

Paris, 4 August 2016

**“French banks are strengthening their solidity”  
Interview with Frédéric Oudéa, Chairman of the FBF, in Le Figaro on 4 August  
2016 (extracts)**

*For Frédéric Oudéa, CEO of Societe Generale and Chairman of the French Banking Federation, the stress tests show that the French banking system is becoming more solid.*

[...]

**Italy’s banking sector, however, is not so healthy. Is this an exception or is it a symptom of the undercapitalisation of European banks?**

There is no general undercapitalisation of the European banking sector. The stress tests have shown this. But there are still some clearly identified situations that continue to be treated. We are therefore reassured, but must avoid making generalisations about the banks, which naturally must continue to adapt, but they have a satisfactory level of capital and those that continue to show structural problems continue to be managed. In this context, French banks are demonstrating that they can meet the challenge facing them. [...]

**That said, the negative interest rates created by the European Central Bank must not persist for too long...**

All monetary policies are designed to ensure that economic agents, the private sector and the corporate sector have access to credit. And this is indisputably the case in France, where lending shows the strongest growth in the eurozone. The French banks do the work and their clients benefit from low interest rates. This is how monetary policy achieves its aim. That said, it is true that negative rates create a particular, somewhat exorbitant, situation which has a cost for the financial system. It is a strategy that generally tends to be implemented for a fairly short period of time, with a return to normalisation as soon as the economy improves and the outlook for inflation has normalised.

**A few weeks ago, the members of Ecofin pointed out to the Basel Committee, which sets out international financial regulations, that its work should not create additional capital requirements on top of those set out under Basel III. Is this a victory for the Chairman of the French Banking Federation in place until 1 September?**

We have worked hard over the last year to enable a better understanding of the objectives of the forthcoming decisions of the Basel Committee. Its work and techniques on the methods for calculating risk-weighted assets can potentially have a very significant impact. Poor calibration could have negative consequences for financing systems which, although specific to Europe, do function.

Such is the case for fixed-rate property lending in France, but also the financing of assets such as aircraft, boats and infrastructures. What is at stake is economic activity, the capacity to finance investments, and thus the answer to unemployment. This subject, in my opinion, along with security and the immigration policy, is one of the three major themes on which Europe must concentrate and provide answers to in order to bolster the currently weakened European project.

**To attract activities following Brexit, the Paris financial market requested fiscal measures and obtained a special arrangement for impatriates. Surely this is not enough to restore the competitiveness of the Market?**

The good news is that there has been an obvious change in mindset. The fact that we have a dynamic financial market, that is secure and creates jobs seems to have become an advantage for the country once again. A view that is shared at several levels because there have been announcements by both the government and local authorities, the Île-de-France region and City of Paris, notably. The measure concerning the regime for impatriates is therefore a first step that should be welcomed. Let’s hope that similar efforts will continue, in relation to taxation in particular, and that they are coherent over time.