



4<sup>th</sup> March 2022

## Loans to individuals – France • January 2022

### Housing credit growth remains strong in January

- The annual growth rate of outstanding loans to individuals remains high in January (+6.0%, after +5.9% in December 2021), still supported by the housing loans component (+6.4%, identical to December).
- The growth rate in consumer credit - which takes into account buy and pay later payments granted by credit institutions - increases (+3.8%, after +3.4% in December). Regarding these latter loans, the total outstanding amount by French credit institutions sets below 1 billion euros – out of 190 billion euros of consumer credit as a whole (refer to 'Estimation of buy and pay later payments' below).
- The production of new housing loans reaches 23.6 billion in January (18.6 billion excluding renegotiations), after 21.7 billion in December.
- The nowcasting for February 2022 shows a slight increase in both monthly production of housing loans (24.1 billion euros) and annual growth rate (+6.6%). In the wake of rising long term interest rates, housing loans interest rate could also rise to 1.14%, assuming a strategy of constant margins by banks.

### Outstanding amounts and annual growth rates (without seasonal adjustment)

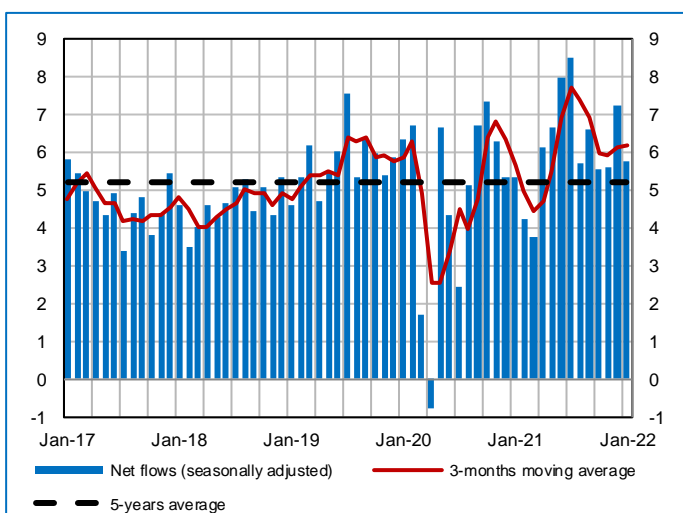
(Outstanding amounts in € Bn, annual growth rate in %)

	End-of-month level	Annual growth rate			
	Jan-22	Nov-21	Dec-21	Jan-22	Feb-22*
<b>Total</b>	<b>1 438</b>	<b>5.9</b>	<b>5.9</b>	<b>6.0</b>	
<i>Lending for house purchase</i>	1 218	6.3	6.4	6.4	6.6
<i>Credit for consumption</i>	190	3.8	3.4	3.8	
<i>Other lending</i>	30	3.3	2.3	2.7	

(\*) Nowcasting

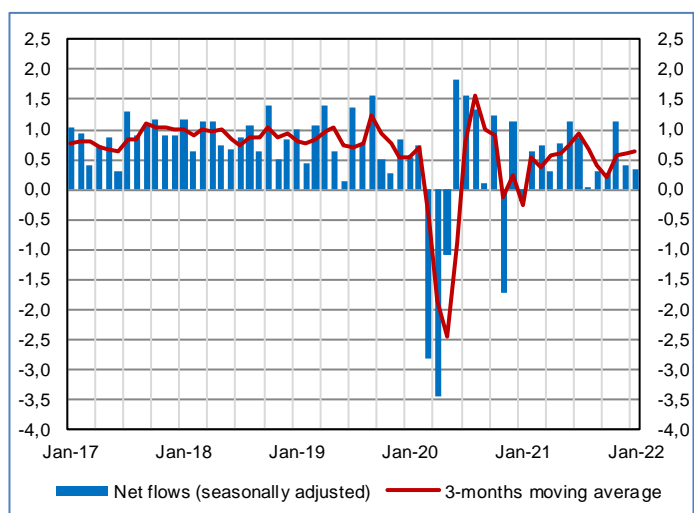
### Housing loans to individuals (seasonally adjusted)

(In billion euros)



### Credit for consumption (seasonally adjusted)

(In billion euros)



Production of new loans

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

(volumes in billion euros, proportion in percentage)	Sep-21	Oct-21	Nov-21	Dec-21 (e)	Jan-22 (f)	Feb-22 (g)
- loans for consumption purposes (b)	5.7	5.7	5.9	5.7	6.2	
- housing loans	23.0	24.3	23.1	21.7	23.6	24.1
of which housing loans excluding renegotiations	18.9	19.5	18.1	17.8	18.6	
- proportion of renegotiation (not seasonally adjusted) in % (c)	17.8	19.7	21.4	18.1	21.2	

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

(in percentage)	Sep-21	Oct-21	Nov-21	Dec-21 (e)	Jan-22 (f)	Feb-22 (g)
- housing loans	1.13	1.13	1.12	1.10	1.12	1.14
of which housing loans long term and fixed rates	1.12	1.12	1.12	1.10	1.12	
of which housing loans short term and floating rates	1.22	1.20	1.21	1.21	1.18	
of which housing loans excluding renegotiations	1.09	1.08	1.07	1.06	1.07	
- loans for consumption purposes (b)	3.43	3.51	3.58	3.52	3.59	
- overdrafts for individuals (d)	5.15	5.12	5.10	4.92	4.93	

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

(b) Excluding revolving loans. Loans for splitted-cost payments (mainly "loans granted on market place" and "extended credit-card credits" are included into consumption 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).

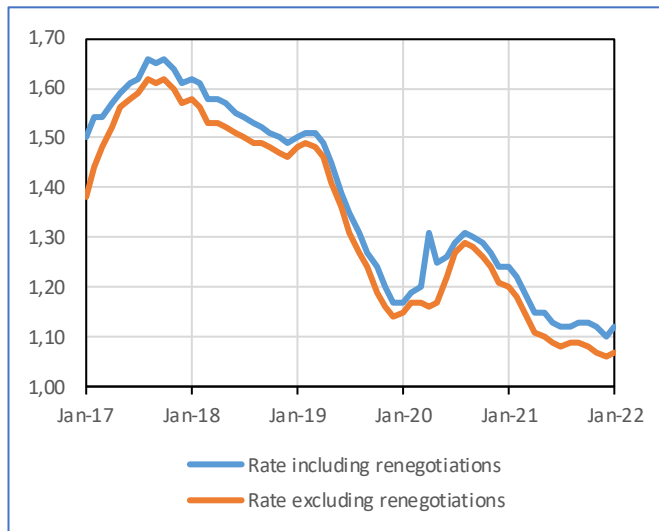
(e) Revised data

(f) Provisional data

(g) Nowcasting

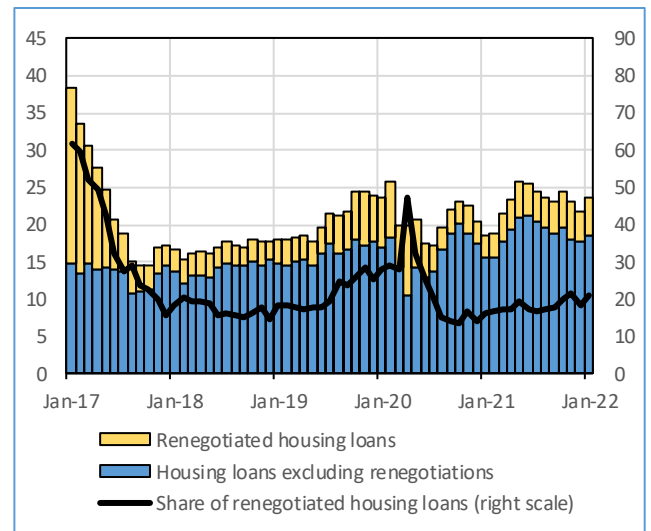
Interest rates on housing loans, all maturities

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



Share of renegotiated loans in new housing loans

(Monthly seasonally adjusted new loans in € Bn, share in %)





## Estimation of buy now pay later payments

*Buy now, pay later or cost-split payments are loans of very small unit amounts repayable in less than three months. They are mainly provided by long-established resident financial institutions, sometimes acting in partnership with newcomer institutions (known as "FINTECHs" because they generally do not have a physical counter and develop their offer solely via digital technologies), and to a lesser extent by non-resident institutions established elsewhere in the European Union and providing their services under the Free Provision of Services regime. Taking into account these various distribution channels, the total outstanding amount is estimated at not more than 1 billion euros. The difference between this figure and the volume data (i.e. the gross issuance of new loans over a certain period) quoted by certain players - in the order of 7 to 10 billion euros - is due to the fact that the portfolio of these loans "turns over" quickly, given their rapid repayment period. A survey based on a representative panel of resident players gives a ratio of about 1 to 6 between outstanding loans and volume. This same survey makes it possible to estimate a growth rate for the year 2021 of around 20% based on the responses of around thirty banks questioned (85% of the total outstanding loans at the point of sale).*

## 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 from monthly changes in stocks (including sales and securitization) by correcting from modifications that do not reflect economic changes, especially, the accounting derecognition of loans from the MFI's statistical balance sheet due to write-offs/write-downs. Conversely, exchange rate effects are taken into account without any change for technical reasons.

Monthly growth rates are those of new loans agreed, i.e. disbursed. Nevertheless, new loan production represents new loans granted, even when they are not actually disbursed to the borrower, in accordance with the Eurosystem 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. Indeed, on the one hand, outstanding loans are recorded after the effective disbursement of funds and, on the other hand, they are reduced by the amortization 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 external mortgage repurchases.

As of October 1<sup>st</sup>, 2021, the Banque de France start offering a nowcasting on new business loans and interest rates based on a model which takes into account market conditions (reference interest rate, property transfer duties...) and the past values of the estimated variables. The absolute nowcasting deviation is on average 0.6 billion euros over the long term, i.e. 3% of the average gross flow. For interest rates, the absolute deviation is 1 basis point on average.

