

BNP Paribas Personal Finance presents the results of its study 'The day-to-day budget management of the people of France'

From the results of the last wave of its survey of homeowners, the Access Panel (*), BNP Paribas Personal Finance deciphers the evolution of the budget management of the people of France over the last six years. The study has shed light on how consumer credit goes hand in hand with savings to drive both changing and fixed consumption. At the heart of this finance management, the constant use of cash facilities demonstrates the need for flexibility in everyday life. If the use of an overdraft is not actively managed, the use of revolving credit provides a framework which can be conducive to budget management.

There are 3 key lessons to be learnt from this study

Half of households in France do not feel comfortable with their income. With the changes in generally fixed expenses (rent, tax, fuel, etc.) the financial balance of households is becoming weakened.

While half of households in France have not felt comfortable with their income for 6 years, the margin

of those who do feel entirely at ease with has increased slightly (4.2% in 2018 compared to 3.5% in 2012). However, in 2018, **the average monthly income declared by households was €2,615**. Since 2012, and in terms of inflation, this income has increased. Its growth of 6.7% over the period remains positive, and has increased linearly.

However, **the rise in fixed expenses has been significant since 2012, moving from 59% to 61% of household income**. This gap is sharper when related to salary. While the most disadvantaged proportion of the population (<€1,300 per month) was obliged to use 66% of their salaries for fixed expenses in 2012, these expenses have risen to 69%. Their savings rate has adjusted, moving from 4% of income to 3%.

It must be highlighted that the change in income of this panel representative of households in France has primarily benefited the upper bracket (>€3,000 per month) with +5 points, reaching 30.7% of households in 2018. The lowest incomes (< €1,300 per month) have decreased proportionally by 2 points and currently represent 14.7% of the population. Furthermore, a small change in the intermediate brackets can be seen, especially the lowest (between €1,300 and €2,100 per month) which currently represents 28% of the population in France.



BNP PARIBAS
PERSONAL FINANCE



The French arbitrate their finances to better manage their lives. Credit and savings do not conflict with each other in this management of finance. Credit, especially cash facilities, allows those moments in life which can have an impact on the stability of expenditure to be navigated successfully.

Behind these day-to-day economic arbitrages, households have been able to maintain their monthly saving level of the last few years. **76% of the population in France put money aside each month**, an average amount of €293. Mortgage credit is also a way of building capital for oneself; 31% of people in France use it for its increasing amount (€883 per month, which is 55 euros more than in 2016).

The use of savings does not conflict with the use of consumer credit. Savings and credit both equally represent ways of managing a daily budget and seeing plans come to fruition. Only 17% of people in France use neither of them. And, **when 30% of households in France pay back consumer credit, 4 out of 5 also save.**

If savings allow plans and new situations to be anticipated, credit offers an accompaniment to them. When there are 36% of households who experience at least one 'moment of life' per year, it is all the more necessary for them to find way to negotiate steps relating to employment, family, health and accommodation. **If 36% of households experience a 'moment of life' this rate rises to 40% for holders of instalment loans, and to 45% for users of cash facilities, overdrafts and/or revolving credits.**

Unlike a bank overdraft, revolving credits remain with a household on a daily basis and offer a framework that can be conducive to budget management. The French also highly rate revolving credit via payment cards.

For several years, a third of households in France have used cash facilities (overdraft and/or revolving credits). This need for cash facilities remains constant, despite the decline of the occasional overdraft, and the use of the increasingly regulated revolving credits is lessening.

In 2018, 5.3% of households in France paid back one or several revolving credits of an annual amount of €1,896 (i.e. an average monthly repayment over the year of €158). **28.5% of households in France use bank overdrafts, of an average yearly amount of €2,448** (i.e. an average monthly overdraft of €204 over the year).

The use of revolving credits applies mainly to the usage of payment cards, which are highly valued by their users. Therefore, private or universal store cards offering the use of revolving credit are more recommendable than store loyalty cards with no payment options. They offer, respectively, recommendation rates of 88% and 83% (compared to 81% for traditional loyalty cards). Indeed, the more enhanced with services the card is, the more satisfaction it will generate. **In that way, universality and ease of payment are the most highly-valued services before spending or the privileges associated with a payment card.**

The main payment facility provided by the cards, revolving credits therefore represent a highly-rated tool for managing finances, without necessarily having to be actioned. This service will succeed in offering more possible options, attaining controlled consumption for all the population in France.

Jean-Marie Bellafiore, Deputy Chief Executive Officer and CEO of France: *“BNP Paribas Personal Finance has been assisting its clients to realise their plans for more than sixty years and is providing support in achieving a more sustainable and responsible consumption in the context of wise budget management.”*

Cécile Gauffriau, Director of l'Echangeur by BNP Paribas Personal Finance: *“The increase in fixed expenses and what we call “moments in life” represent a challenge for budget management of the population in France on a day-to-day basis. It is the symptom of changes in society (increase in life expectancy, change in household composition, new consumption methods). This evolution calls for innovation in terms of support and service propositions, especially for financial services such as credit or savings.”*

Barbara Blanc, director of products, services and market, Marketing France: *“It’s clear to see; households need to be able to better manage their budgets and to be supported in their daily consumption. More convenient than an overdraft, revolving credit, and the card which is associated with it, is the service which best responds to the needs of the clients, because it offers them simplicity, clarity, universality and simply managed functionality. This the philosophy of Cpay, our new payment solutions for the life we live today.”*

“ () Access Panel 2018 - 11,000 households interviewed in January/February 2018 by post, exclusively by TNS Sofres for l'Echangeur by BNP Paribas Personal Finance.”*

Press contacts

Christian Yombe – +33 (0)6 38 98 71 11 – christian.yombe@bnpparibas-pf.com

Valérie Baroux-Jourdain – +33 (0)6 43 95 60 23 – valerie.baroux-jourdain@bnpparibas-pf.com

About BNP Paribas Personal Finance

BNP Paribas Personal Finance is the leading consumer finance company in France and Europe through its consumer finance and home loan activities. A wholly-owned Groupe BNP Paribas subsidiary, BNP Paribas Personal Finance boasts over 20,000 employees and operates in approximately 30 countries. With such brands as Cetelem, Cofinoga, Findomestic and AlphaCredit, it offers a full range of personal loans available in stores, at automobile dealers or directly to customers through its customer relations centres and on the Internet. BNP Paribas Personal Finance has rounded out its offer with insurance and savings products for its customers in Germany, Bulgaria, France and Italy.

BNP Paribas Personal Finance has developed an active partnership strategy with retailers, automakers, car dealers, web merchants and other financial institutions (banking and insurance) based on its credit market experience and ability to offer integrated services geared to the activity and its partners' sales strategies. It is also a key player in the areas of responsible credit and budget education.

About l'Echangeur by BNP Paribas Personal Finance

L'Echangeur by BNP Paribas Personal Finance is the hub of technological innovation and marketing applied to retail trade. It deciphers new consumer uses for major players in distribution and e-commerce. It supports them in designing their development strategies. L'Echangeur's assistance is founded on the alliances of expertise and marketing tools, data, new tech and innovation. For more than 20 years, CAC 40 companies, Retail chains and big brands have trusted L'Echangeur by BNP Paribas Personal Finance.

News analysed by L'Echangeur by BNP Paribas Personal Finance: www.echangeur.fr

