

**PRESS RELEASE**

**Lending sets new records in 2016:  
French banks are financing the economy!**

Financing the economy is the top strategic priority of French banks.

With €2.169 trillion loaned in 2016, French banks are meeting the financing needs of households and businesses, and doing so with increasingly strong momentum (+4.4% year-on-year growth)<sup>1</sup>.

In the words of Marie-Anne Barbat-Layani, *“the French banking industry, through its strength and its ability to provide financing to individuals and businesses, is an asset to the country's economy. Lending momentum is strong, with French banks financing the equivalent of 150 housing units and two regional train carriages every hour!”*

**French banks lead the Eurozone in the distribution of credit to the economy**

For individuals and businesses alike, the total volume of loans granted by French banks exceeds 20% of overall credit extended by banks in the Eurozone.

The growth in lending to businesses in France (+4.9%) is more than double that of the Eurozone (+2%) as of the end of December 2016. It is higher than in Germany (+4.2%), while Italy and Spain both remain on the decline at -1.3% and -0.6%, respectively.

With regard to home loans, France also leads with a 4.3% increase in lending, compared to a rise of 2.7% for the Eurozone as a whole<sup>2</sup>.

**Banks are financing French property and consumers**

In France, half of the loans go to households, representing €1.096 trillion, a year-on-year increase of 4.5%<sup>3</sup>. Nearly one out of every two French residents<sup>4</sup> has at least one property loan or consumer loan.

In 2016, total property loans outstanding reached €899 billion, a year-on-year increase of 4.3%. Every month, banks distribute an average of €20 billion in new loans to help finance households' property expenses, the highest level since 2010. In December 2016, new property

<sup>1</sup> Banque de France, end of December 2016

<sup>2</sup> ECB, statistical series, at December 2016

<sup>3</sup> Banque de France, loans to individuals, end of December 2016

<sup>4</sup> 46.4% according to the Observatoire des crédits aux ménages (“Household Credit Observatory”), 2016 data

loans reached a monthly record of €33.6 billion as the interest rate environment remained highly favourable.

Consumer credit accounted for €161 billion in outstanding loans, representing an annual growth rate of 5%. The year-end period saw accelerated growth with €5.1 billion in new loans distributed over the course of December 2016.

### **Short-term and investment loans: banks are lending to businesses, and particularly SMEs**

Loans to businesses have exceeded €900 billion, reaching €911 billion as of the end of 2016, a year-on-year increase of 4.9%<sup>5</sup>. The growth was seen in both investment loans (+4.5%) and short-term loans (+6.9%).

New loan production for businesses reached over €266 billion over the course of the year, marking a return to pre-2009 levels.

Loans to VSEs and SMEs were up significantly, with €385.1 billion loaned in 2016, an increase of 2.7% from 2015. This momentum was driven by an investment-friendly interest rate environment that ultimately benefited the competitiveness of VSEs and SMEs in France.

Meanwhile, access to credit is still improving. More than nine out of 10 SMEs got their investment loan applications approved (95%), and eight out of 10 were able to obtain cash credit (84%)<sup>6</sup>. Between July and September 2016, banks granted €13.9 billion in new loans to VSEs alone. Over the year, the growth in short-term lending to VSEs reached 4.6%<sup>7</sup>.

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<sup>5</sup> Banque de France, loans to businesses, end of December 2016

<sup>6</sup> Banque de France, credit access survey (4,000 SMEs and 2,500 VSEs), fourth quarter of 2016

<sup>7</sup> Banque de France, credit to microenterprises/VSEs, third quarter of 2016