

Press Release

On Wednesday 18 December, the *Haut Conseil de stabilité financière* (HCSF – High Council for Financial Stability) held its meeting for the fourth quarter of 2024 at the French Ministry of the Economy, Finance and Industry.

The HCSF conducted an assessment of the risks and vulnerabilities in the French financial system, and noted the sound resilience of the various financial and non-financial players to past interest rate shocks. The return to target inflation and the gradual reduction in key interest rates are making a positive contribution to the stability of the French financial system. The HCSF notes that the liquidity and solvency positions of French credit institutions and insurance and reinsurance undertakings are robust, with substantial capital margins maintained.

The HCSF notes that outstanding loans to individuals have remained stable since the spring of 2024 and that bank lending to non-financial corporations is continuing to recover at a modest pace (up 2.1% year-on-year in October). Household and corporate debt-to-GDP ratios have been declining since 2023, but remain higher than those observed in the major euro area economies. Non-financial corporations and households are beginning to benefit from the easing of monetary policy, with new lending now becoming less costly for all players. Household savings and the cash positions of non-financial corporations continue to be strong, thus underpinning their resilience.

New housing loans have been recovering since bottoming out in March 2024, and amounted to EUR 10.4 billion excluding renegotiations in October. Use of the flexibility margin available to banks as part of the measure on conditions for granting new residential housing loans rose slightly to 15.4% in the third quarter of 2024, up from 14.2% in the same quarter of 2023, but remains firmly below the 20% ceiling. The HCSF will also continue to pay close attention to commercial real estate market adjustments.

The HCSF considers that prevailing economic and financial conditions justify maintaining the rate of the countercyclical capital buffer at 1%.