



8th June 2020

Loans to individuals – France • April 2020

Temporarily reduced activity of loans to individuals during the full lockdown period

- Growth in loans to individuals remains but slows again in April (+5.2% year on year, down from +6.1% in March and +6.8% in February). The deceleration linked to the suspension of many economic activities in April is more pronounced for consumer credit (up 0.4% in April, down from 3.5% in March) than for housing loans (up 6.0% in April, down from 6.6% in March), as banks manage the continuity of the operations initiated previously.
- Monthly seasonal adjusted credit production more directly reflects the impact of full lockdown. It persists but falls sharply for consumer credit (EUR +1.7 billion in April, down from EUR +4.0 billion in March). Housing loans stand at 19.2 billion euros, close to the levels of March 2020 (20.2 billion euros) and April 2019 (18.5 billion euros), but with a change in composition: the share of new loans naturally decreases due to the lockdown (+9.8 billion euros after +14.5 billion euros) while the share of renegotiations increases to 50% in April (after 28% in March).
- This increase in the share of renegotiations - whose rates are mechanically higher than those of new loans when the renegotiation involves lengthening the repayment terms of old loans - fully explains the apparent increase in the rate to 1.31% compared with 1.19% in March. Excluding renegotiation, the interest rate on housing loans falls by 2 basis points and remains historically low at 1.15%.
- This temporary effect of the lockdown on the production of new loans should continue in May and gradually dissipate as from June and July.

Outstanding amounts and annual growth rates (without seasonal adjustment)

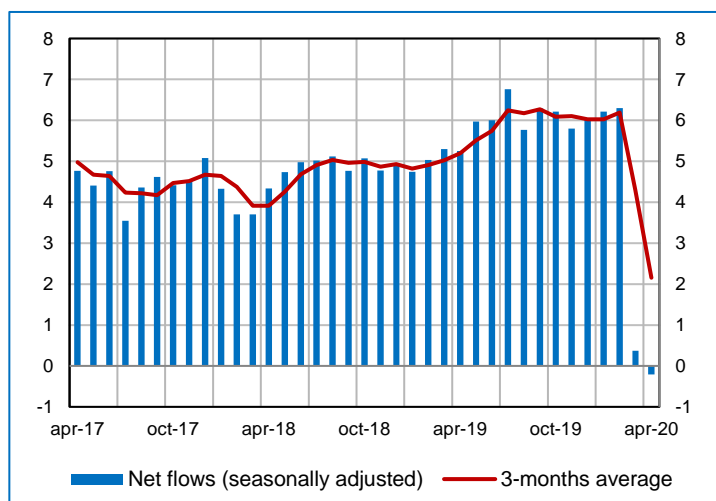
(Outstanding amounts in € Bn, annual growth rate in %)

	End-of-month level	Annual growth rate		
	Apr-20	Feb-20	Mar-20	Apr-20
Total	1 305	6.8	6.1	5.2
<i>Lending for house purchase</i>	1 088	7.1	6.6	6.0
<i>Credit for consumption</i>	183	5.3	3.5	0.4
<i>Other lending</i>	34	5.5	5.6	7.8



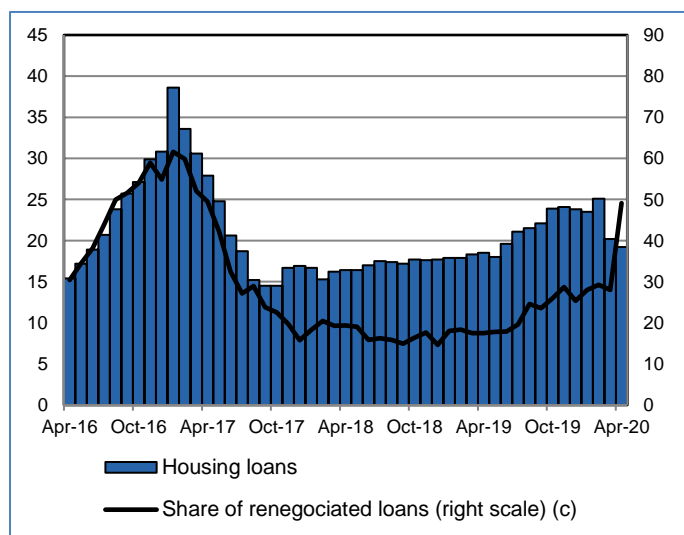
Monthly flows of housing loans (with seasonal adjustment)

(Changes in stocks in € Bn, adjusted for sales and securitization and write-offs/write-downs)



Share of renegotiation of new property loans

(New property loans seasonally adjusted, in € Bn and in %)



Production of new loans

(excluding overdrafts, monthly flows seasonally adjusted (a))

(in € Bn)	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20
- loans for consumption purposes (b)	5.7	6.1	6.0	5.9	4.0	1.7
- housing loans	24.1	23.8	23.5	25.1	20.2	19.2
of which housing loans excluding renegotiations	17.2	17.8	16.9	17.8	14.5	9.8
- proportion of renegotiation (not seasonally adjusted) in % (c)	28.7	25.4	28.0	29.3	28.0	49.1

Interest rates on new loans (narrow defined effective rate, monthly average)

(in %)	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20 (e)	Apr-20 (f)
- housing loans long term and fixed rates	1.20	1.17	1.17	1.19	1.19	1.31
- housing loans short term and floating rates	1.29	1.29	1.30	1.27	1.24	1.38
- housing loans excluding renegotiations	1.16	1.14	1.15	1.17	1.17	1.15
- loans for consumption purposes (b)	3.75	3.52	3.75	3.84	3.76	3.91
- overdrafts for individuals (d)	5.70	5.29	5.48	5.74	5.72	5.95

(a) Parameters for seasonal adjustment are updated each month, taking into account monthly data under review.

(b) Excluding revolving loans.

(c) Ratio of renegotiated loans on housing loans, both not seasonally adjusted

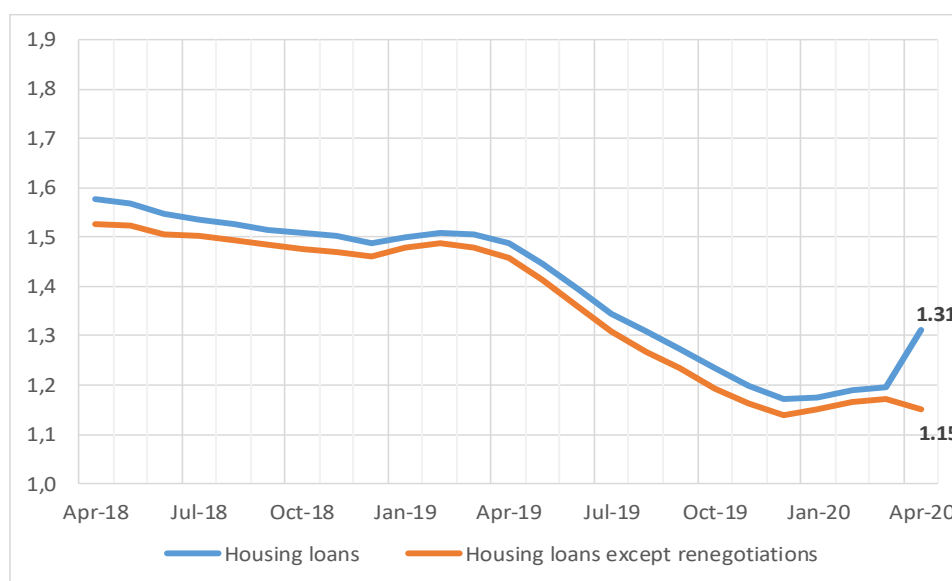
(d) Overdrafts: negative balance of ordinary accounts + commercial credits + factoring + cash credits without fixed repayment schedule (including mobilization of revolving loans).

(e) Revised data.

(f) Provisional data.

Interest rates on housing loans, all maturities

(Narrowly defined effective rate, average weighted by long and short term flows, in %)



Additional information

Only loans granted to individuals (households excluding sole proprietors and unincorporated partnerships) by resident monetary financial institutions are presented here.

The outstanding growth rates are calculated by correcting accounting modifications that do not reflect economic changes. In particular the accounting derecognition of loans from the MFI's statistical balance sheet due to their sale, securitization or write-offs/write-downs is corrected. Conversely, exchange rate effects are taken into account without any change.

Monthly growth rates are those of new loans agreed, i.e. disbursed. It should not be considered as an indication for identifying any inflection point in loans' granting policy, since a delay is observed between the acceptance of the loans and its effective disbursement.

The monthly growth rates are those of the loans originated. New loan production represents new loans granted, even when they are not yet actually disbursed to the borrower, in accordance with the Eurosystem's harmonised methodology, which aims to provide the public with an indicator that rapidly reflects changes in loan production. For this reason, the production of new loans differs from monthly changes in outstanding loans because the outstanding amounts are recorded after the actual disbursement of funds and take into account the amortisation of old loans.

The weighted average rates and new business volumes are calculated according to the harmonized definitions of the Eurosystem. Published rates are the narrowly defined effective rate (NDER). They correspond to the interest component of the Annual Percentage Rate of Charge (APRC). Renegotiated loans also include mortgage repurchases.

