

## Synthesis of the French situation

### 1. The situation of financial exclusion/inclusion in France

In France level of access to current account is high (around 98 % of households have access to it). Access to credit is considered as medium as 51 % of French households are indebted (every kind of credits) and only 28 % of households are indebted with consumption credit. These figures do not mean that people without credit are excluded.

There are few figures about use difficulties. Around 750 000 households are currently over-indebted.

The main dispositions in France to struggle financial exclusion are the right to an account and the free basic banking services, regulation of fees for bounced cheques and failed standing order/direct debits, over-indebtedness schemes and bankruptcy, mediation, social cohesion fund (guarantee social microcredits) and some experiments from banks to provide support to customers with financial difficulties (Points Passerelle, Parcours Confiance).

### 2. Policy debates

Financial exclusion is a subject of policy debates in France. The main place of discussion is the *Comité consultatif du Secteur Financier* (CCSF) where every stakeholders are represented. This committee allows finding agreements between stakeholders or to advice ministers. At a political level, it is still difficult to know which ministers are in charge of this subject.

### 3. Interesting answers

Every answers have its limits: access to right to an account is difficult, over-indebtedness commission do not provide any social support or face to face advice, and social cohesion fund or banking structure which support customers with banking difficulties are to recent to be seriously assessed. Nevertheless, these experiments seem to have very good first results. The question now is how to develop them to make them easily accessible for every customer.

### 4. Conclusions

A very interesting point in the French situation is the role of cooperative banks and postal bank. They are mainstream banks with the same rights and obligations than other banks<sup>1</sup>. If the level of access to current account is so high, it is widely related to them. They are more open to people with low income (even if their practices could be improved) because of their values and the fact that they lower constraint of profitability as they have no shareholders. They are also widely involved in experiments (social microcredits, structures giving banking support, etc.).

If short terms answers to financial exclusion are needed to limit negative consequences of these difficulties, it is unavoidable to think the regulation of the financial sector as a whole to make it more inclusive. Costs of no access and costs of inappropriate access have to be taken into account and compared with regulation costs. It have to be underlined that, with financial exclusion, it is not only a question of economic costs but also of social costs.

---

<sup>1</sup> The postal banks has been allowed to lend consumption credit by ministry of finance the 19<sup>th</sup> of November 2007 and they will start in 2009