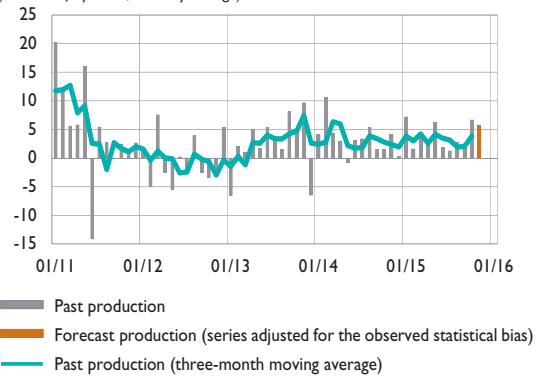
**Orders <sup>a)</sup>**

(balance of opinions; monthly change)



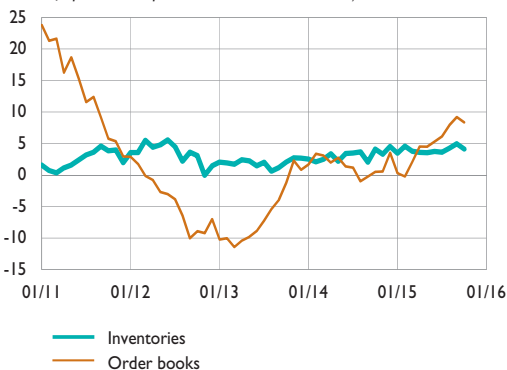
**Production <sup>a)</sup>**

(balance of opinions; monthly change)



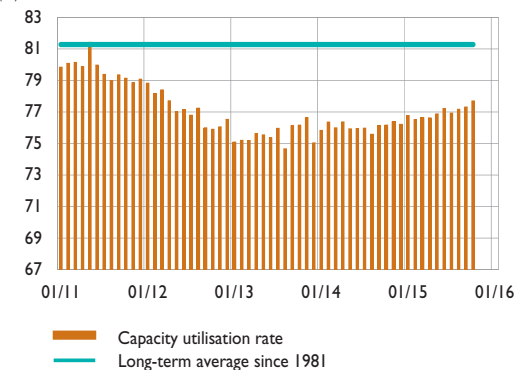
**Inventories and order books <sup>a)</sup>**

(balance of opinions; compared to levels deemed normal)



**Capacity utilisation rate <sup>a)</sup>**

(%)



a) Manufacturing.

Source: Banque de France.

Produced 18 November 2015



**Table 3**  
Consumer price index <sup>a)</sup>

(annual % change)

	2015									
	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	
France	-0.3	0.0	0.1	0.3	0.3	0.2	0.1	0.1	0.2	
Germany	0.0	0.2	0.3	0.7	0.1	0.1	0.1	-0.2	0.2	
Italy	0.1	0.0	-0.1	0.2	0.2	0.3	0.4	0.2	0.3	
Euro area	-0.5	-0.4	-0.7	-0.8	-0.9	-0.7	-0.6	-1.0	-1.1	
United Kingdom	0.0	0.0	-0.1	0.1	0.0	0.1	0.0	-0.1	na	
European Union	-0.3	-0.1	0.0	0.3	0.1	0.2	0.0	-0.1	0.0	
United States	0.0	-0.1	-0.2	0.0	0.1	0.2	0.2	0.0	na	
Japan	2.2	2.3	0.6	0.5	0.4	0.3	0.2	0.0	na	

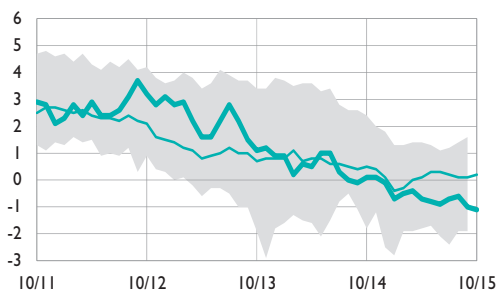
(annual average)

(monthly % change)

	2012	2013	2014	2015					
				May	June	July	Aug.	Sept.	Oct.
France	2.2	1.0	0.6	0.2	-0.1	-0.5	0.4	-0.4	0.1
Germany	2.1	1.6	0.8	0.1	-0.2	0.3	0.0	-0.3	0.0
Italy	3.3	1.3	0.2	0.2	0.2	-2.0	-0.1	1.6	0.5
Euro area	2.8	1.9	0.4	0.7	-0.1	-0.7	0.0	-0.1	0.0
United Kingdom	2.8	2.6	1.5	0.2	0.0	-0.2	0.3	-0.2	na
European Union	2.6	1.5	0.6	0.2	0.0	-0.5	0.0	0.1	0.1
United States	2.1	1.5	1.6	0.5	0.4	0.0	-0.1	-0.2	na
Japan	0.0	0.4	2.7	0.3	-0.2	-0.1	0.2	0.0	na

**France and the euro area**

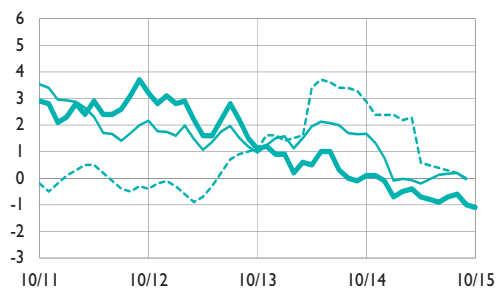
(annual % change)



— Euro area  
— France  
— Amplitude <sup>b)</sup>

**International comparisons**

(annual % change)



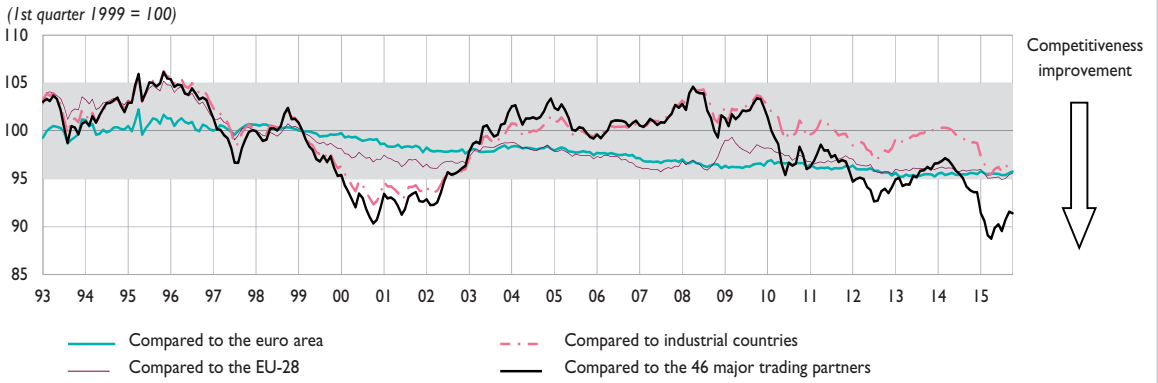
— Euro area  
— United States  
- - - Japan

a) Harmonised indices except for the United States and Japan (national indices).

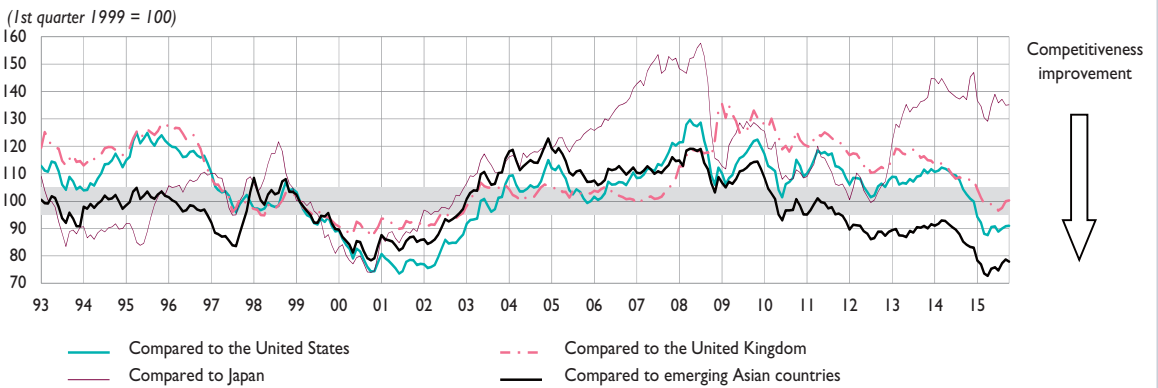
b) Gap between the extreme values of harmonised price indices observed in the euro area (changing composition).

**Table 4**  
The competitiveness of France's economy

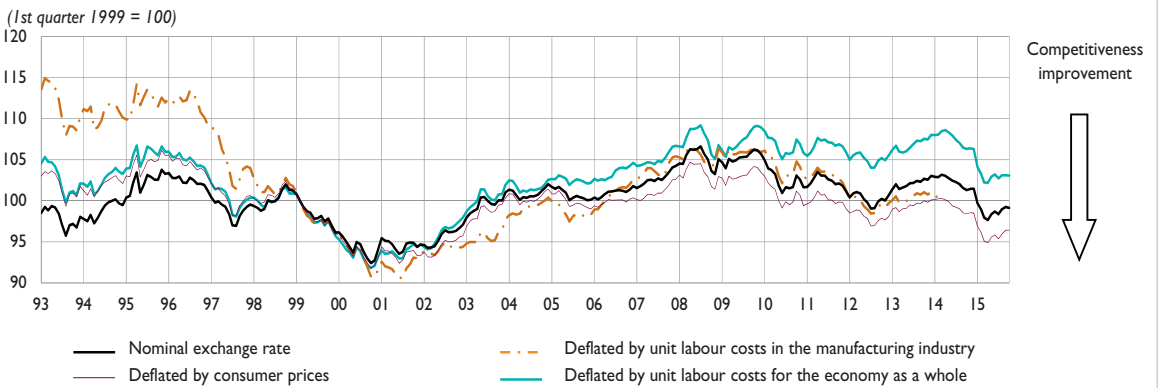
Indicators deflated by consumer prices



Indicators deflated by consumer prices



Indicators of competitiveness compared to 24 OECD countries



Grey area: change in competitiveness compared to long-term average less than 5%.

Sources: National data, Banque de France, ECB, IMF, OECD, Thomson Financial Datastream.

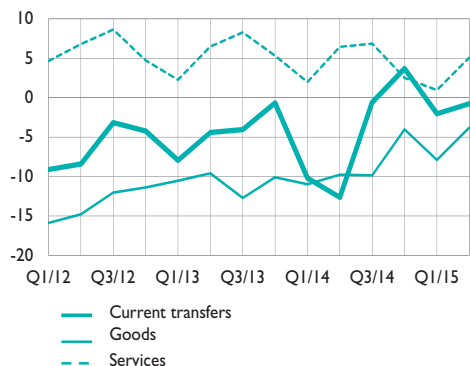
**Table 5**  
**Balance of payments – Main components (quarterly data) – France**

(unadjusted data, EUR billions)

	2013	2014	2014			2015	
			Q2	Q3	Q4	Q1	Q2
<b>Current account</b>	<b>-17.1</b>	<b>-19.7</b>	<b>-12.7</b>	<b>-0.6</b>	<b>3.7</b>	<b>-2.0</b>	<b>-0.8</b>
Goods	-43.0	-34.6	-9.8	-9.9	-4.0	-7.9	-3.8
Services	22.4	17.8	6.4	6.9	2.5	1.0	5.1
Primary income	47.9	44.5	4.9	10.9	14.2	19.6	7.2
Secondary income	-44.4	-47.4	-14.2	-8.5	-9.0	-14.7	-9.3
<b>Capital account</b>	<b>1.9</b>	<b>2.2</b>	<b>0.0</b>	<b>0.8</b>	<b>0.6</b>	<b>0.9</b>	<b>0.1</b>
<b>Financial account</b>	<b>-17.8</b>	<b>-10.9</b>	<b>-9.3</b>	<b>5.6</b>	<b>15.9</b>	<b>-20.1</b>	<b>-17.5</b>
Direct investment	-13.5	20.9	3.3	10.5	10.3	14.9	-5.8
French direct investment abroad	11.8	26.3	2.2	0.0	9.9	15.8	8.2
Foreign direct investment in France	25.3	5.4	-1.2	-10.6	-0.4	0.9	14.1
Portfolio investment	-60.6	-7.4	10.3	-8.5	26.3	-15.7	0.1
Assets	44.7	77.2	46.4	-16.7	5.5	71.2	-1.3
Liabilities	105.3	84.6	36.1	-8.1	-20.8	86.9	-1.4
Financial derivatives	-16.8	-23.9	-4.7	-11.6	-6.9	10.9	10.3
Other investment <sup>a)</sup>	74.5	-1.2	-19.5	17.4	-13.9	-32.5	-20.9
Reserve assets	-1.5	0.7	1.3	-2.2	0.0	2.3	-1.2
<b>Net errors and omissions</b>	<b>-2.7</b>	<b>6.7</b>	<b>3.4</b>	<b>5.4</b>	<b>11.5</b>	<b>-18.9</b>	<b>-16.9</b>

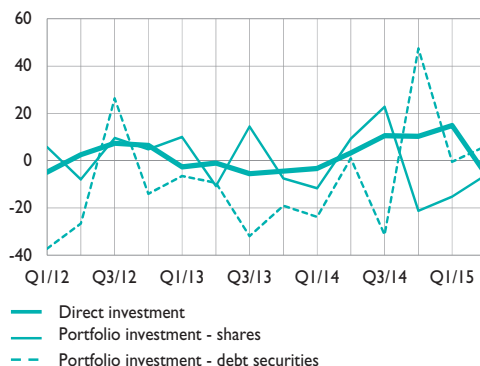
#### Current account balance

(unadjusted data, EUR billions)



#### Financial account balance

(unadjusted data, EUR billions)



The balance of payments has been compiled in accordance with the 6th Balance of Payments Manual.

a) Loans and deposits transactions.

**Table 6**  
**Balance of payments - Current account (main components) - France**

(unadjusted data, EUR billions)

	2013	2014	2014			2015	
			Q2	Q3	Q4	Q1	Q2
<b>Current account</b>	<b>-17.1</b>	<b>-19.7</b>	<b>-12.7</b>	<b>-0.6</b>	<b>3.7</b>	<b>-2.0</b>	<b>-0.8</b>
<b>Goods</b>	<b>-43.0</b>	<b>-34.6</b>	<b>-9.8</b>	<b>-9.9</b>	<b>-4.0</b>	<b>-7.9</b>	<b>-3.8</b>
Exports	438.6	440.4	108.9	105.8	116.3	112.5	118.7
Imports	481.6	475.0	118.7	115.7	120.3	120.4	122.5
General merchandise	-61.0	-55.2	-14.7	-14.6	-10.5	-13.0	-10.4
Merchandising	18.0	20.6	4.9	4.8	6.5	5.1	6.6
<b>Services</b>	<b>22.4</b>	<b>17.8</b>	<b>6.4</b>	<b>6.9</b>	<b>2.5</b>	<b>1.0</b>	<b>5.1</b>
Exports	193.1	208.0	53.6	56.2	52.2	48.8	54.4
Imports	170.7	190.2	47.2	49.3	49.6	47.9	49.3
Manufacturing services on physical inputs owned by others	0.1	1.1	0.3	0.2	0.3	0.3	0.4
Maintenance and repair services	1.3	1.3	0.4	0.4	0.3	0.3	0.3
Transport	-1.3	-2.4	-0.6	-0.4	-0.6	-0.5	-0.5
Travel	10.2	6.6	3.3	3.7	-0.7	-1.3	2.8
Construction	0.2	0.1	0.0	0.0	0.0	0.1	0.1
Insurance and pension services	0.6	1.7	0.6	0.5	0.6	0.2	0.2
Financial services	5.4	6.2	1.5	1.6	1.5	1.4	1.4
Charges for the use of intellectual property	1.8	1.5	0.4	0.3	0.8	0.8	0.3
Telecommunications, computer and information services	-1.0	-1.3	-0.5	-0.2	-0.4	-0.4	-0.1
Other business services	5.6	3.4	1.1	0.8	1.0	0.0	0.4
Personal, cultural and recreational services	-1.1	-0.8	-0.2	-0.2	-0.2	-0.1	-0.2
Government services	0.5	0.5	0.2	0.2	0.1	0.1	0.1
Other services							
<b>Primary income</b>	<b>47.9</b>	<b>44.5</b>	<b>4.9</b>	<b>10.9</b>	<b>14.2</b>	<b>19.6</b>	<b>7.2</b>
Compensation of employees	16.8	17.5	4.4	4.4	4.3	4.7	4.7
Investment income	21.5	17.7	0.4	6.7	8.1	5.0	2.9
Direct investment	37.2	37.2	14.1	7.6	11.8	6.1	14.2
Portfolio investment	-16.1	-19.7	-13.5	-1.0	-4.0	-0.9	-10.9
Other investment <sup>a)</sup>	-0.1	-0.2	-0.3	-0.1	0.2	-0.3	-0.5
Reserve assets	0.5	0.5	0.1	0.1	0.1	0.1	0.1
Other primary income	9.7	9.3	0.2	-0.2	1.8	9.8	-0.4
<b>Secondary income</b>	<b>-44.4</b>	<b>-47.4</b>	<b>-14.2</b>	<b>-8.5</b>	<b>-9.0</b>	<b>-14.7</b>	<b>-9.3</b>
General government	-30.0	-28.2	-6.4	-5.2	-5.0	-11.2	-5.4
Other sectors	-14.5	-19.2	-7.8	-3.2	-4.1	-3.4	-3.9
of which workers' remittances	-8.4	-8.9	-2.2	-2.2	-2.2	-2.2	-2.2
<b>Capital account</b>	<b>1.9</b>	<b>2.2</b>	<b>0.0</b>	<b>0.8</b>	<b>0.6</b>	<b>0.9</b>	<b>0.1</b>

The balance of payments has been compiled in accordance with the 6th Balance of Payments Manual.

a) Loans and deposits transactions.

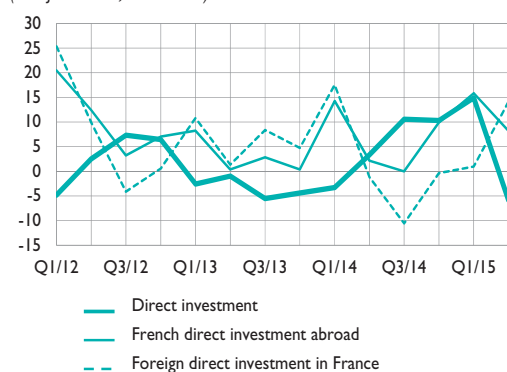
**Table 7**  
**Balance of payments - Financial flows (quarterly data) – France**

(unadjusted data, EUR billions)

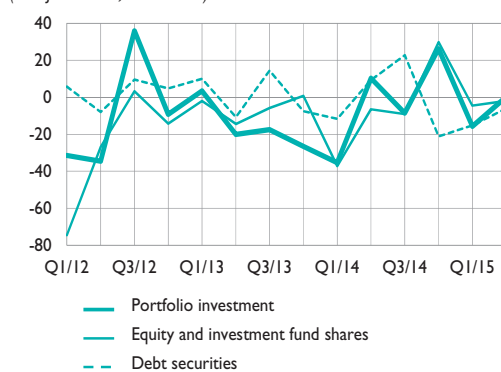
	2013	2014	2014			2015	
			Q2	Q3	Q4	Q1	Q2
<b>Financial account</b>	<b>-17.8</b>	<b>-10.9</b>	<b>-9.3</b>	<b>5.6</b>	<b>15.9</b>	<b>-20.1</b>	<b>-17.5</b>
Direct investment	-13.5	20.9	3.3	10.5	10.3	14.9	-5.8
French direct investment abroad	11.8	26.3	2.2	0.0	9.9	15.8	8.2
of which Equity capital	3.0	5.2	-4.7	3.4	0.0	8.5	3.1
Foreign direct investment in France	25.3	5.4	-1.2	-10.6	-0.4	0.9	14.1
of which Equity capital	18.1	7.3	3.4	-4.7	6.4	4.4	3.8
Portfolio investment	-60.6	-7.4	10.3	-8.5	26.3	-15.7	0.1
Assets	44.7	77.2	46.4	-16.7	5.5	71.2	-1.3
Equity and investment fund shares	33.5	11.4	20.2	8.8	-4.8	13.1	2.4
Long-term debt securities (>1yr)	30.2	52.2	21.1	-14.0	15.3	42.3	9.0
Short-term debt securities (<1yr)	-18.9	13.6	5.1	-11.5	-5.0	15.8	-12.7
Liabilities	105.3	84.6	36.1	-8.1	-20.8	86.9	-1.4
Equity and investment fund shares	27.2	12.1	10.9	-14.0	16.4	28.3	8.5
Long-term debt securities (>1yr)	51.6	75.1	27.6	-4.9	-14.5	46.8	10.9
Short-term debt securities (<1yr)	26.5	-2.7	-2.4	10.8	-22.7	11.7	-20.8
Financial derivatives	-16.8	-23.9	-4.7	-11.6	-6.9	10.9	10.3
Other investment <sup>a)</sup>	74.5	-1.2	-19.5	17.4	-13.9	-32.5	-20.9
Reserve assets	-1.5	0.7	1.3	-2.2	0.0	2.3	-1.2
<b>Net errors and omissions</b>	<b>-2.7</b>	<b>6.7</b>	<b>3.4</b>	<b>5.4</b>	<b>11.5</b>	<b>-18.9</b>	<b>-16.9</b>

**Direct investment account**

(unadjusted data, EUR billions)


**Portfolio investment account**

(unadjusted data, EUR billions)



The balance of payments has been compiled in accordance with the 6th Balance of Payments Manual.

a) Loans and deposits transactions.

**Table 8**  
**Balance of payments - Geographical breakdown (quarterly data) - France**

(unadjusted data, EUR billions)

	2 <sup>nd</sup> quarter 2015					
	EMU <sup>a)</sup>	UE-28 excl. EMU <sup>b)</sup>	USA	Japan	Switzerland	China
<b>Current account</b>	<b>9.4</b>	<b>-0.1</b>	<b>2.5</b>	<b>0.5</b>	<b>4.8</b>	<b>na</b>
Receipts	116.9	7.4	18.4	3.2	13.3	7.2
Expenditure	108.5	7.4	16.1	2.7	8.5	na
Goods	-4.7	-0.1	-0.8	-0.5	-0.8	-4.5
Receipts	59.9	5.6	8.0	1.4	2.8	5.2
Expenditure	64.6	5.7	8.7	1.9	3.6	9.6
Services	0.9	-0.7	0.1	0.1	1.9	0.1
Receipts	28.3	0.9	6.1	0.7	4.3	1.2
Expenditure	27.4	1.6	6.0	0.6	2.4	1.1
Primary income	18.3	0.8	3.1	0.9	4.1	na
Receipts	28.1	0.8	4.1	1.1	5.2	0.9
Expenditure <sup>c)</sup>	9.0	0.0	0.9	0.2	1.1	na
Secondary income	-5.1	-0.1	0.0	0.0	-0.4	-0.1
Receipts	2.3	0.0	0.4	0.0	1.0	0.0
Expenditure	7.5	0.1	0.5	0.0	1.4	0.2
<b>Financial account</b>						
Direct investment	-2.8	0.4	1.4	-0.1	0.8	-0.2
French direct investment abroad	7.3	0.3	4.6	-0.1	1.3	0.1
Foreign direct investment in France	10.1	-0.1	3.2	0.0	0.5	0.3
Portfolio investment – Assets <sup>d)</sup>	-6.3	0.0	-0.4	-3.6	1.5	1.0
Equity and investment fund shares	4.2	0.0	-6.2	-0.5	1.5	1.1
Long-term debt securities (>1yr)	2.1	0.0	6.6	-4.3	0.2	-0.2
Short-term debt securities (<1yr)	-12.6	0.0	-0.9	1.3	-0.2	0.1
Other investment <sup>e)</sup>	-3.1	1.5	1.9	-11.4	1.3	-0.2

The balance of payments has been compiled in accordance with the 6th Balance of Payments Manual.

a) 18 Member States.

b) Denmark, United Kingdom, Sweden, European institutions and new Member States (Czech Republic, Hungary, Lithuania, Poland, Bulgaria, Romania, Croatia).

c) Geographical breakdown of portfolio income based on data compiled by the IMF (Coordinated Portfolio Investment Survey); data for China not available.

d) The geographical breakdown is not available for liabilities.

e) Loans and deposits transactions.

**Table 9**  
**Balance of payments (monthly data) - France**

(unadjusted data, EUR billions)

	2015			
	June	July	Aug.	Sept.
<b>Current account</b>	5.7	-0.4	-2.2	1.9
Goods	0.1	-1.3	-2.5	-2.5
Services	2.2	2.1	0.7	3.1
Primary income	6.1	1.3	2.0	3.9
Secondary income	-2.7	-2.5	-2.5	-2.6
Capital account	0.0	0.0	0.4	0.1
<b>Financial account</b>	<b>-6.8</b>	<b>-9.7</b>	<b>-10.4</b>	<b>-10.3</b>
Direct investment	2.2	-5.6	-1.2	1.7
French direct investment abroad	7.8	5.6	2.3	2.8
Equity capital	6.8	3.7	0.7	1.2
Reinvested earnings	0.8	0.8	0.8	0.8
Other capital (inter-company loans)	0.2	1.1	0.8	0.8
Foreign direct investment in France	5.5	11.2	3.5	1.1
Equity capital	1.2	11.0	4.0	1.4
Reinvested earnings	0.6	0.6	0.6	0.6
Other capital (inter-company loans)	3.8	-0.3	-1.0	-0.8
Portfolio investment	-43.6	22.5	3.1	-16.2
Assets	-24.1	6.0	8.2	-12.7
Equity and investment fund shares	-3.1	9.7	-15.9	-20.7
Long-term debt securities (>1yr)	-16.1	-9.1	17.4	19.2
Short-term debt securities (<1yr)	-4.9	5.5	6.7	-11.2
Liabilities	19.5	-16.5	5.1	3.5
Equity and investment fund shares	10.7	-2.3	3.2	-2.0
Long-term debt securities (>1yr)	12.6	-8.9	2.9	7.7
Short-term debt securities (<1yr)	-3.8	-5.2	-1.0	-2.2
Financial derivatives	1.1	1.6	-4.1	-1.3
Other investment <sup>a)</sup>	31.7	-25.1	-9.2	-0.2
of which IMF excl. Banque de France (net flows)	-16.4	1.6	-11.2	-30.0
Reserve assets	1.8	-3.1	1.0	5.7
<b>Net errors and omissions</b>	<b>-12.4</b>	<b>-9.3</b>	<b>-8.6</b>	<b>-12.3</b>

The balance of payments has been compiled in accordance with the 6th Balance of Payments Manual.

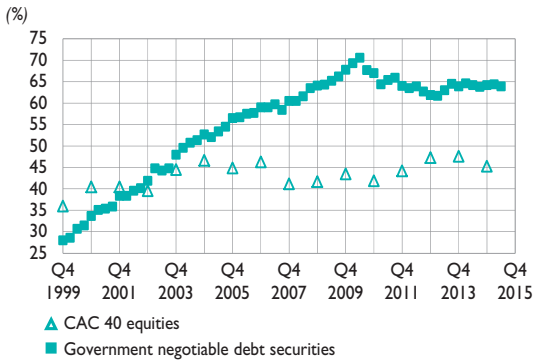
a) Loans and deposits transactions.

**Table 10**  
France's international investment position (direct investment estimated at mixed value)

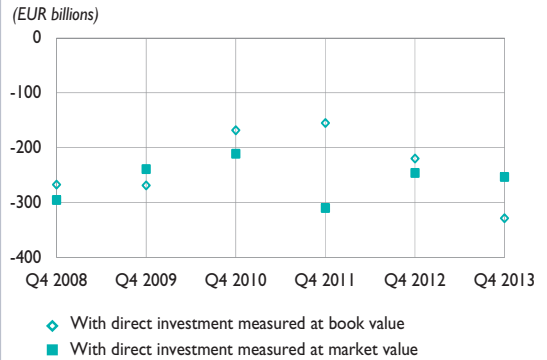
(EUR billions)

	2010	2011	2012	2013	2014	2015
	Dec.	Dec.	Dec.	Dec.	Dec.	Q2
<b>Assets</b>	<b>5,833.4</b>	<b>6,053.1</b>	<b>6,117.1</b>	<b>5,847.6</b>	<b>6,476.2</b>	<b>6,611.5</b>
French direct investment abroad	1,165.3	1,252.2	1,296.0	1,279.2	1,347.5	1,428.0
Equity capital and reinvested earnings	864.3	894.1	947.0	935.1	982.5	1,045.4
Other capital (inter-company loans)	301.0	358.1	349.0	344.1	365.0	382.6
Portfolio investment	2,100.1	1,865.6	1,990.9	2,084.7	2,264.3	2,376.1
Financial derivatives	825.8	1,092.2	1,080.2	802.6	1,034.5	900.7
Other investment <sup>a)</sup>	1,617.8	1,710.0	1,610.1	1,576.0	1,711.8	1,780.1
Reserve assets	124.5	133.1	139.9	105.1	118.2	126.6
<b>Liabilities</b>	<b>6,018.6</b>	<b>6,231.4</b>	<b>6,386.1</b>	<b>6,217.1</b>	<b>6,894.6</b>	<b>7,062.8</b>
Foreign direct investment in France	759.4	827.8	848.5	870.4	894.5	925.8
Equity capital and reinvested earnings	460.8	460.8	465.1	491.5	516.4	537.4
Other capital (inter-company loans)	298.6	367.0	383.4	378.9	378.1	388.4
Portfolio investment	2,420.9	2,412.2	2,639.3	2,821.4	3,096.1	3,244.5
Financial derivatives	873.6	1,136.6	1,125.4	864.7	1,093.6	945.0
Other investment <sup>a)</sup>	1,964.7	1,854.8	1,772.9	1,660.7	1,810.4	1,947.5
<b>Net position</b>	<b>-185.2</b>	<b>-178.4</b>	<b>-269.0</b>	<b>-369.5</b>	<b>-418.4</b>	<b>-451.3</b>

Non-resident holdings of CAC 40 equities and government negotiable debt securities



France's international investment position



The balance of payments has been compiled in accordance with the 6th Balance of Payments Manual.

a) Loans and deposits transactions.



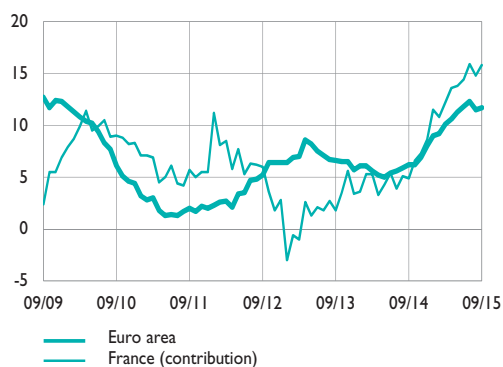
**Table II**  
**Main monetary and financial aggregates – France and the euro area**

(annual percentage growth rate)

	2012	2013	2014	2014	2015						
	Dec.	Dec.	Dec.	Sept.	March	April	May	June	July	Aug.	Sept.
<b>M1</b>											
Euro area <sup>a)</sup>	6.4	5.7	8.0	6.2	10.1	10.6	11.3	11.8	12.3	11.5	11.7
France (contribution)	2.8	3.4	8.6	4.9	12.2	13.6	13.8	14.4	15.9	14.8	15.8
<b>M2</b>											
Euro area <sup>a)</sup>	4.5	2.5	3.7	3.0	4.6	5.0	5.0	5.2	5.5	5.1	5.2
France (contribution)	5.2	2.3	3.5	1.9	5.5	5.9	5.7	6.4	7.2	6.4	7.1
<b>M3</b>											
Euro area <sup>a)</sup>	3.5	1.0	3.7	2.5	4.7	5.4	5.0	4.9	5.3	4.9	4.9
France (contribution)	2.7	1.3	3.5	1.5	3.4	6.0	4.3	4.2	5.3	4.8	4.3
<b>Loans to the private sector</b>											
Euro area <sup>a)</sup>	-0.6	-2.3	-0.5	-1.2	0.1	0.1	0.6	0.6	0.9	1.0	0.6
France <sup>b)</sup>	2.5	0.7	2.6	2.0	2.8	2.9	3.0	3.3	3.6	3.3	3.0

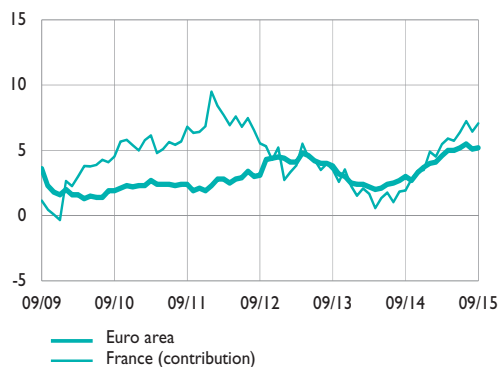
**M1**

(annual percentage growth rate)



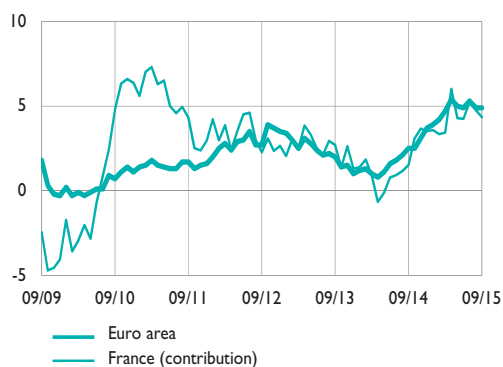
**M2**

(annual percentage growth rate)



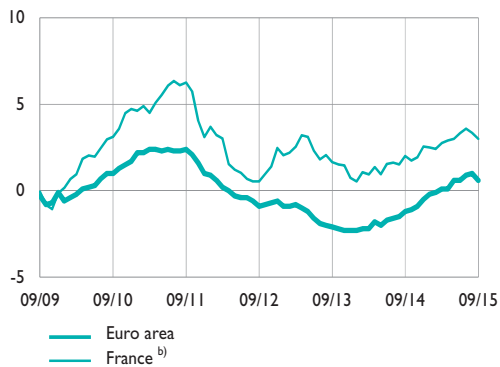
**M3**

(annual percentage growth rate)



**Loans to the private sector**

(annual percentage growth rate)



a) Seasonal and calendar effect adjusted data.

b) Loans extended by MFIs resident in France to euro area residents excluding MFIs and central government.

Sources: Banque de France, European Central Bank.

Produced 18 November 2015

**Table I2**  
**Banque de France Monthly Statement <sup>a)</sup>**

(outstanding amounts at the end of the period, EUR billions)

	2012	2013	2014	2014	2015			
	Dec.	Dec.	Dec.	Sept.	June	July	Aug.	Sept.
<b>Assets</b>								
National territory	326.4	199.7	213.6	174.9	260.5	276.9	283.5	292.9
Loans	234.2	127.1	137.8	105.8	137.0	143.4	141.4	140.5
MFIs <sup>b)</sup>	234.0	127.0	137.6	105.6	136.8	143.2	141.2	140.3
General government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other sectors	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Debt securities held	92.1	72.5	75.7	69.1	123.5	133.4	142.0	152.3
MFIs	32.2	25.2	33.5	28.0	44.0	45.1	46.1	48.1
General government	59.9	47.3	42.2	41.1	79.5	88.4	95.9	104.2
Other sectors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shares and other equity	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other euro area countries <sup>b)</sup>	87.6	91.4	86.7	88.2	94.9	96.6	96.5	98.2
Rest of the world <sup>b)</sup>	114.9	88.3	90.9	91.3	95.7	90.0	90.7	95.5
Gold	98.8	68.2	77.3	75.3	82.0	77.5	79.1	78.5
Not broken down by geographical area <sup>c)</sup>	109.6	107.6	114.1	108.4	113.7	116.0	111.7	111.4
<b>Total</b>	<b>737.3</b>	<b>555.2</b>	<b>582.6</b>	<b>538.1</b>	<b>646.9</b>	<b>657.0</b>	<b>661.7</b>	<b>676.5</b>
<b>Liabilities</b>								
National territory – Deposits	200.3	116.0	116.1	91.3	165.9	152.0	152.9	189.8
MFIs	194.8	112.2	112.7	78.5	140.9	143.2	148.1	156.0
General government	4.9	3.3	2.4	11.9	24.0	7.7	3.3	32.5
Other sectors	0.6	0.6	1.0	0.9	1.0	1.2	1.4	1.3
Other euro area countries – Deposits	73.9	34.1	30.9	14.5	34.8	56.6	65.9	41.9
Rest of the world – Deposits	146.0	112.6	117.4	125.4	114.6	115.9	112.8	115.9
Not broken down by geographical area	317.1	292.5	318.2	306.8	331.6	332.5	330.1	328.9
Banknotes and coins in circulation <sup>d)</sup>	173.5	181.7	192.6	184.1	196.2	199.0	198.6	198.2
of which coins <sup>e)</sup>	2.9	3.0	3.1	3.1	3.1	3.2	3.2	3.2
Debt securities issued	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital reserves and revaluation account	125.1	92.7	106.6	103.7	114.9	110.8	111.5	110.4
Other liabilities	18.5	18.0	19.0	19.0	20.4	22.6	20.0	20.3
<b>Total <sup>f)</sup></b>	<b>737.3</b>	<b>555.2</b>	<b>582.6</b>	<b>538.1</b>	<b>646.9</b>	<b>657.0</b>	<b>661.7</b>	<b>676.5</b>

a) These statistics are transmitted to the European Central Bank, on the 15th working day following the end of the month to which they relate, within the production of the consolidated balance sheet of the monetary financial institutions (Regulation ECB/2013/33).

b) This item includes the outstanding amounts of market operations.

c) Including the adjustment linked to the method of accounting used for measuring the euro notes on the liability side of the balance sheet of the Banque de France since January 2002.

d) Since January 2002, banknotes in circulation are treated according to specific euro area accounting conventions to bring them in line with the capital key share. 8% of the total value of euro banknotes in circulation is allocated to the European Central Bank. The remaining 92% is broken down between the NCBs in proportion to their share in the paid-up capital of the ECB.

e) Coins in circulation are not a liability of MFIs in the participating Member States, but a liability of the central government. However, coins are part of the monetary aggregates and, by convention, this liability is to be entered under the category 'currency in circulation'. The counterpart to this liability is to be included within 'remaining assets'. (Regulation ECB/2013/33.)

f) The total of the balance sheet at end 2014 published in March 2015 (577.7 bn) can be calculated by subtracting from the total of the Monthly Statement at end December 2014 (582.6 bn): coins (3,1 bn) and miscellaneous amounts linked to the accounting gap between the statement established in the early January 2015 and the Annual Accounts, which include all the year-end entries (1.8 bn).

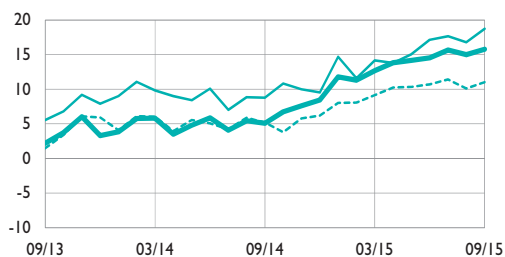
**Table I3**  
**Deposits – France**

(outstanding amounts at the end of the period in EUR billions – % growth)

	2012	2013	2014	2014	2015			
	Dec.	Dec.	Dec.	Sept.	June	July	Aug.	Sept.
<b>Overnight deposits</b>								
Total non-financial sectors (excluding central government)	555.9	582.3	626.6	590.5	664.8	672.0	672.1	675.5
Households and similar	279.2	295.5	314.2	307.5	336.5	342.7	341.4	341.6
Non-financial corporations	214.7	231.2	254.1	230.2	271.9	268.8	269.4	274.0
General government (excl. central government)	62.0	55.7	58.3	52.8	56.5	60.5	61.3	59.9
Other sectors	42.5	35.7	43.6	39.9	56.1	57.5	53.8	54.2
<b>Total – Outstanding amounts</b>	<b>598.0</b>	<b>617.7</b>	<b>669.8</b>	<b>629.9</b>	<b>720.5</b>	<b>729.1</b>	<b>725.5</b>	<b>729.3</b>
<b>Total – Growth rate</b>	<b>2.8</b>	<b>3.3</b>	<b>8.4</b>	<b>5.1</b>	<b>14.5</b>	<b>15.7</b>	<b>15.0</b>	<b>15.8</b>
<b>Passbook savings accounts</b>								
"A" and "Blue" passbooks	247.2	263.2	260.0	261.7	257.6	256.6	256.2	253.9
Housing savings accounts	35.2	33.4	31.2	31.6	30.4	30.4	30.5	30.2
Sustainable development passbook accounts	92.0	100.7	101.9	101.7	101.6	101.6	101.7	100.8
People's savings passbooks	51.7	48.3	46.5	46.1	45.6	45.5	45.5	45.5
Youth passbooks	7.0	6.9	6.8	6.8	6.6	6.6	6.7	6.7
Taxable passbooks	178.7	172.5	169.5	174.1	174.6	175.4	177.6	174.8
<b>Total – Outstanding amounts</b>	<b>611.7</b>	<b>625.1</b>	<b>615.8</b>	<b>621.9</b>	<b>616.5</b>	<b>616.2</b>	<b>618.2</b>	<b>611.8</b>
<b>Total – Growth rate</b>	<b>9.4</b>	<b>2.2</b>	<b>-1.5</b>	<b>-1.1</b>	<b>-1.8</b>	<b>-1.7</b>	<b>-1.6</b>	<b>-1.6</b>

### Overnight deposits

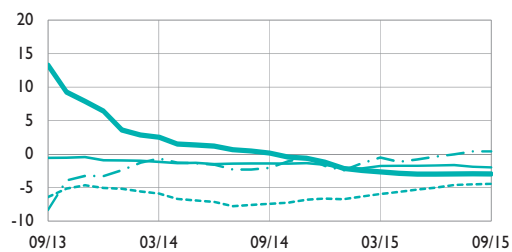
(annual growth rate)



— Total  
- - Non-financial corporations  
..... Households  
- . Taxable passbooks

### Passbook savings accounts

(annual growth rate)



— "A" and "Blue" passbooks  
- - Youth passbooks  
..... Housing savings accounts  
- . Taxable passbooks

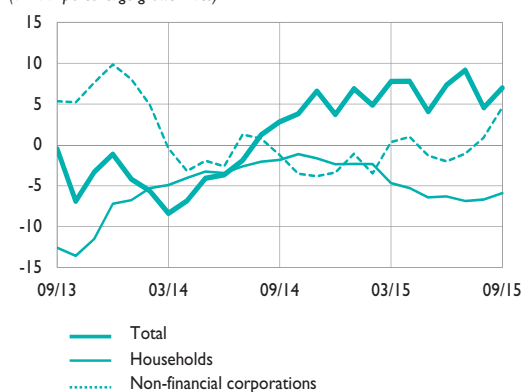
**Table I4**  
**Time deposits – France**

(outstanding amounts at the end of the period in EUR billions – % growth)

	2012	2013	2014	2014	2015			
	Dec.	Dec.	Dec.	Sept.	June	July	Aug.	Sept.
<b>Deposits with agreed maturity up to two years</b>								
Total non-financial sectors (excl. central government)	111.8	117.3	114.7	108.3	80.9	83.1	83.3	84.9
Households and similar	30.9	28.6	28.0	28.6	15.5	15.6	15.8	15.8
Non-financial corporations	79.9	87.7	85.1	78.5	64.6	66.7	66.8	68.4
General government (excl. central government)	0.9	1.0	1.6	1.3	0.8	0.7	0.7	0.8
Other sectors	40.7	33.5	41.6	41.4	43.9	45.8	45.3	47.8
<b>Total – Outstanding amounts</b>	<b>152.5</b>	<b>150.7</b>	<b>156.3</b>	<b>149.7</b>	<b>124.9</b>	<b>128.9</b>	<b>128.5</b>	<b>132.7</b>
<b>Total – Growth rate</b>	<b>-1.1</b>	<b>-1.1</b>	<b>3.7</b>	<b>2.8</b>	<b>7.3</b>	<b>9.1</b>	<b>4.6</b>	<b>7.0</b>
<b>Deposits with agreed maturity of over two years</b>								
Total non-financial sectors (excl. central government)	328.9	342.2	363.9	352.6	397.1	396.6	396.7	396.8
Households and similar	269.4	274.8	289.6	280.9	309.4	310.0	310.7	311.4
PEL	188.2	197.7	215.9	207.4	226.7	228.1	229.7	231.2
PEP	24.0	23.0	22.2	22.0	21.4	21.3	21.3	21.2
Other	57.1	54.1	51.6	51.5	61.3	60.6	59.7	59.1
Non-financial corporations	58.1	65.5	72.2	69.8	85.4	84.3	83.8	83.2
General government (excl. central government)	1.4	1.9	2.1	1.9	2.2	2.2	2.2	2.2
Other sectors	154.7	157.0	92.6	92.7	88.2	86.8	86.0	86.9
<b>Total – Outstanding amounts</b>	<b>483.5</b>	<b>499.3</b>	<b>456.5</b>	<b>445.3</b>	<b>485.3</b>	<b>483.3</b>	<b>482.7</b>	<b>483.7</b>
<b>Total – Growth rate</b>	<b>0.3</b>	<b>3.4</b>	<b>-8.8</b>	<b>-10.0</b>	<b>2.5</b>	<b>2.1</b>	<b>1.0</b>	<b>2.6</b>

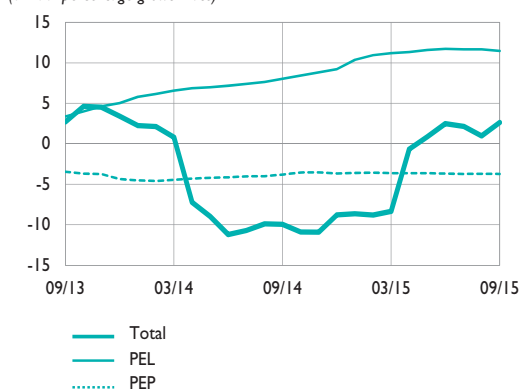
**Deposits up to 2 years**

(annual percentage growth rate)



**Deposits over 2 years**

(annual percentage growth rate)



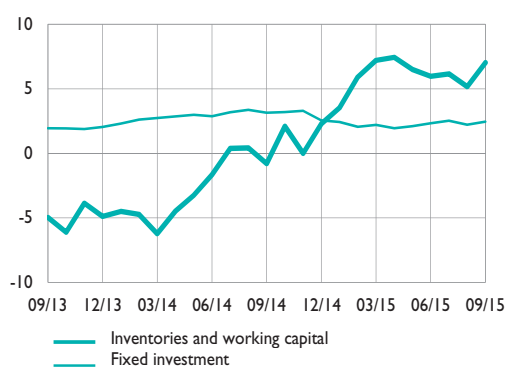
**Table 15**  
**Loans extended by credit institutions established in France to French residents – France**

(outstanding amounts at the end of the period in EUR billions – % growth)

	2012	2013	2014	2014	2015				
	Dec.	Dec.	Dec.	Sept.	May	June	July	Aug.	Sept.
<b>Loans to resident clients</b>									
Private sector	2,100.0	2,114.9	2,167.7	2,158.8	2,215.8	2,220.5	2,224.7	2,217.7	2,225.1
General government	206.8	213.1	214.7	213.6	210.8	214.7	217.2	217.3	215.0
<b>Total – Outstanding amounts</b>	<b>2,306.7</b>	<b>2,328.1</b>	<b>2,382.4</b>	<b>2,372.4</b>	<b>2,426.6</b>	<b>2,435.2</b>	<b>2,441.9</b>	<b>2,435.1</b>	<b>2,440.1</b>
Private sector	2.5	0.7	2.6	2.0	3.0	3.3	3.6	3.3	3.0
General government	6.1	2.8	3.3	1.2	2.7	4.9	4.8	4.5	3.8
<b>Total – Growth rate</b>	<b>2.8</b>	<b>0.9</b>	<b>2.6</b>	<b>1.9</b>	<b>3.0</b>	<b>3.5</b>	<b>3.7</b>	<b>3.4</b>	<b>3.1</b>
<b>Loans to non-financial companies</b>									
Fixed investment	563.0	568.0	581.7	572.8	587.0	588.0	591.3	591.1	592.9
Inventories and working capital	174.1	167.5	175.6	171.6	185.1	188.0	191.2	186.4	192.1
Other lending	82.0	81.3	81.1	80.6	81.8	83.2	79.9	79.8	75.5
<b>Total – Outstanding amounts</b>	<b>819.1</b>	<b>816.7</b>	<b>838.4</b>	<b>825.0</b>	<b>853.9</b>	<b>859.2</b>	<b>862.4</b>	<b>857.3</b>	<b>860.6</b>
<b>Total – Growth rate</b>	<b>1.0</b>	<b>0.2</b>	<b>2.3</b>	<b>1.9</b>	<b>3.2</b>	<b>3.4</b>	<b>3.7</b>	<b>3.2</b>	<b>3.6</b>
<b>Loans to households</b>									
Loans for house purchase	874.2	907.0	927.4	922.1	938.8	940.3	946.7	950.4	954.2
Consumer loans	160.4	157.3	159.5	157.1	158.9	160.3	160.9	160.6	163.1
Other lending	92.1	92.3	91.5	92.5	89.7	89.4	89.3	89.5	89.5
<b>Total – Outstanding amounts</b>	<b>1,126.7</b>	<b>1,156.6</b>	<b>1,178.4</b>	<b>1,171.7</b>	<b>1,187.4</b>	<b>1,190.0</b>	<b>1,197.0</b>	<b>1,200.5</b>	<b>1,206.8</b>
<b>Total – Growth rate</b>	<b>2.3</b>	<b>2.5</b>	<b>2.2</b>	<b>2.5</b>	<b>2.4</b>	<b>2.7</b>	<b>2.8</b>	<b>2.8</b>	<b>3.4</b>

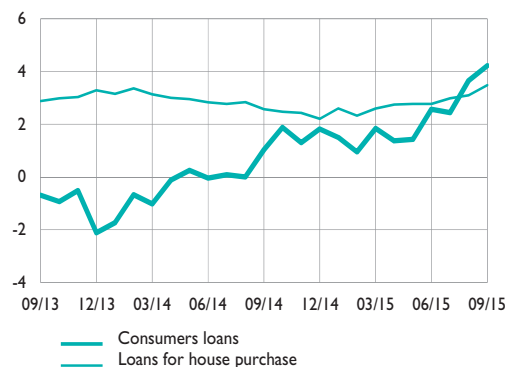
**Loans to non-financial companies – France**

(annual percentage growth rate)



**Loans to households – France**

(annual percentage growth rate)



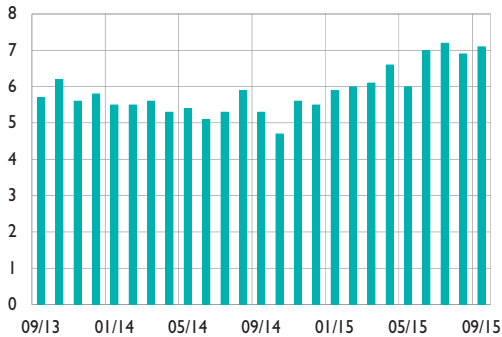
**Table 16**  
**New loans to residents, (excl. overdrafts) – France**

(monthly flows - seasonally adjusted - in euro billions)

	2014			2015		
	July	Aug.	Sept.	July	Aug.	Sept.
<b>Loans to non-financial corporations</b>						
Loans ≤ 1 million euro <sup>a)</sup>	5.3	5.9	5.3	7.2	6.9	7.1
Loans > 1 million euro <sup>a)</sup>	7.9	9.9	10.0	14.3	12.6	12.2
<b>Loans to households</b>						
Cash loans to sole traders and individuals (excl. revolving consumer credit)	4.0	4.1	3.8	4.9	4.6	4.7
Housing loans	9.2	10.2	9.9	23.0	22.3	22.7

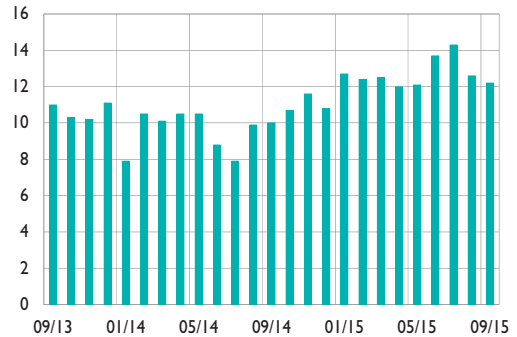
**Non-financial corporations – Loans ≤ 1 million euro**

(monthly flows - seasonally adjusted - in euro billions)



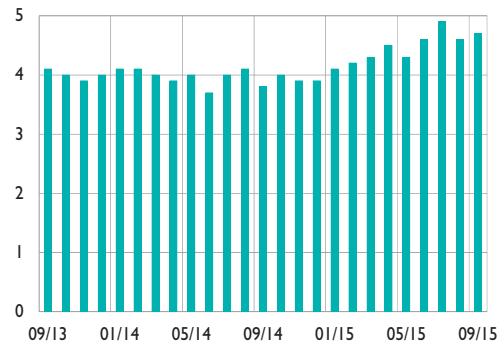
**Non-financial corporations – Loans > 1 million euro**

(monthly flows - seasonally adjusted - in euro billions)



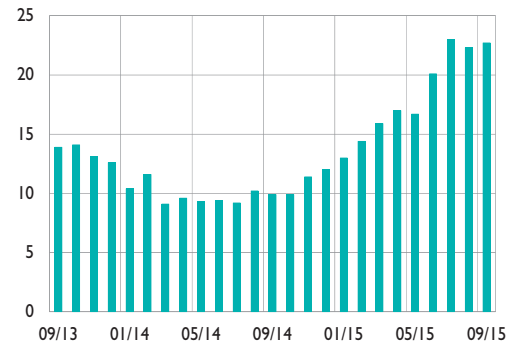
**Households - Cash loans**

(monthly flows - seasonally adjusted - in euro billions)



**Households - Housing loans**

(monthly flows - seasonally adjusted - in euro billions)



a) All initial rate fixation periods.

**Table 17**  
**Investment and financing – Insurance corporations and pension funds – Euro area and France**

(EUR billions)

Euro area						
	Cumulated transaction flows over 4 quarters					Outstanding amounts
	2014			2015		2015
	Q2	Q3	Q4	Q1	Q2	June
<b>Financial assets</b>						
Currency and deposits	-14.0	-14.2	-20.6	-29.2	-33.2	820.6
<i>of which deposits included in M3 <sup>a)</sup></i>	5.9	4.7	4.8	0.3	-1.4	223.5
Short-term debt securities	2.4	2.4	7.5	6.2	-0.6	62.4
Long-term debt securities	160.3	163.8	151.7	153.3	156.9	3,617.2
Loans	21.9	16.7	23.6	29.3	13.5	783.8
Shares and other equity	133.0	144.0	173.9	180.6	177.6	3,672.8
<i>of which quoted shares</i>	8.7	4.9	12.0	9.6	13.4	474.6
Remaining net assets	-3.9	20.5	10.3	11.7	39.2	425.2
<b>Financing</b>						
Debt securities	8.4	8.6	9.3	11.2	10.0	70.5
Loans	7.0	22.1	23.5	41.8	36.3	415.8
Shares and other equity	2.8	3.5	3.1	3.4	3.7	594.9
Insurance technical reserves	243.1	260.0	285.5	301.8	285.3	7,837.7
<i>Life insurance</i>	193.4	206.8	226.5	241.8	228.8	6,660.7
<i>Non-life insurance</i>	49.7	53.2	59.0	60.0	56.5	1,177.0
<b>Net lending/net borrowing (B9B)</b>	<b>38.3</b>	<b>39.0</b>	<b>25.0</b>	<b>-6.3</b>	<b>18.1</b>	

(EUR billions)

France						
	Cumulated transaction flows over 4 quarters					Outstanding amounts
	2014			2015		2015
	Q2	Q3	Q4	Q1	Q2	June
<b>Financial assets</b>						
Currency and deposits	7.9	4.2	4.7	5.8	1.0	41.0
Short-term debt securities	0.6	1.6	-1.1	0.3	1.0	26.6
Long-term debt securities	42.7	29.4	37.1	57.4	46.0	1,430.0
Loans	0.5	0.9	1.4	1.5	1.5	37.6
Shares and other equity	12.9	31.8	42.8	26.2	27.5	797.7
<i>of which quoted shares</i>	-3.2	-2.0	-0.4	-2.3	1.4	89.8
Remaining net assets	-30.7	-35.6	-39.3	-28.7	-19.2	-29.2
<b>Financing</b>						
Debt securities	1.9	1.3	3.7	3.7	2.7	16.3
Loans	4.6	7.3	11.7	10.3	12.1	107.7
Shares and other equity	1.2	1.0	0.4	0.2	0.3	123.8
Insurance technical reserves	55.6	58.6	65.1	68.6	67.1	1,952.1
<i>Life insurance and pension funds</i>	42.2	45.1	50.2	51.2	51.0	1,641.6
<i>Non-life insurance</i>	13.4	13.6	14.9	17.4	16.1	310.6
<b>Net lending/net borrowing (B9B)</b>	<b>-5.5</b>	<b>-10.6</b>	<b>-6.4</b>	<b>-2.8</b>	<b>-12.5</b>	

a) Deposits with agreed maturity up to 2 years and redeemable at notice up to 3 months of insurance corporations held with MFIs and central government.

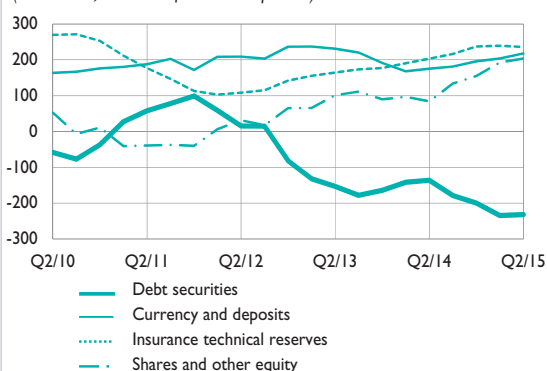
**Table 18**  
**Investment and financing – Households – Euro area**

(EUR billions)

	Cumulated transaction flows over 4 quarters					Outstanding amounts
	2014			2015		2015
	Q2	Q3	Q4	Q1	Q2	June
<b>Financial assets</b>						
Currency and deposits	175.2	181.2	196.0	203.6	217.8	7,461.8
<i>of which deposits included in M3 <sup>a)</sup></i>	96.8	113.8	139.6	144.5	161.3	5,663.4
Short-term debt securities	-7.5	-6.0	-6.3	-7.4	-7.7	51.7
Long-term debt securities	-128.7	-172.6	-193.4	-227.2	-224.0	825.2
Shares and other equity	84.0	133.9	154.7	192.7	203.5	5,602.6
Quoted shares	-21.9	6.9	25.3	5.5	-7.0	912.1
Unquoted shares and other equity	14.3	-3.1	1.5	-4.3	48.4	2,849.9
Mutual fund shares	91.6	130.2	127.9	191.5	162.1	1,840.5
<i>of which money market fund shares</i>	-14.9	-14.6	-11.8	-8.5	-3.4	166.5
Insurance technical reserves	203.1	216.6	237.0	239.5	235.9	7,207.6
Remaining net assets	-70.4	-53.3	-35.4	-103.4	-105.8	-242.9
<b>Financing</b>						
Loans	-4.6	-9.2	2.7	4.2	19.4	6,213.0
<i>of which from euro area MFIs</i>	-33.6	-26.1	-15.3	-1.6	62.9	5,261.4
<b>Revaluation of financial assets</b>						
Shares and other equity	691.1	448.2	172.5	366.0	180.0	
Insurance technical reserves	130.0	236.7	280.3	513.2	230.3	
Other flows	55.0	33.6	35.2	19.1	-30.2	
<b>Change in net financial worth</b>	<b>1,136.4</b>	<b>1,027.4</b>	<b>838.0</b>	<b>1,191.8</b>	<b>680.4</b>	

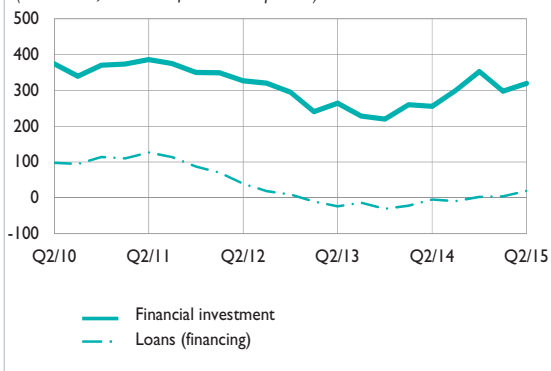
**Investment flows**

(EUR billions, cumulated flows over 4 quarters)



**Investment and financing flows**

(EUR billions, cumulated flows over 4 quarters)



a) Deposits with agreed maturity up to 2 years and redeemable at notice up to 3 months of households held with MFIs and central government.



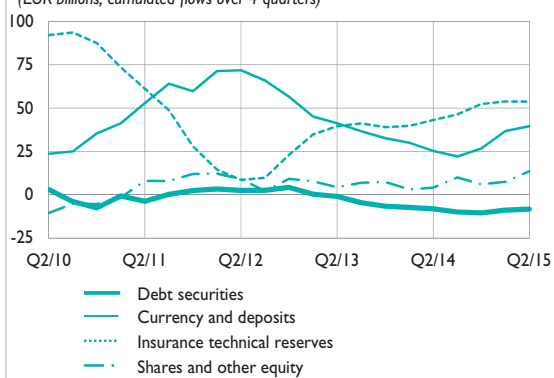
**Table 19**  
**Investment and financing – Households – France**

(EUR billions)

	Cumulated transaction flows over 4 quarters					Outstanding amounts
	2014			2015		2015
	Q2	Q3	Q4	Q1	Q2	June
<b>Financial assets</b>						
Currency and deposits	25.3	22.1	26.7	36.8	39.6	1,363.4
Short-term debt securities	0.0	-0.1	0.1	0.0	-0.3	14.1
Long-term debt securities	-8.0	-9.9	-10.6	-8.8	-7.9	56.2
Shares and other equity	4.2	10.0	6.0	7.5	13.6	1,331.1
Quoted shares	-4.4	-0.6	5.5	4.8	4.1	216.8
Unquoted shares and other equity	19.1	12.3	9.3	7.8	10.8	782.5
Mutual fund shares	-10.5	-1.7	-8.8	-5.0	-1.2	331.7
of which money market fund shares	-6.1	-6.0	-4.0	-3.5	-1.2	15.9
Insurance technical reserves	43.2	46.4	52.4	53.9	53.8	1,753.1
Remaining net assets	23.7	16.7	23.3	4.1	6.7	75.8
<b>Financing</b>						
Loans	23.8	20.6	21.5	22.7	25.4	1,212.7
<b>Revaluation of financial assets</b>						
Shares and other equity	97.7	29.1	11.8	117.7	76.3	
Insurance technical reserves	27.8	18.1	11.4	28.9	11.7	
Other flows	5.6	-14.2	9.2	0.7	2.6	
<b>Change in net financial worth</b>	<b>195.6</b>	<b>97.7</b>	<b>108.9</b>	<b>218.2</b>	<b>170.7</b>	

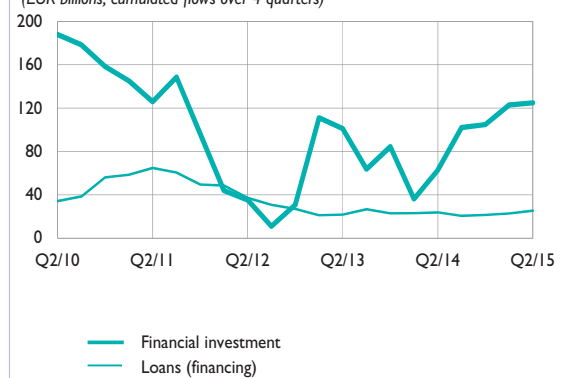
**Investment flows**

(EUR billions, cumulated flows over 4 quarters)



**Investment and financing flows**

(EUR billions, cumulated flows over 4 quarters)



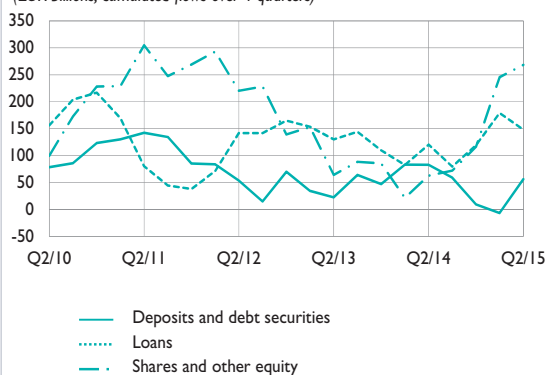
**Table 20**  
Investment and financing – Non-financial corporations – Euro area

(EUR billions)

	Cumulated transaction flows over 4 quarters					Outstanding amounts
	2014			2015		2015
	Q2	Q3	Q4	Q1	Q2	June
<b>Financial assets</b>						
Currency and deposits	100.1	81.0	34.8	44.1	76.8	2,257.9
<i>of which deposits included in M3 <sup>a)</sup></i>	100.0	101.8	69.1	80.4	77.4	1,853.0
Debt securities	-17.4	-22.1	-25.5	-50.7	-20.6	258.4
Loans	120.4	79.5	119.1	179.0	148.3	4,232.8
Shares and other equity	62.4	71.9	116.4	245.6	268.5	9,819.6
Insurance technical reserves	4.6	4.3	3.3	5.3	5.3	253.2
Remaining net assets	159.3	136.3	139.3	106.4	86.4	509.7
<b>Financing</b>						
Debt	134.9	47.2	100.5	141.9	113.2	11,125.7
Loans	57.8	-6.6	58.4	90.4	65.6	9,530.1
<i>of which from euro area MFIs</i>	-102.5	-88.7	-58.2	-23.8	-4.3	4,301.6
Debt securities	72.4	49.2	37.0	46.5	41.9	1,227.5
Pension fund reserves	4.7	4.7	5.1	5.0	5.7	368.1
Shares and other equity	194.0	226.2	225.9	264.8	303.8	15,557.6
Quoted shares	35.7	70.0	69.1	86.6	81.3	5,189.3
Unquoted shares and other equity	158.4	156.2	156.8	178.2	222.5	10,368.3
<b>Net lending/net borrowing (B9B)</b>	<b>100.6</b>	<b>77.6</b>	<b>60.9</b>	<b>123.1</b>	<b>147.7</b>	

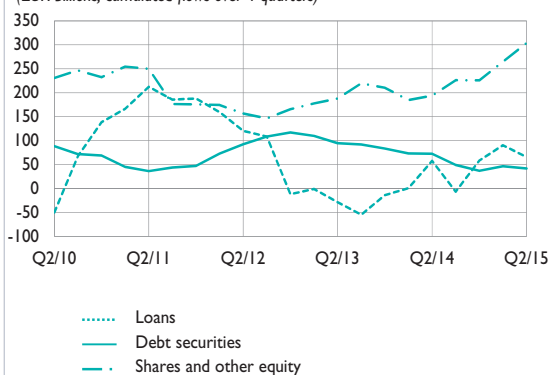
**Investment flows**

(EUR billions, cumulated flows over 4 quarters)



**Financing flows**

(EUR billions, cumulated flows over 4 quarters)



a) Deposits with agreed maturity up to 2 years and redeemable at notice up to 3 months of non-financial corporations held with MFIs and central government.

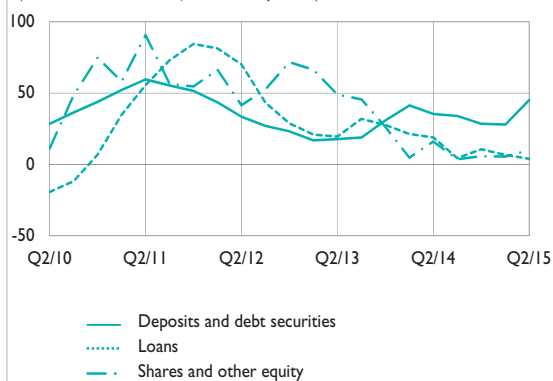
**Table 21**  
**Investment and financing – Non-financial corporations – France**

(EUR billions)

	Cumulated transaction flows over 4 quarters					Outstanding amounts
	2014			2015		2015
	Q2	Q3	Q4	Q1	Q2	June
<b>Financial assets</b>						
Currency and deposits	30.8	25.4	21.4	36.2	41.8	494.2
Debt securities	4.6	8.5	7.1	-8.2	3.3	52.2
Loans	19.0	4.4	10.6	6.6	4.0	1,150.6
Shares and other equity	16.0	3.6	5.8	5.5	10.0	3,656.3
Insurance technical reserves	0.0	0.1	0.3	0.7	0.5	51.1
Remaining net assets	28.6	33.6	29.8	22.6	12.8	195.5
<b>Financing</b>						
Debt	86.1	64.4	53.1	29.2	26.3	2,705.2
Loans	35.4	16.7	7.9	-12.8	5.2	2,104.5
Debt securities	50.7	47.8	45.1	42.0	21.0	600.7
Shares and other equity	72.2	66.2	72.6	79.6	81.6	5,162.1
Quoted shares	16.0	10.0	17.1	21.2	18.2	1,565.4
Unquoted shares and other equity	56.3	56.2	55.5	58.4	63.4	3,596.7
<b>Net lending/net borrowing (B9B)</b>	<b>-59.4</b>	<b>-55.0</b>	<b>-50.8</b>	<b>-45.4</b>	<b>-35.5</b>	

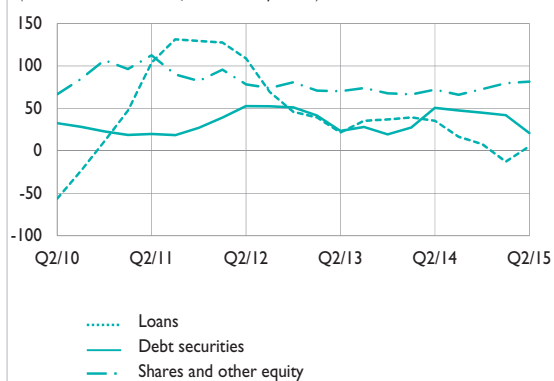
#### Investment flows

(EUR billions, cumulated flows over 4 quarters)



#### Financing flows

(EUR billions, cumulated flows over 4 quarters)



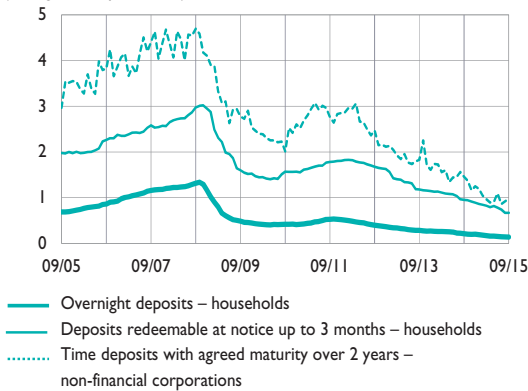
**Table 22**  
Interest rates on bank deposits – France and the euro area

(average monthly rates – %)

	2013	2014	2014	2015				
	Dec.	Dec.	Sept.	May	June	July	Aug.	Sept.
<b>Euro area</b>								
Overnight deposits – households	0.27	0.20	0.21	0.16	0.15	0.15	0.14	0.14
Deposits redeemable at notice up to 3 months – households	1.14	0.89	0.95	0.82	0.78	0.74	0.67	0.67
Time deposits with agreed maturity over 2 years – non-financial corporations	1.61	1.25	1.46	0.91	1.09	0.86	0.92	0.98
<b>France</b>								
"A" passbooks (end of period)	1.25	1.00	1.00	1.00	1.00	1.00	0.75	0.75
Regulated savings deposits	1.29	1.05	1.06	1.05	1.05	1.05	0.80	0.80
Deposits with agreed maturity up to 2 years	1.97	1.92	1.94	1.19	1.19	1.09	1.10	1.10
Deposits with agreed maturity over 2 years	2.91	2.79	2.87	2.73	2.75	2.68	2.67	2.70

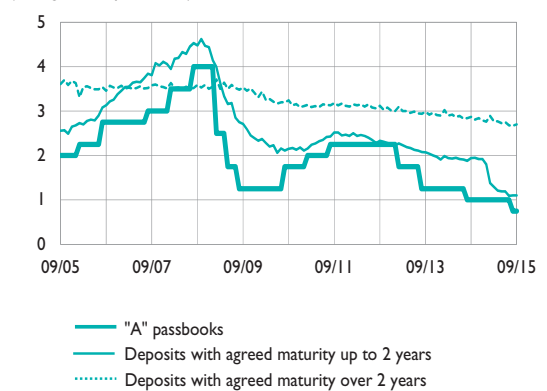
**Euro area**

(average monthly rates – %)



**France**

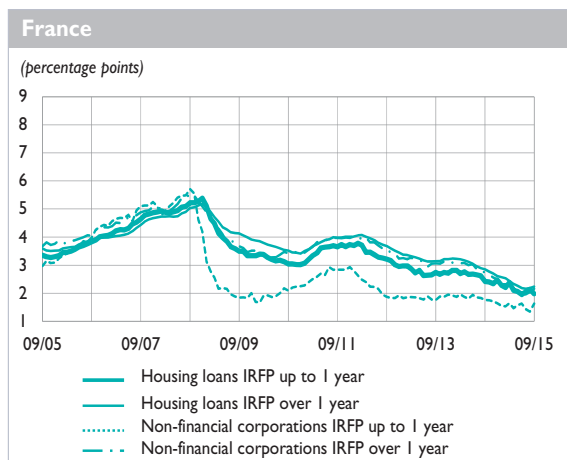
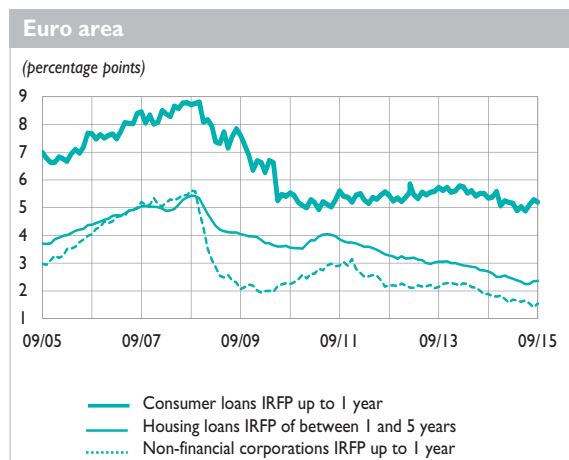
(average monthly rates – %)



**Table 23**  
**Interest rates on bank loans – France and the euro area**

(average monthly rate – %)

	2014			2015								
	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.
<b>Euro area</b>												
<b>Consumer loans</b>												
Floating rate and IRFP of up to 1 year <sup>a)</sup>	5.38	5.58	5.07	5.25	5.18	5.16	4.89	5.04	4.88	5.10	5.29	5.20
<b>Loans for house purchase</b>												
Floating rate and IRFP of between 1 and 5 years <sup>a)</sup>	2.63	2.50	2.51	2.55	2.48	2.43	2.38	2.33	2.25	2.25	2.35	2.36
<b>Non-financial corporations of over EUR 1 million</b>												
IRFP of up to 1 year <sup>a)</sup>	1.81	1.80	1.82	1.71	1.58	1.68	1.65	1.60	1.65	1.55	1.41	1.54
<b>France</b>												
<b>Consumer loans</b>												
IRFP of up to 1 year <sup>a)</sup>	5.02	5.16	4.97	5.06	4.96	4.85	4.64	4.65	4.39	4.29	4.51	4.38
<b>Loans for house purchase</b>												
IRFP of up to 1 year <sup>a)</sup>	2.40	2.34	2.47	2.28	2.20	2.38	2.10	2.06	1.95	2.05	2.13	1.98
IRFP of over 1 year <sup>a)</sup>	2.77	2.70	2.61	2.57	2.53	2.43	2.33	2.26	2.18	2.16	2.18	2.23
<b>Non-financial corporations</b>												
IRFP of up to 1 year <sup>a)</sup>	1.75	1.71	1.64	1.55	1.53	1.64	1.46	1.57	1.63	1.43	1.34	1.63
IRFP of over 1 year <sup>a)</sup>	2.66	2.56	2.49	2.32	2.32	2.31	2.18	2.11	1.99	1.96	2.04	2.16



a) IRFP: initial rate fixation period i.e. the period for which the rate of a loan is fixed.

IRFP ≤ 1 year: loans for which the rate is adjusted at least once a year + fixed-rate loans with an initial maturity of up to 1 year.

IRFP > 1 year: loans for which the rate is adjusted less than once a year + fixed-rate loans with an initial maturity of over 1 year.

**Table 24**  
**Usury rates on loans to households and cost of business credit – France**

(%)

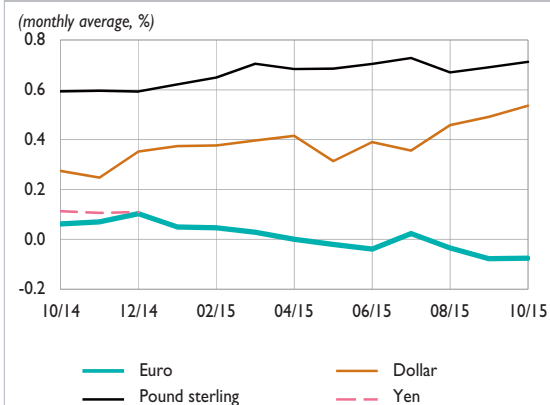
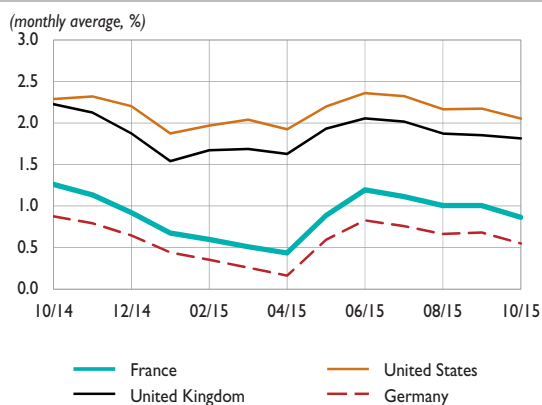
Usury ceiling with effect from the 1st day of the reference period	2015			
	Jan.	April	July	Oct.
<b>Loans to households under Articles L312-1 to L312-36 of the french Consumer Code (housing loans)</b>				
Fixed-rate loans	4.57	4.49	4.13	3.92
Floating-rate loans	4.15	4.09	3.76	3.63
Bridge loans	4.92	4.73	4.53	4.19
<b>Loans to households not within the scope of Articles L312-1 to L312-36 of the French Consumer Code (consumer loans)</b>				
Loans up to EUR 3,000	20.25	20.23	20.04	19.97
Loans comprised between EUR 3,000 and EUR 6,000	14.37	14.15	13.83	13.45
Loans over EUR 6,000	9.21	9.04	8.48	7.84

	2014		2015		
	July	Oct.	Jan.	April	July
<b>Loans to enterprises</b>					
<b>Discount</b>					
up to EUR 15,245	2.93	3.13	3.01	3.11	3.16
EUR 15,245 to EUR 45,735	4.14	3.53	3.46	3.21	3.50
EUR 45,735 to EUR 76,225	3.70	3.17	3.46	3.22	2.73
EUR 76,225 to EUR 304,898	2.41	2.27	2.56	2.50	2.61
EUR 304,898 to EUR 1,524,490	1.55	1.25	1.81	1.84	1.54
over EUR 1,524,490	1.06	0.92	0.75	0.75	1.29
<b>Overdrafts</b>					
up to EUR 15,245	9.86	9.92	9.81	9.84	9.77
EUR 15,245 to EUR 45,735	6.52	6.42	6.46	6.34	5.84
EUR 45,735 to EUR 76,225	4.92	4.63	4.90	4.79	4.96
EUR 76,225 to EUR 304,898	3.36	3.54	3.67	3.63	3.79
EUR 304,898 to EUR 1,524,490	2.32	1.90	2.25	2.52	2.65
over EUR 1,524,490	1.21	1.26	1.31	1.23	1.36
<b>Other short-term loans</b>					
up to EUR 15,245	3.36	3.14	2.69	2.59	2.39
EUR 15,245 to EUR 45,735	3.08	2.88	2.45	2.35	2.35
EUR 45,735 to EUR 76,225	2.77	2.70	2.46	2.43	2.48
EUR 76,225 to EUR 304,898	2.38	2.20	2.31	2.02	2.10
EUR 304,898 to EUR 1,524,490	1.77	1.43	1.65	1.81	1.62
over EUR 1,524,490	1.95	1.72	1.57	1.65	1.55
<b>Medium and long-term loans</b>					
up to EUR 15,245	2.98	2.67	2.38	2.11	2.14
EUR 15,245 to EUR 45,735	2.68	2.43	2.15	1.98	1.95
EUR 45,735 to EUR 76,225	2.68	2.44	2.16	2.00	1.91
EUR 76,225 to EUR 304,898	2.75	2.52	2.26	2.14	1.93
EUR 304,898 to EUR 1,524,490	2.65	2.38	2.27	2.04	1.81
over EUR 1,524,490	2.30	2.14	1.91	1.99	1.85

**Table 25**  
**Interest rates**

(%)

	Monthly average <sup>a)</sup>										Key interest rates at 16/11/15
	2015										
	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	
<b>Short-term interbank interest rates</b>											
<b>Euro</b>											<b>0.05</b>
Overnight	-0.06	-0.05	-0.10	-0.08	-0.11	-0.14	-0.13	-0.17	-0.20	-0.20	
3-month	0.05	0.05	0.03	0.00	-0.02	-0.04	0.02	-0.04	-0.08	-0.08	
1-year	0.37	0.29	0.26	0.21	0.20	0.18	0.33	0.27	0.14	0.10	
<b>Pound sterling</b>											<b>0.50</b>
Overnight	0.48	0.48	0.48	0.48	0.49	0.47	0.46	0.47	0.45	0.46	
3-month	0.62	0.65	0.70	0.68	0.68	0.70	0.73	0.67	0.69	0.71	
1-year	0.97	1.01	1.01	1.04	1.06	1.07	1.13	1.08	1.06	1.08	
<b>Dollar</b>											<b>0.25</b>
Overnight	0.18	0.18	0.15	0.16	0.18	0.17	0.12	0.20	0.19	0.23	
3-month	0.37	0.38	0.40	0.42	0.31	0.39	0.36	0.46	0.49	0.54	
1-year	0.78	0.90	0.94	0.91	0.86	0.89	0.90	0.93	0.95	0.95	
<b>Yen</b>											<b>0.08</b>
Overnight	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
3-month	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
1-year	0.19	0.20	0.22	0.20	0.19	0.11	0.10	0.07	0.01	0.03	
<b>10-year benchmark government bond yields <sup>b)</sup></b>											
France	0.67	0.60	0.51	0.44	0.89	1.20	1.11	1.01	1.00	0.87	
Germany	0.44	0.35	0.26	0.16	0.59	0.83	0.76	0.66	0.68	0.55	
Euro area	1.27	1.21	0.96	0.85	1.34	1.67	1.53	1.39	1.48	1.20	
United Kingdom	1.54	1.67	1.69	1.63	1.93	2.06	2.02	1.87	1.85	1.82	
United States	1.87	1.97	2.04	1.93	2.20	2.36	2.32	2.17	2.17	2.05	
Japan	0.27	0.38	0.38	0.33	0.41	0.47	0.44	0.39	0.36	0.32	

**3-month interbank market rates**

**10-year benchmark government bond yields <sup>b)</sup>**


a) Short-term: the interbank average of rates situated in the middle of the range between bid and ask rates. Quotes taken from Reuters, posted at 4.30pm for the euro and 11.30am for other currencies.

b) Benchmark bonds: rates posted by Reuters at 4.30pm.

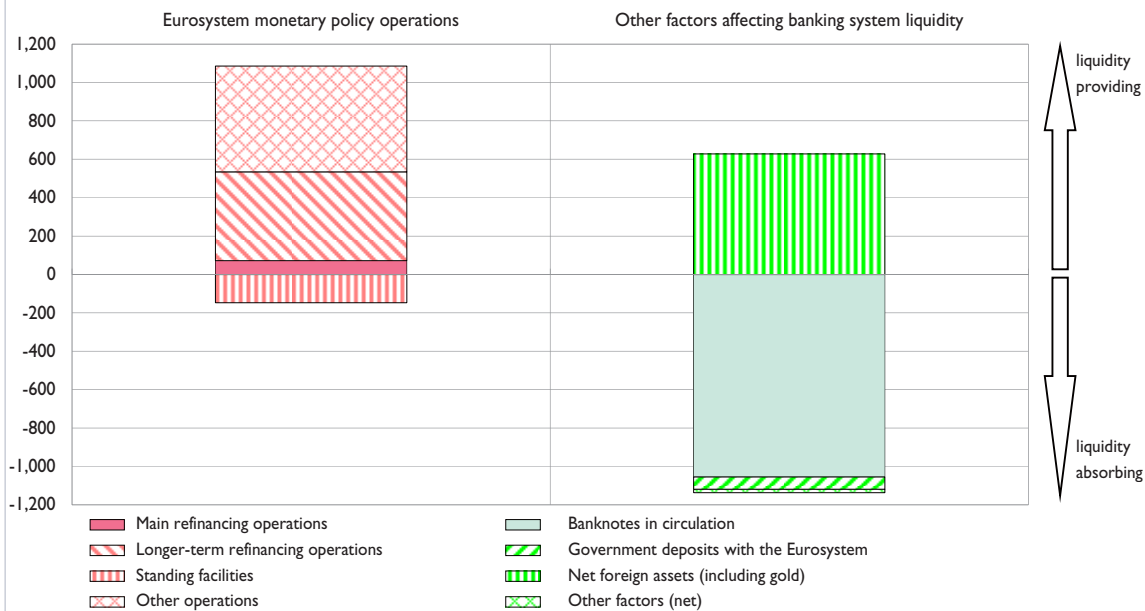
**Table 26**  
**Banking system liquidity and refinancing operations – Euro area**

(EUR billions, daily average for the reserve maintenance period from 22 July to 8 September 2015)

	Liquidity providing	Liquidity absorbing	Net contribution
<b>Contribution to banking system liquidity</b>			
<b>(a) Eurosystem monetary policy operations</b>	<b>1,085.9</b>	<b>148.0</b>	<b>937.9</b>
Main refinancing operations	72.4		72.4
Longer-term refinancing operations	462.2		462.2
Standing facilities	0.6	148.0	-147.5
Other	550.8	0.0	550.8
<b>(b) Other factors affecting banking system liquidity</b>	<b>627.4</b>	<b>1,136.9</b>	<b>-509.5</b>
Banknotes in circulation		1,055.4	-1,055.4
Government deposits with the Eurosystem		63.4	-63.4
Net foreign assets (including gold)	627.4		627.4
Other factors (net)		18.1	-18.1
<b>(c) Reserves maintained by credit institutions (a) + (b)</b>			<b>428.4</b>
<i>including reserve requirements</i>			<i>112.7</i>

**Net contribution to banking system liquidity**

(EUR billions, daily average for the reserve maintenance period from 22 July to 8 September 2015)





**Table 27**  
Eurosystem key rates; minimum reserves

(%)

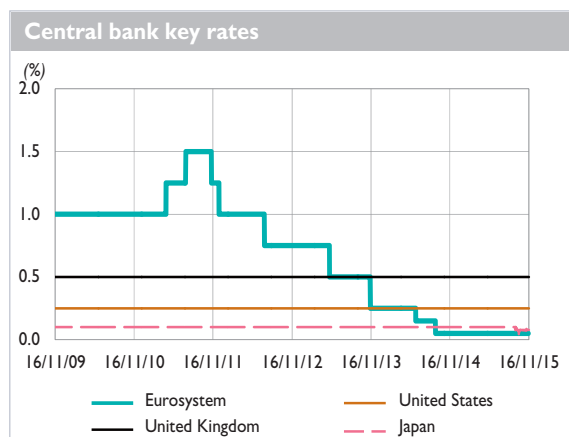
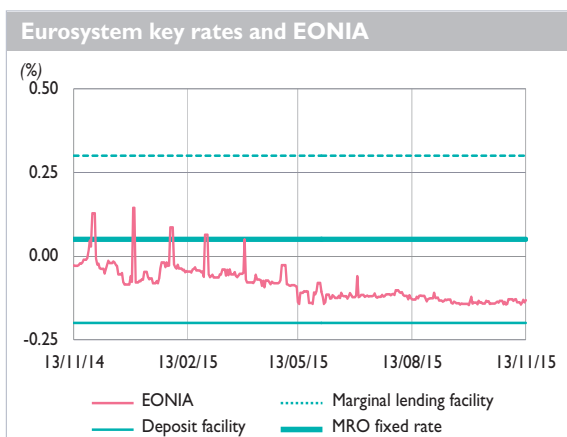
Key rates for the Eurosystem (latest changes)						
Main refinancing operations			Standing facilities			
Date of		Fixed rate	Date of		Deposit	Marginal lending
decision	settlement		decision	settlement		
07/11/2013	13/11/2013	0.25	07/11/2013	13/11/2013	0.00	0.75
05/06/2014	11/06/2014	0.15	05/06/2014	11/06/2014	-0.10	0.40
04/09/2014	10/09/2014	0.05	04/09/2014	10/09/2014	-0.20	0.30

(%)

Main refinancing operations				Longer-term refinancing operations		
		Marginal rate	Weighted average rate			Marginal rate
2015	7 October <sup>a)</sup>	0.05	0.05	2015	6 November	0.05
	14 October	0.05	0.05		9 November	0.05
	21 October	0.05	0.05		10 November	0.05
	28 October	0.05	0.05		11 November	0.05
	4 November	0.05	0.05		12 November	0.05
	11 November	0.05	0.05		13 November	0.05

(EUR billions – rates as a %)

Minimum reserves (daily averages)								
Reserve maintenance period ending on		Required reserves		Current accounts		Excess reserves		Interest rate on minimum reserves
		Euro area	France	Euro area	France	Euro area	France	
2015	10 March	107.50	20.10	225.30	33.10	117.80	13.00	0.05
	21 April	110.60	20.50	261.80	35.10	151.30	14.60	0.05
	9 June	110.30	20.10	303.40	43.50	193.10	23.40	0.05
	21 July	112.30	20.83	381.40	61.50	269.10	40.70	0.05
	8 September	112.70	20.62	428.40	76.03	315.70	55.41	0.05
	27 October	113.20	20.78	465.30	76.79	352.10	56.09	0.05



a) Fixed rate tender procedure.

Sources: European Central Bank, ESCB.

Produced 18 November 2015

**Table 28**  
Negotiable debt securities – France

Certificates of deposit			
	EUR billions <sup>a)</sup>		Number of issuers
	Issues	Stocks	
15/08/15 to 21/08/15	9.38	202.98	130
22/08/15 to 28/08/15	10.51	201.34	131
29/08/15 to 04/09/15	10.92	199.91	130
05/09/15 to 11/09/15	10.77	199.33	130
12/09/15 to 18/09/15	11.93	195.40	128
19/09/15 to 25/09/15	9.15	193.55	128
26/09/15 to 02/10/15	19.68	185.93	129
03/10/15 to 09/10/15	10.92	186.91	128
10/10/15 to 16/10/15	6.65	186.98	127
17/10/15 to 23/10/15	15.39	190.83	125
24/10/15 to 30/10/15	18.90	189.22	123
31/10/15 to 06/11/15	18.21	194.68	122
07/11/15 to 13/11/15	7.72	197.10	120

Commercial paper			
	EUR billions <sup>a)</sup>		Number of issuers
	Issues	Stocks	
15/08/15 to 21/08/15	7.94	69.24	105
22/08/15 to 28/08/15	5.04	66.23	105
29/08/15 to 04/09/15	6.47	68.62	105
05/09/15 to 11/09/15	10.59	70.91	108
12/09/15 to 18/09/15	7.63	70.74	111
19/09/15 to 25/09/15	3.77	68.97	106
26/09/15 to 02/10/15	9.23	63.27	108
03/10/15 to 09/10/15	16.96	68.81	110
10/10/15 to 16/10/15	6.57	61.13	112
17/10/15 to 23/10/15	6.83	62.81	109
24/10/15 to 30/10/15	6.55	61.56	111
31/10/15 to 06/11/15	4.80	61.60	114
07/11/15 to 13/11/15	11.04	67.36	118

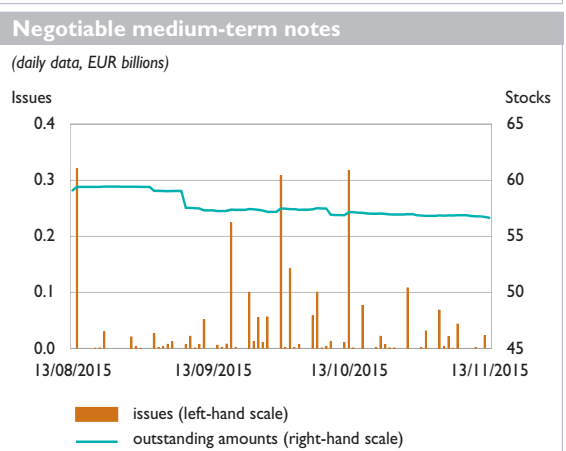
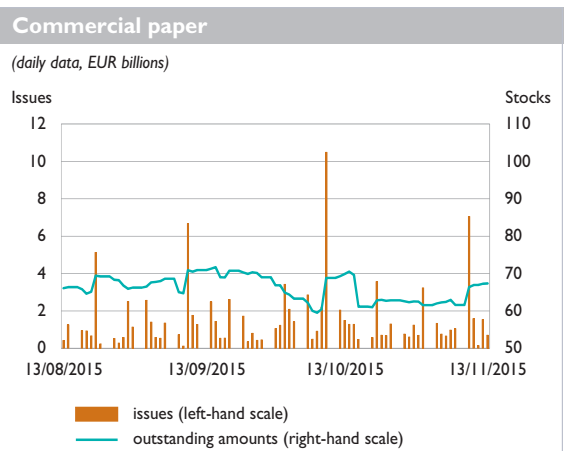
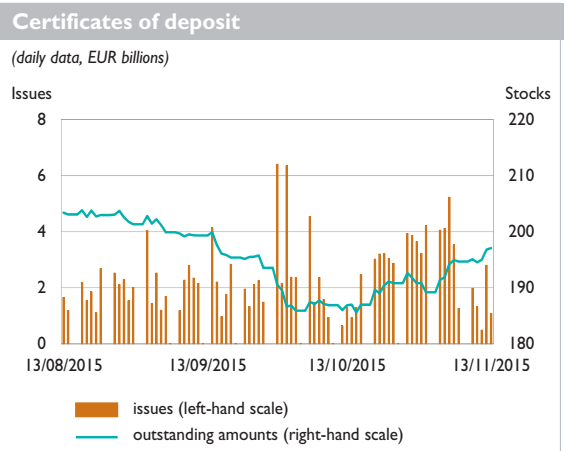
  

Negotiable medium-term notes			
	EUR billions <sup>a)</sup>		Number of issuers
	Issues	Stocks	
15/08/15 to 21/08/15	0.03	59.43	121
22/08/15 to 28/08/15	0.02	59.41	121
29/08/15 to 04/09/15	0.05	59.04	121
05/09/15 to 11/09/15	0.09	57.31	121
12/09/15 to 18/09/15	0.24	57.35	121
19/09/15 to 25/09/15	0.23	57.17	121
26/09/15 to 02/10/15	0.46	57.37	121
03/10/15 to 09/10/15	0.18	56.92	121
10/10/15 to 16/10/15	0.41	57.09	122
17/10/15 to 23/10/15	0.03	56.94	122
24/10/15 to 30/10/15	0.14	56.81	122
31/10/15 to 06/11/15	0.14	56.87	122
07/11/15 to 13/11/15	0.03	56.64	122

*a) Issues in euro are cumulative over the reference period. Outstanding amounts are calculated from the cut-off date (the last day of the period under review).*

Source: Banque de France.

Produced 18 November 2015



**Table 29**  
**Negotiable debt securities – France**

### Certificates of deposit

(daily outstanding amounts in EUR billions)



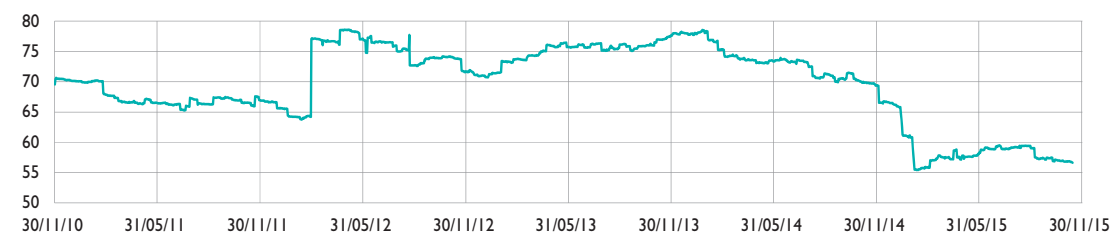
### Commercial paper

(daily outstanding amounts in EUR billions)



### Negotiable medium-term notes

(daily outstanding amounts in EUR billions)



### Negotiable debt securities, cumulated outstandings

(daily outstanding amounts in EUR billions)



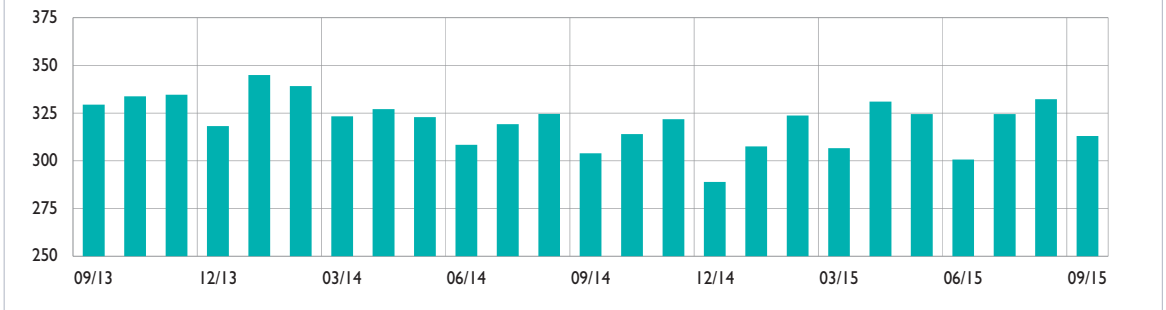
**Table 30**  
**Investment funds' investments – France**

(EUR billions)

	2014	2015		2015
	Dec.	March	June	Sept.
<b>Net assets of investment funds' investments by category</b>				
Money-market funds	288.90	306.62	300.67	313.03
Bond mutual funds	240.34	249.48	245.06	
Equity mutual funds	282.55	327.03	317.40	
Mixed funds	290.55	321.80	322.44	
Funds of alternative funds	12.40	12.07	11.86	
Guaranteed-performance mutual funds	0.00	0.00	0.00	
Structured funds ("fonds à formule")	36.11	36.10	31.86	

**Net assets of money-market funds**

(EUR billions)



**Table 31**  
**Debt securities and quoted shares issued by French residents**

(EUR billions)

	Outstanding amounts <sup>a)</sup>		Net issues <sup>b)</sup>			
	2014	2015	12-month total	2015		
	Sept. <sup>c)</sup>	Sept. <sup>c)</sup>		July <sup>c)</sup>	Aug. <sup>c)</sup>	Sept. <sup>c)</sup>
<b>Debt securities issued by French residents</b>						
<b>Total</b>	<b>3,471.4</b>	<b>3,453.3</b>	<b>-18.1</b>	<b>-2.1</b>	<b>8.3</b>	<b>-4.2</b>
Non-financial corporations	545.5	561.9	16.4	2.8	1.1	0.8
Short-term (≤ 1 year)	47.4	55.2	7.8	-0.2	0.2	0.0
Long-term (> 1 year)	498.0	506.7	8.7	3.0	0.9	0.8
General government	1,687.9	1,746.5	58.6	4.6	13.4	8.6
Short-term (≤ 1 year)	219.0	187.4	-31.6	-2.7	5.5	-0.8
Long-term (> 1 year)	1,469.0	1,559.1	90.2	7.3	7.9	9.4
Monetary financial institutions <sup>d)</sup>	1,121.4	1,017.3	-104.1	-10.1	-7.2	-14.1
Short-term (≤ 1 year)	251.4	171.9	-79.5	-12.0	-6.1	-11.8
Long-term (> 1 year) <sup>d)</sup>	870.0	845.4	-24.6	1.9	-1.2	-2.3
Non-monetary financial institutions <sup>e)</sup>	116.5	127.6	11.0	0.6	1.0	0.6

(EUR billions)

	Outstanding amounts <sup>f)</sup>		Net issues <sup>b)</sup>			Gross issues <sup>g)</sup>	Repurchases <sup>g)</sup>
	2014	2015	12-month total	2015		12-month total	12-month total
	Sept.	Sept.		Aug.	Sept.		
<b>French quoted shares</b>							
<b>Total</b>	<b>1,613.5</b>	<b>1,698.9</b>	<b>22.9</b>	<b>0.6</b>	<b>0.9</b>	<b>32.3</b>	<b>9.4</b>
Non-financial corporations	1,384.7	1,469.9	21.8	0.6	0.7	30.7	8.9
Monetary financial institutions	155.5	150.5	0.9	0.0	0.2	0.9	0.0
Non-monetary financial institutions	73.4	78.6	0.2	0.0	-0.1	0.7	0.5

a) Nominal values for outstanding amounts of debt securities.

b) Monthly data are seasonally adjusted. The 12-month total is unadjusted.

c) Data possibly revised.

d) Excluding the impact of intra-group transactions between banks.

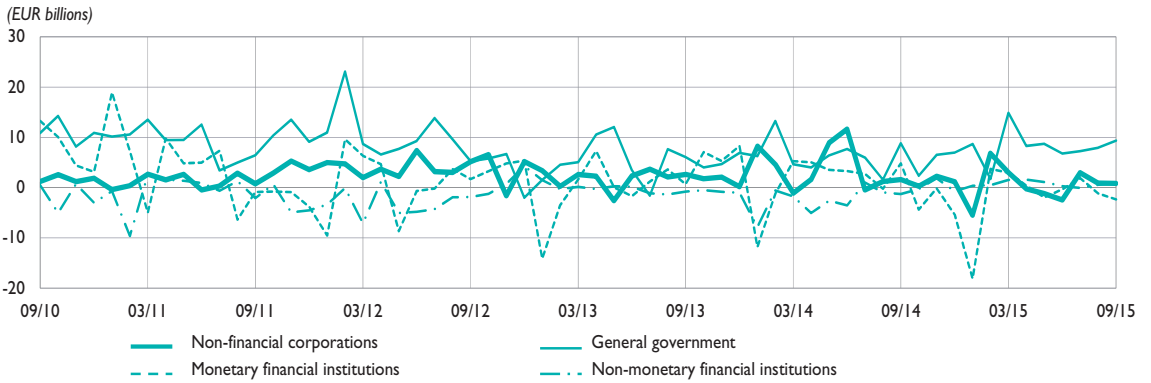
e) Including units issued by SPVs.

f) Market values for outstanding amounts of quoted shares.

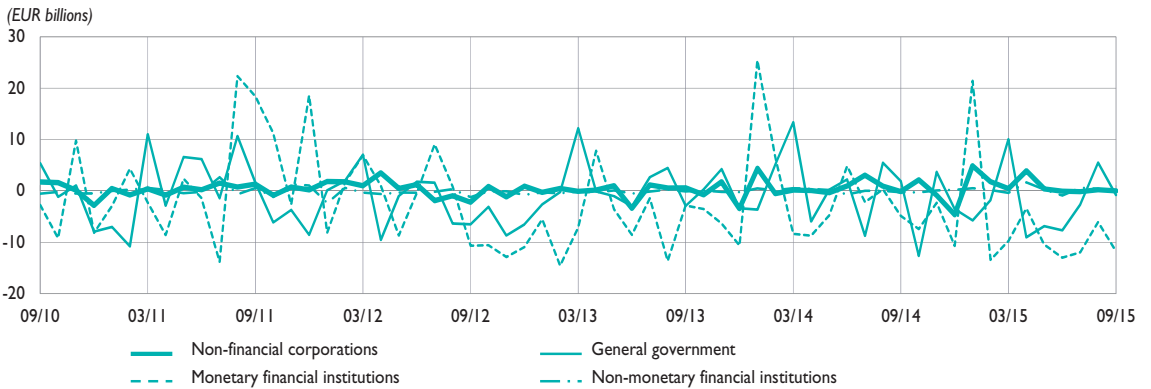
g) Non-seasonally adjusted data.

**Table 32**  
Debt securities and quoted shares issued by French residents, by sector

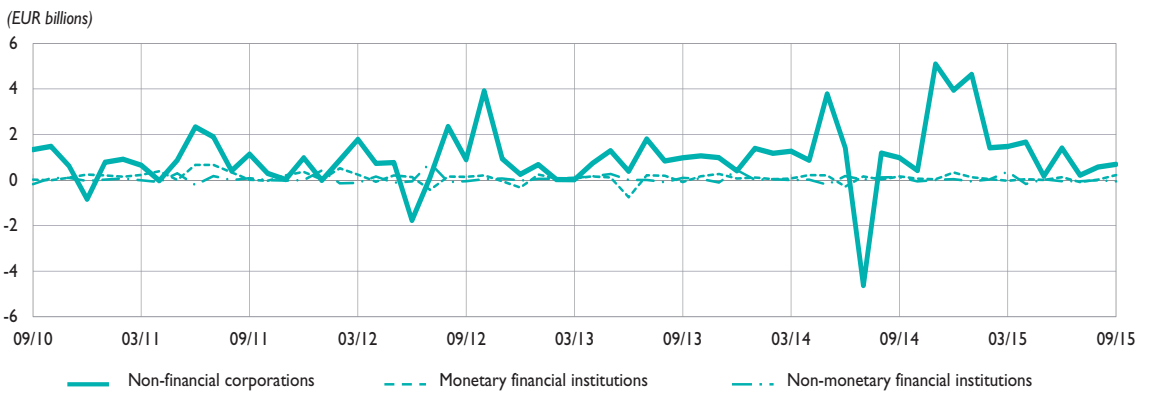
**Net issues of long-term debt securities by French residents (seasonally adjusted)**



**Net issues of short-term debt securities by French residents (seasonally adjusted)**



**Net issues of quoted shares by French residents (seasonally adjusted)**



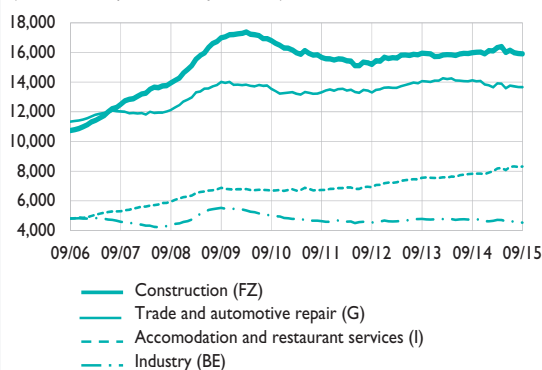
**Table 33**  
**Company failures by economic sector – France**

(number of companies, unadjusted data, 12-month total)

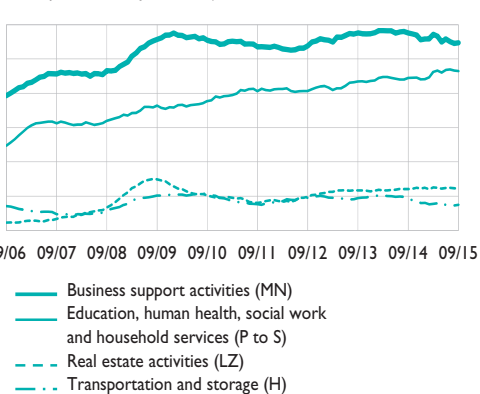
	2014				2015								
	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.
Agriculture, forestry and fishing (AZ)	1,376	1,385	1,422	1,408	1,379	1,352	1,367	1,370	1,355	1,359	1,391	1,391	1,381
Industry (BE)	4,770	4,739	4,746	4,632	4,616	4,647	4,713	4,711	4,634	4,650	4,588	4,569	4,526
Construction (FZ)	15,984	16,021	16,032	15,911	16,127	16,106	16,332	16,401	16,004	16,156	15,985	15,934	15,913
Trade and automotive repair (G)	14,120	14,064	14,078	13,836	13,791	13,660	13,921	13,891	13,587	13,769	13,716	13,681	13,663
Transportation and storage (H)	1,949	1,879	1,865	1,800	1,807	1,764	1,779	1,794	1,715	1,758	1,740	1,729	1,749
Accommodation and restaurant services (I)	7,820	7,831	7,835	7,811	7,908	7,991	8,178	8,213	8,074	8,289	8,317	8,282	8,316
Information and communication sector (JZ)	1,569	1,557	1,542	1,490	1,478	1,485	1,487	1,465	1,429	1,470	1,474	1,477	1,441
Financial and insurance activities (KZ)	1,292	1,299	1,303	1,274	1,292	1,288	1,308	1,297	1,250	1,250	1,244	1,241	1,227
Real estate activities (LZ)	2,208	2,218	2,244	2,226	2,246	2,205	2,253	2,243	2,221	2,242	2,243	2,229	2,218
Business support activities (MN)	6,761	6,730	6,700	6,562	6,585	6,585	6,715	6,663	6,495	6,584	6,504	6,454	6,469
Education, human health, social work and household services (P to S)	5,449	5,455	5,457	5,407	5,411	5,461	5,624	5,663	5,602	5,679	5,696	5,662	5,645
Sector unknown	112	117	120	125	137	140	149	164	172	187	210	214	241
<b>Total sectors</b>	<b>63,410</b>	<b>63,295</b>	<b>63,344</b>	<b>62,482</b>	<b>62,777</b>	<b>62,684</b>	<b>63,826</b>	<b>63,875</b>	<b>62,538</b>	<b>63,393</b>	<b>63,108</b>	<b>62,863</b>	<b>62,789</b>

**Company failures – 12-month total**

(number of companies – unadjusted data)



(number of companies – unadjusted data)



NB: The two-letter codes correspond to the aggregation level A10, and the one-letter codes to revised NAF sections 2 A21. Data for last month are preliminary.

**Table 34**  
**Retail payment systems – France**

(daily average in EUR millions, % share for the last month)

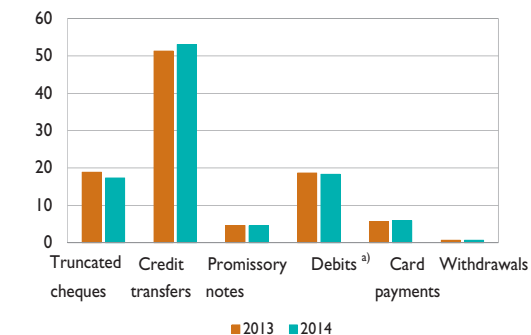
	2011	2012	2013	2014	2015			2015
					Aug.	Sept.	Oct.	Share
Cheques	5,478	4,947	3,986	3,662	2,892	3,413	3,741	16.9
Credit transfers	9,646	10,167	10,827	11,185	10,580	11,320	11,776	53.1
of which SEPA credit transfers	2,555	4,130	5,967	10,701	10,580	11,320	11,776	53.1
Promissory notes	1,142	1,079	981	964	872	803	743	3.4
Direct debits	1,938	2,004	2,048	1,868	1,723	1,881	2,277	10.3
Interbank payment orders	130	131	129	125	61	164	264	1.2
Electronic payment orders	1,343	1,491	1,766	1,872	1,391	2,169	2,005	9.0
Card payments	1,085	1,152	1,200	1,248	1,241	1,181	1,226	5.5
ATM withdrawals	145	146	147	149	160	143	141	0.6
<b>Total</b>	<b>20,907</b>	<b>21,116</b>	<b>21,085</b>	<b>21,073</b>	<b>18,921</b>	<b>21,073</b>	<b>22,171</b>	<b>100.0</b>

(daily average in thousands of transactions, % share for the last month)

	2011	2012	2013	2014	2015			2015
					Aug.	Sept.	Oct.	Share
Cheques	9,112	8,588	8,040	7,555	5,477	6,575	7,160	12.9
Credit transfers	7,549	7,593	7,722	7,927	7,212	7,989	8,171	14.8
of which SEPA credit transfers	1,400	2,154	3,641	7,608	7,212	7,989	8,171	14.8
Promissory notes	303	291	281	277	258	229	245	0.4
Direct debits	8,502	8,680	8,737	8,603	8,258	8,511	8,877	16.1
Interbank payment orders	342	320	301	280	181	270	428	0.8
Electronic payment orders	76	101	127	150	83	147	258	0.5
Card payments	22,969	24,489	25,868	27,405	28,095	26,831	27,920	50.5
ATM withdrawals	2,422	2,407	2,397	2,409	2,387	2,271	2,235	4.0
<b>Total</b>	<b>51,275</b>	<b>52,469</b>	<b>53,472</b>	<b>54,607</b>	<b>51,952</b>	<b>52,823</b>	<b>55,295</b>	<b>100.0</b>

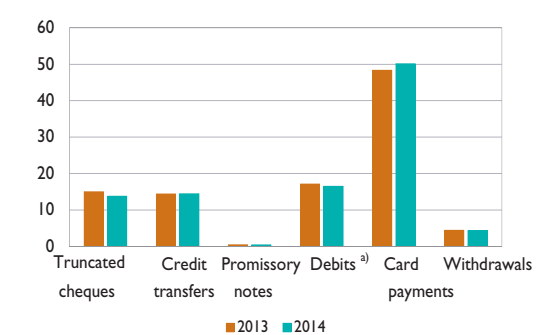
**Market share developments**  
**for main non-cash means of payment**

(% of amounts exchanged)



**Market share developments**  
**for main non-cash means of payment**

(% of volumes exchanged)



a) Debits: direct debits, interbank payment orders and electronic payment orders.



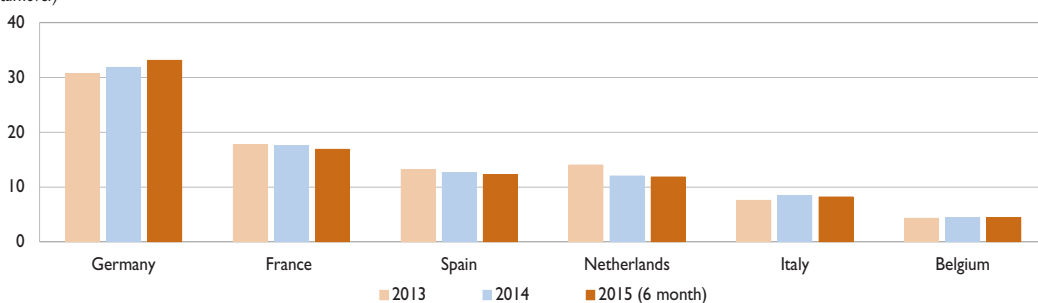
**Table 35**  
**Large-value payment systems – EU**

(daily average in EUR billions, % share for the last month)

	2011	2012	2013	2014	2015			2015
					Aug.	Sept.	Oct.	Share
France	398	431	343	340	267	277	301	15.2
Germany	818	764	594	615	556	606	581	29.3
Austria	27	25	21	29	24	26	27	1.3
Belgium	106	104	84	86	74	78	83	4.2
Cyprus	2	3	1	1	0	0	0	0.0
Spain	367	345	255	244	191	196	225	11.3
Estonia	1	1	1	1	0	0	0	0.0
Finland	47	85	39	39	32	38	34	1.7
Greece	23	20	34	26	22	20	17	0.9
Ireland	21	17	15	15	10	11	11	0.5
Italy	129	128	147	162	141	197	190	9.6
Latvia	–	–	–	1	1	1	1	0.0
Lithuania	–	–	–	0	1	1	1	0.0
Luxembourg	57	70	67	68	60	64	71	3.6
Malta	0	1	0	0	1	1	1	0.0
Netherlands <sup>a)</sup>	308	412	272	232	241	245	240	12.1
Portugal	22	14	11	11	5	6	6	0.3
Slovakia	3	3	2	3	2	2	2	0.1
Slovenia	2	3	2	3	3	3	3	0.1
EPM-ECB	36	35	29	39	55	176	173	8.7
<b>Total TARGET2 euro area <sup>b)</sup></b>	<b>2,368</b>	<b>2,462</b>	<b>1,918</b>	<b>1,916</b>	<b>1,686</b>	<b>1,948</b>	<b>1,967</b>	<b>99.2</b>
Non-euro area	17	15	17	15	13	14	17	0.8
<b>Total TARGET2 EU <sup>b)</sup></b>	<b>2,385</b>	<b>2,477</b>	<b>1,935</b>	<b>1,931</b>	<b>1,699</b>	<b>1,962</b>	<b>1,984</b>	<b>100.0</b>
<b>Euro1 <sup>c)</sup></b>	<b>249</b>	<b>226</b>	<b>191</b>	<b>186</b>	<b>182</b>	<b>190</b>	<b>179</b>	

**Market share of each financial centre in the TARGET2 system**

(% of turnover)



The sum of the components may not be equal to the total (or to 100) due to rounding.

Since January 2009, a new methodology for collecting and reporting statistics has been established on the TARGET2 data to improve data quality. This must be taken into account when comparing 2009 data with previous data.

a) Since 19 May 2008, the operations of the United Kingdom pass in transit by this country.

b) Variable composition according to the countries which participate in the systems of payment in euro.

c) Euro1 (EBA): clearing system of the Euro Banking Association. Euro1 data include retail payments recorded in STEP1.

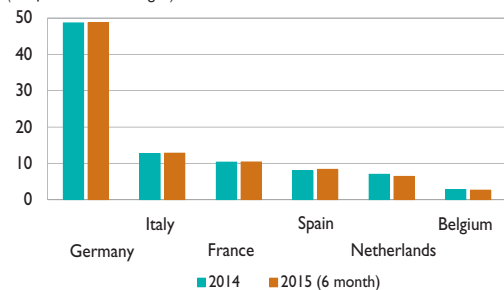
**Table 36**  
**Large-value payment systems – EU**

(daily average in number of transactions, % share for the last month)

	2011	2012	2013	2014	2015			2015
					Aug.	Sept.	Oct.	Share
France	34,139	33,830	35,753	36,791	31,971	31,445	32,036	9.7
Germany	172,884	175,611	179,655	172,560	163,190	165,377	168,655	51.2
Austria	6,294	6,711	4,719	4,525	4,462	4,705	4,873	1.5
Belgium	10,265	9,955	9,322	10,169	8,224	8,477	8,841	2.7
Cyprus	515	613	872	544	443	468	477	0.1
Spain	29,509	29,760	30,105	28,420	25,233	27,200	28,305	8.6
Estonia	329	360	417	616	1,329	1,382	2,227	0.7
Finland	1,571	1,611	1,596	1,620	1,514	1,614	1,605	0.5
Greece	5,861	4,335	4,292	3,322	2,329	3,405	3,255	1.0
Ireland	4,376	4,012	3,589	3,589	3,224	3,323	3,268	1.0
Italy	33,643	34,837	40,711	45,147	35,857	31,241	32,191	9.8
Latvia	–	–	–	1,397	1,124	1,645	1,273	0.4
Lithuania	–	–	–	424	305	305	314	0.1
Luxembourg	3,229	3,509	4,398	4,881	4,767	5,050	5,455	1.7
Malta	72	157	236	299	238	273	314	0.1
Netherlands <sup>a)</sup>	32,490	33,144	31,300	25,040	20,476	21,782	22,059	6.7
Portugal	4,165	4,166	4,276	4,751	4,129	4,041	4,209	1.3
Slovakia	730	1,090	1,255	1,003	848	873	905	0.3
Slovenia	3,039	2,786	2,697	2,781	2,486	2,605	2,695	0.8
EPM-ECB	379	553	590	679	700	795	800	0.2
<b>Total TARGET2 euro area <sup>b)</sup></b>	<b>343,488</b>	<b>347,040</b>	<b>355,785</b>	<b>348,557</b>	<b>312,848</b>	<b>316,005</b>	<b>323,755</b>	<b>98.2</b>
Non-euro area	5,017	7,145	7,313	5,705	5,514	5,605	5,777	1.8
<b>Total TARGET2 EU <sup>b)</sup></b>	<b>348,505</b>	<b>354,185</b>	<b>363,099</b>	<b>354,263</b>	<b>318,362</b>	<b>321,609</b>	<b>329,532</b>	<b>100.0</b>
<b>Euro1 <sup>c)</sup></b>	<b>242,499</b>	<b>260,135</b>	<b>251,518</b>	<b>228,655</b>	<b>193,229</b>	<b>204,377</b>	<b>211,273</b>	

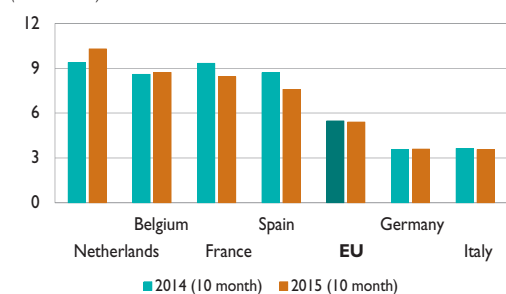
**Market share of each financial centre in the TARGET2 system**

(% of volumes exchanged)



**Average transaction amount in the TARGET2 system**

(EUR millions)



The sum of the components may not be equal to the total (or to 100) due to rounding.

Since January 2009, a new methodology for collecting and reporting statistics has been established on the TARGET2 data to improve data quality. This must be taken into account when comparing 2009 data with previous data.

a) Since 19 May 2008, the operations of the United Kingdom pass in transit by this country.

b) Variable composition according to the countries which participate in the systems of payment in euro.

c) Euro1 (EBA): clearing system of the Euro Banking Association. Euro1 data include retail payments recorded in STEPI.

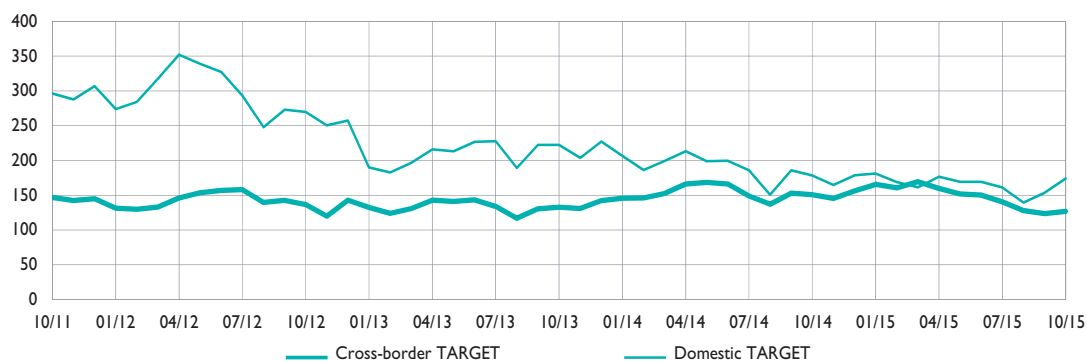
**Table 37**  
**Large-value payment systems – France**

(daily average in EUR billions, % share for the last month)

	2011	2012	2013	2014	2015			2015
					Aug.	Sept.	Oct.	Share
<b>Collateral used in domestic TARGET<sup>b)</sup></b>								
French negotiable securities	81.6	127.4	109.8	65.0	66.8	67.0	67.4	32.1
Private claims	146.4	189.9	180.7	148.8	47.0	44.6	44.2	21.0
Securities collateralised through CCBM	60.5	53.7	63.7	68.5	97.9	96.4	94.7	45.1
Other securities <sup>c)</sup>	3.5	2.7	3.4	4.6	3.2	3.2	3.9	1.9
<b>Total</b>	<b>292.0</b>	<b>373.8</b>	<b>357.6</b>	<b>286.9</b>	<b>214.9</b>	<b>211.2</b>	<b>210.2</b>	<b>100.0</b>

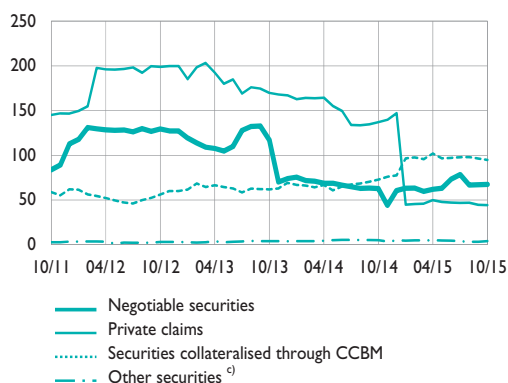
**Monthly change in amounts exchanged in French payment systems<sup>a)</sup>**

(EUR billions, daily average)

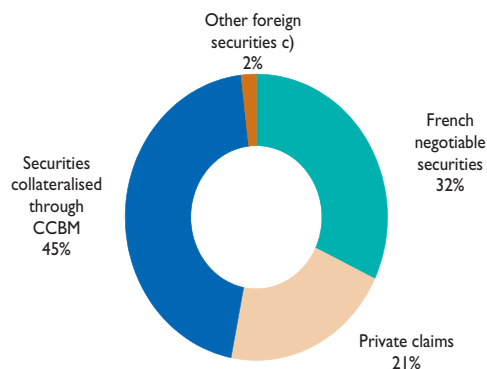


**Monthly change in collateral<sup>b)</sup>**

(EUR billions, daily average)



**Collateral used in October 2015<sup>b)</sup>**



a) Since 18 February 2008, TBF (the French component of TARGET) and PNS systems have been replaced by TARGET2-Banque de France, the single French large-value payment system.

b) Until 15 February 2008, the indicated amounts corresponded to collateral used for intraday credit in TBF. Since the go-live of the "3G" system (Global management of collateral) and TARGET2-Banque de France on 18 February 2008, the amounts represent the collateral posted in a single pool of assets and that can be used for monetary policy and/or intraday credit operations.

c) Other foreign securities submitted via links between securities settlement systems.



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- Financial accounts and financial balance sheets
- Working paper series
- Financial institutions

### Securities, loans and deposits

<https://www.banque-france.fr/en/economics-statistics/securities-loans-and-deposits.html>

- Loans
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- Insurance
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- The balance of payments and international investment position
- International banking activity
- Net foreign assets

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- Payment periods
- Company accounts in Europe
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- Interbank market rates

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- Interest rates and exchange rates
- Monetary statistics France – Euro area
- Deposits and loans in the French regions
- Securities issues by French residents
- Non financial sectors debt's ratios
- Non financial sectors debt's ratios: international comparisons
- Financial intermediation rate
- National financial accounts
- Banking and financial activity
- Balance of payments
- Foreign investment position
- Business surveys
- Businesses: terms of payments
- Means and systems of payments

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