

**Recommendation of the Consultative Committee for the Financial Sector  
on the main conclusions of the CCSF report  
on the “French model for financing purchases of primary residences”**

**Préambule**

In a letter dated 5 July 2024, the Minister for the Economy and Finance tasked the *Comité consultatif du secteur financier* (CCSF – Consultative Committee for the Financial Sector) with analysing the French model for financing purchases of primary residences and comparing it with those of other countries.

Since the early 2000s, the economic backdrop to the French model has been marked by a sharp rise in housing prices relative to household incomes. This has been driven in particular by a mismatch between low supply elasticity and strong demand linked to demographic and societal changes.

To carry out its mission, the CCSF set up a working group and invited participation from all stakeholders concerned by the issue, including supervisors, regulators, legal experts, experts in notarial law, and public and private sector actors.

It was also assisted by a Finance Inspector (seconded to work with the CCSF Chair and to perform the role of rapporteur), managed the questionnaires sent to the French Treasury’s foreign economic offices, and consulted the Ministry for the Economy, Finance and Industrial, Energy and Digital Sovereignty, the Ministry for the Ecological Transition, Territorial Development, Transport, Urban Affairs and Housing, the General Inspectorate for the Environment and Sustainable Development, as well as representatives of financial sector professionals, lenders and retail customers.

The working group met five times and the final version of its report was adopted unanimously at a plenary CCSF meeting held on 2 June 2026.

Alongside the adoption of the report, and to strengthen the impact of its unanimously held positions, the CCSF also decided to adopt the present recommendation.

**Subsequent to the meeting of 2 June 2026, and following discussions, the CCSF adopted the following Recommendation.**

The members of the CCSF affirm their unanimous support for the French model for financing purchases of primary residences. While its main characteristics are also found in other countries, their specific combination is unique to France and offers several inseparable and decisive benefits for borrowers.

These benefits are, first, a predominance of fixed-rate loans (99% of new and outstanding loans) that are amortised over their entire term: the risk of a rise in interest rates is borne by the lender,

while borrowers retain the ability to renegotiate their loan if rates fall. Second, under the French model, loans are secured by risk coverage and pooling mechanisms – borrower insurance and mutual guarantees – that protect both lenders and borrowers against default risk and the consequences of illness, while also allowing borrowers to access credit on stable and favourable terms. The French model is also underpinned by a regulatory framework that governs credit standards, notably through the setting of a usury rate, and prioritises lending based on borrowers' repayment capacity rather than on the value of the property. This approach limits households' exposure to property market cycles and price volatility.

The members of the CCSF stress that the French model for financing purchases of primary residences has proved itself robust, with loan default rates remaining very low for decades, particularly compared with those in neighbouring countries. In the view of CCSF members, the underlying principle of responsible bank lending makes the model economically sound and socially beneficial. This secure model, coupled with strong competition among lenders, makes it easier for households to access the housing market by granting them favourable borrowing terms, with debt-service burdens that remain stable over time and protect their purchasing power. Moreover, borrowers retain the ability to renegotiate better terms if needed.

The members of the CCSF express concern about the implications of certain provisions of the revised European prudential framework (CRR3) for the stability and sustainability of the French model for financing purchases of primary residences. The new framework could considerably increase lenders' capital requirements and costs, which could in turn affect borrowing conditions for French housing loans, notably by increasing the cost of credit and placing increased pressure on guarantee providers.

Accordingly, in the context of the ongoing European legislative discussions, the members of the CCSF call for the new prudential framework to be applied in a manner proportionate to the risks posed by residential real estate exposures, to avoid undermining the stability and sustainability of the French model for financing primary residence purchases.

The members of the CCSF consider that housing loan portability and transferability, while theoretically possible, are not viable solutions for improving access to credit for primary residence purchases. If widely adopted, they would complicate the asset-liability management of housing loans, increase the cost of credit and potentially jeopardise the current practice of long-term, fixed-rate lending, with no clear operational benefits. The CCSF's members also highlight that bullet loans, where the principal is repaid in a single lump sum at maturity, is not a scalable solution for facilitating homeownership. The associated cost and risk to households are high, and they are currently used only marginally to finance purchases of primary residences, both in France and across most of Europe – except in Switzerland, where this is due to specific tax features that mean the model is not transferable to France.

The members of the CCSF note that a number of schemes now offer certain borrower categories alternative financing or homeownership arrangements. These represent a limited share of the market, although some, such as the *bail réel solidaire* (BRS), are becoming more widespread. The schemes are designed to meet specific needs and often aim to reduce monthly repayments compared with a standard property fully financed with a housing loan. However, they typically come with restrictions (partial or temporary ownership, resale restrictions, specific fees) that must be clearly identified and understood. Given the financial and contractual complexity of these arrangements, and without taking a position on their effectiveness in addressing the current housing crisis, the CCSF stresses the need for consumers and local authorities involved

in such projects to have access to comprehensive, transparent and comprehensible information before making any commitment. In this respect, the CCSF considers it important that the legal framework for these alternative arrangements be clear and secure, particularly regarding how they are advertised and the provision of pre-contractual information.