



Irving Fisher Committee on
Central Bank Statistics

BANK FOR INTERNATIONAL SETTLEMENTS

IFC Workshop on Financial Inclusion Indicators
Co-hosted by Bank Negara Malaysia
5 – 6 Nov 2012, Sasana Kijang, Kuala Lumpur

The Banque de France experience¹

Jacques Fournier, Bank de France

¹ This presentation was prepared for the workshop. The views expressed are those of the author and do not necessarily reflect the views of the BIS or the central banks and other institutions represented at the workshop.

IFC workshop on Financial Inclusion Indicators

Session 5 The Banque de France Experience

Jacques Fournier, IFC Executive Member,
Banque de France

OBJECTIVES

The Banque de France experience on financial inclusion.

3 main aspects:

1. Giving everybody access to bank services
2. Promoting micro-credit
3. Reducing over-indebtedness

1. GIVING EVERYBODY ACCESS TO BANK SERVICES

- Use of banks is at a record high in France as in most European countries.
- Still, access can be denied to very poor people, which is problematic for many reasons.
- In Europe, 30 million people do not have access to bank services.
- In France, everybody has a legal right to open a bank account. The Banque de France designates a commercial banks if need be.

- The industry in collaboration with the Central Bank has implemented an 'alternative services package' including a 'payment card with systematic authorization' (PCSA) for each operation.
- The Banque de France is monitoring via specific data collection the specific services delivery and its consistency with individual requests and local poverty. At the end of 2011, 5,6 million PCSA had been distributed, among them 1,8 million issued in 2011.

2. PROMOTING MICRO-CREDIT

Micro-credit means in France:

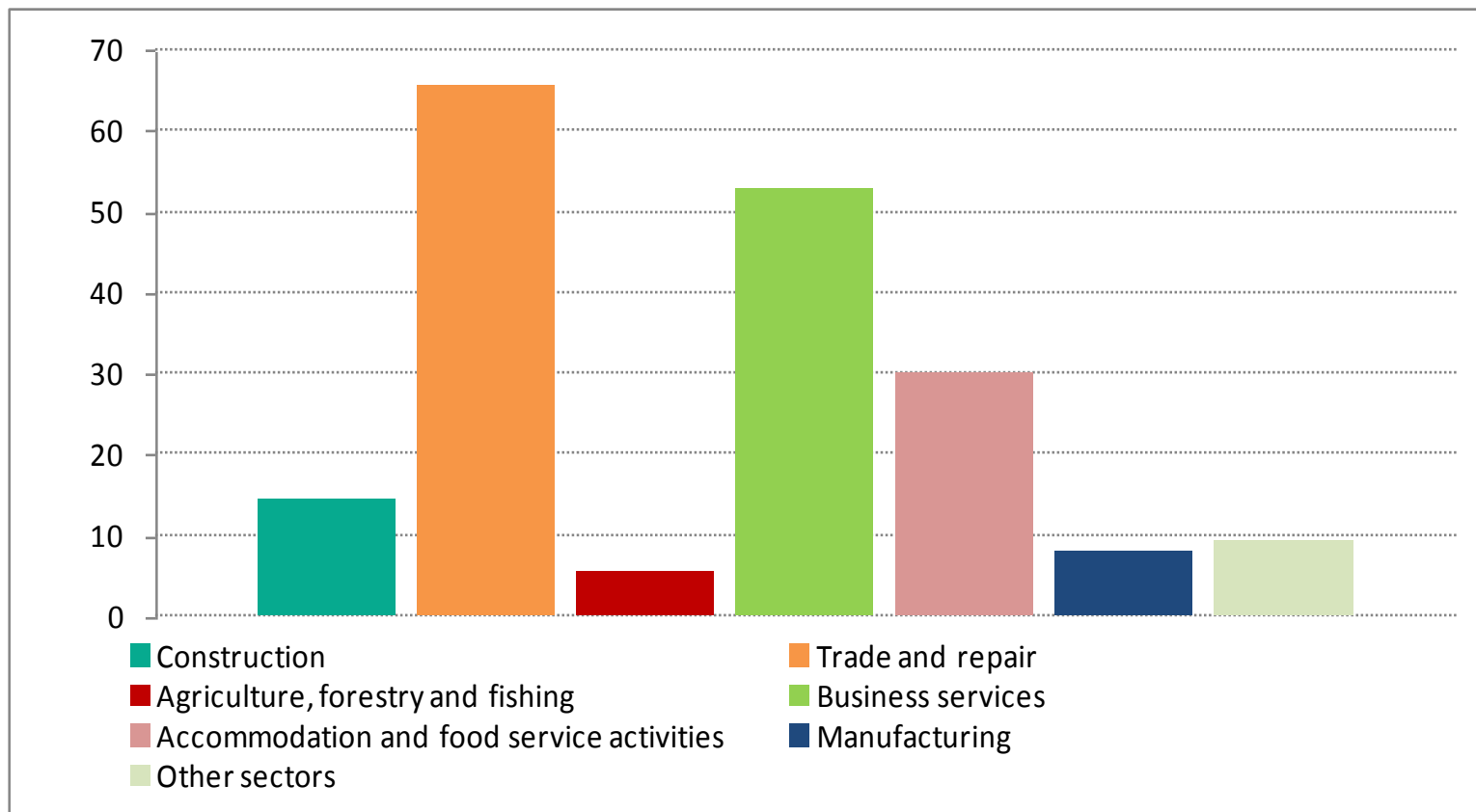
- Individual amounts less than 25 000 euros for ‘professional’ micro-credit and 3 000 euros for ‘personal’ ones.
- Beneficiaries are selected and their projects are sponsored by charitable associations, which are part to the funding, or grant guarantees.

- The Banque de France has collected, since June 2011, a detailed biannual reporting on micro-credits; respondents are charitable associations and banks.
- The goal is to measure, support, and assess, as some (still tentative) performance indicators are embedded in the data.
- Doubtful or impaired loans are rather scarce.

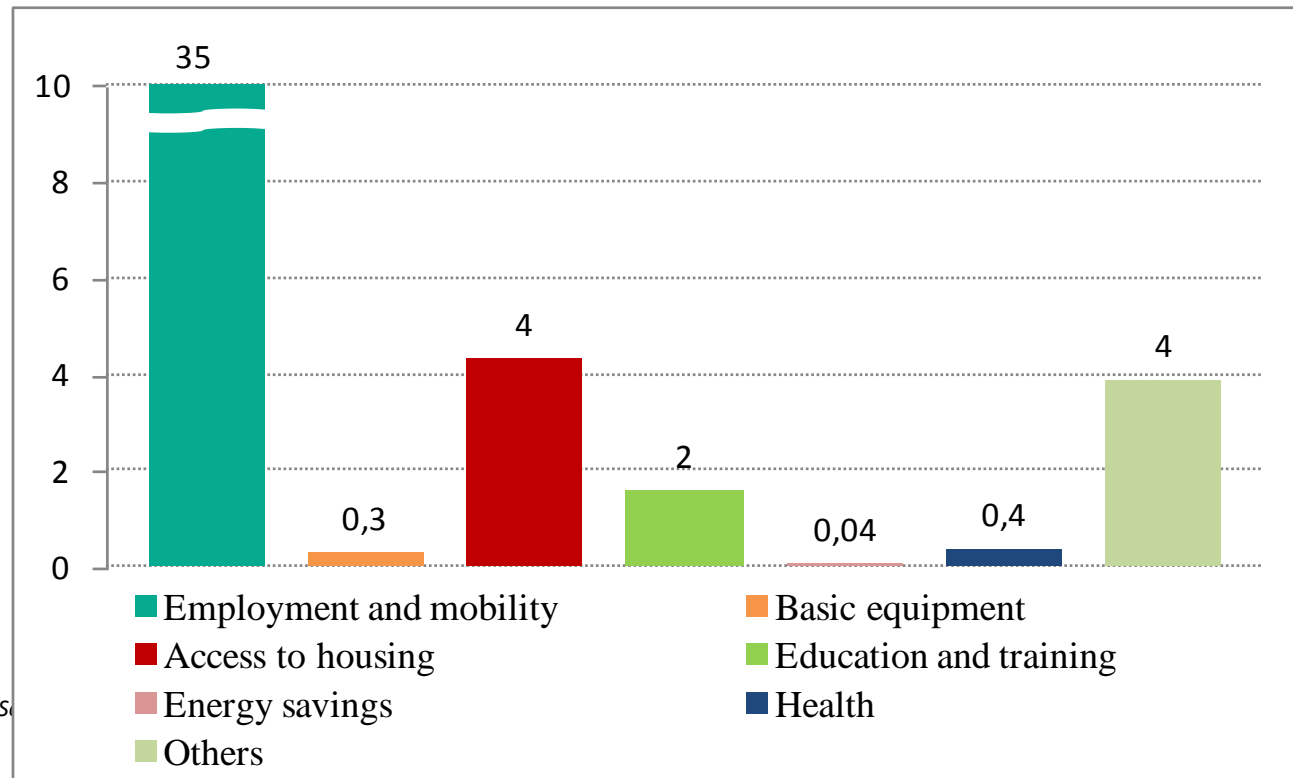
Micro-credits statistics (end 2011)

	Outstanding amounts		Number of loans	
	in million euros	in %	in units	in %
Professional micro-credits	602	93	128 161	82
- regular micro-credits (<i>interest rate >0%</i>)	186	29	39 640	26
- equity funds (<i>interest rate =0%</i>)	416	64	88 521	56
Personal micro-credits	46	7	28 734	18
Total	648	100	156 895	100

Professional micro-credits (million euros, end 2011)



Personal micro-credits (million euros, end 2011)



3. REDUCING OVER-INDEBTEDNESS

- Banque de France Database on households defaults : helps banks to avoid granting loans to insolvent people.
- Still, revolving loans are the main trigger of over-indebtedness.

2 LINES OF ACTION

1. A new regulation (as of July 2010) aims at encouraging credit institutions to develop amortized loans, in particular via capping revolving interest rates. Data are collected, compiled and analysed by the Banque de France.
2. The Central Bank can be asked by households to foster restructuring plans. If the Central Bank deems it possible, and if approved by the Court, the restructuring plan is implemented.

First results are encouraging:

- revolving loans reduced by 20 % in 2 years time,
- slow decrease of the over-indebtedness files in 2012 (- 2%), a modest but significant result in crisis times.

Some tentative lessons from our experience:

- Micro data are key to understand, analyse and regulate (if and when deemed necessary) financial inclusion.
- It seems possible for policy makers to add financial inclusion as a medium term objective with the support of banks and charitable associations.
- Statistical departments in Central banks have both the expertise and the 'neutrality' which the diverse stake holders can leverage on to proceed.