

Press release

Paris, 14 September 2021

On Tuesday 14 September, the Haut Conseil de stabilité financière (HCSF - High Council for Financial Stability) held its 30th meeting, chaired by Bruno Le Maire, Minister of the Economy, Finance and the Recovery.

The HCSF conducted its assessment of the risks and vulnerabilities in the French financial system. It found that while risks to financial stability remain elevated, the outlook is continuing to improve, against the backdrop of a strong economic rebound that should make it possible to return to pre-crisis levels of activity by the end of 2021. In particular, it noted that the aggregate gross debt of French companies stabilised in the first half of the year, after the sharp rise recorded in 2020. At the same time, their net debt, also at the aggregate level, is at a similar level to that observed at the end of 2019.

The HCSF decided to leave the countercyclical capital buffer rate for banks unchanged at 0%, in order to enable banks to continue to support the economic recovery. It considers that this level is still appropriate for the current circumstances and does not anticipate an effective increase in the countercyclical capital buffer rate until at least the end of 2022.

The HCSF assessed the application of its 27 January 2021 Recommendation on lending standards in the residential real estate market in France. This assessment is positive: the recommendation made it possible to interrupt the easing of lending standards and ensured a better protection of households, without affecting their broad access to housing loans at historically low interest rates, resulting in a healthy production of new loans and a robust residential property market. A summary of this assessment is annexed to this press release.

As announced after its 17 December 2020 meeting, the HCSF adopted a legally binding decision based on Article L. 631-2-1 (5) of the Monetary and Financial Code. This decision incorporates the criteria of the recommendation as they stand. It thus durably anchors best practices for the distribution of housing loans and contributes to preserving the model used for the financing of house purchases in France, allowing broad and controlled access to housing loans. It charged the Autorité de contrôle prudentiel et de résolution with monitoring the proper implementation of this decision, which will be published in the coming days and will enter into force for loans which are disbursed as of 1 January 2022.

The HCSF also examined the financial stability issues related to cyber risks. It noted that these risks are increasing due to the increasing digitalisation of the economy. It also noted that financial stability could be threatened by an event affecting the position of a major financial player or the smooth functioning of infrastructures. It therefore reminds financial actors of the importance of implementing adequate prevention and protection measures to address this risk, and of conducting regular crisis management exercises. It also stresses the need to strengthen the international regulatory framework, as provided for in the European Union's proposed Digital Operational Resilience Act (DORA project).

Lastly, the HCSF adopted its 2021 annual report, which will be published shortly on its website.