METHOD

Loans to individuals

26 July 2017

1. Source used

The statistics used to draw up the "Stat Info[1]" document and the time series[2] attached to this publication are derived from the outstanding amounts and interest rates monetary statistics (see methodologies https://www.banque-france.fr/sites/default/files/media/2016/12/20/methode_sm_hors_taux_dinteret_bancaires_fr.pdf and https://www.banque-france.fr/sites/default/files/media/2017/05/30/2016-08-24-methode-stat-taux-fr_calcul.pdf)) produced by the Directorate General for Statistics of the Banque de France. The credit data are collected from credit institutions and finance companies subject to ECB regulations No. 1071/2013 and No. 1072/2013 which report accounting and statistical statements.

2. Definition of individuals and scope of the loan categories

Definition of individuals

"Individuals" refers to natural persons with the exception of sole traders. Only domestic individuals are included in this publication.

Scope of the loan outstanding categories

Categories	Accounting items
Lending for house purchase	Housing loans
Credit for consumption	Treasury loans
	Overdrafts
	Financial outstandings on leasing and similar operations
Other lending	Other customer loans
	Non-performing loans
	Securities received under repurchase agreements
	Assets purchased under resale agreements
	Non-performing loans on leasing and similar transactions
	Provisions on operations with doubtful customers

Taking account of securitisation in loan statistics consists in correcting the "accounting" outstanding amounts of credit institutions and finance companies by adding to them the securitised outstandings reported by remitters for each loan item.

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[1] https://www.banque-france.fr/en/statistics/loans/loans/loans-households

[2] Link to Webstat: http://webstat.banque-france.fr/en/browse.do?node=5384963

Scope of interest rates and production of new loan

Categories	Accounting items
housing loans long term and fixed rates	Housing loans whose initial interest rate fixation period over 1 year
housing loans short term and floating rates	Housing loans whose initial interest rate fixation period is up and equal to 1 year
loans for consumption purposes	Treasury loans with a fixed maturity date
	Financial outstandings on leasing and similar transactions operations
Overdrafts	Overdrafts
	Cash loans with no fixed maturity date (revolving loans)

Information on renegotiations within new loans is also published. This category includes:

- loan repurchases, which correspond to a transfer of a loan from one credit institution to another, insofar as this transfer gives rise to the reporting of a new contract;
- renegotiated loans, within the same institution, where at least one of the terms of the initial contract (rate, initial maturity, etc.) is modified and not provided for in the initial contractual provisions;
- the grouping of existing credit lines into a single contract, whether or not it is carried out within the same institution.

3. Types of disseminated data

Several types of data are produced and disseminated for this publication: outstanding amounts, flows, growth rates, new loans and interest rates.

Outstanding amounts correspond to stocks reported by credit institutions and finance companies.

Net **flows** (lending minus credit recovery) are calculated by adjusting the changes in outstanding amounts for the effects that do not stem from economic transactions (see formula below). The effects of exchange rate fluctuations are not corrected in these data, in particular because it is not known to what extent firms' foreign currency debt is hedged in foreign currency.

$$F_t = (E_t - E_{t-1}) - C_t - A_t$$

Where: - F_t , *flows in month t*

- E_t , *outstanding amounts in month t*

- C_t , *reclassifications*

These include changes in the population of credit institutions and finance companies (creation, striking-off), reclassifications of claims and liabilities and correction of reporting errors.

- A_t , *write-offs*

The effects referred to here are those relating to write-offs that reduce the amount of "accounting" outstanding loans.

The **annual percentage growth rates** at date t, denoted a_t, are obtained as follows:

$$a_t = \left[\prod_{i=0}^{11} \left(1 + \frac{F_{t-i}}{E_{t-i-1}} \right) - 1 \right] *100$$

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In addition to the outstanding and flow statistics, **notional amounts** are calculated. The idea is to facilitate the work of data users, by allowing them to have stock histories directly related to annual growth rates. These notional amounts are calculated as follows:

$$EN_{t-1} = \left(\frac{EN_t}{1 + F_t / E_{t-1}} \right)$$

Where: $E_{N,t}$ notional stock at date t
   E_t outstanding amount at date t
   F_t flow at date t

New loans represent loans granted by credit institutions and related entities even if the amounts have not yet been actually paid to the borrower.

Interest rates are narrowly-defined effective rates (NDER) which correspond to the interest component (excluding all fees, commissions and insurance) of the annual percentage rate of charge (APR).

4. Seasonal adjustment method

Several series are seasonally-adjusted at a disaggregated level (loans by object). The seasonal adjustment is performed using the X12-ARIMA, X13-ARIMA and TRAMO SEATS procedures. In addition to being adjusted for seasonal variations, the series are adjusted to take account of possible calendar effects (number of working days over the period, position of Easter in the year) and possible outliers.

5. Revisions policy

The first monthly data may be revised the following month to take into account the corrections of the credit institutions following the data controls and analysis performed by the Directorate General for Statistics.

Exceptionally, revisions may be made over a longer period, in which case a notice is posted in the Stat Info publication.

It should also be noted that the statistical correction of seasonal variations may revise the history of the published seasonally-adjusted series each month.