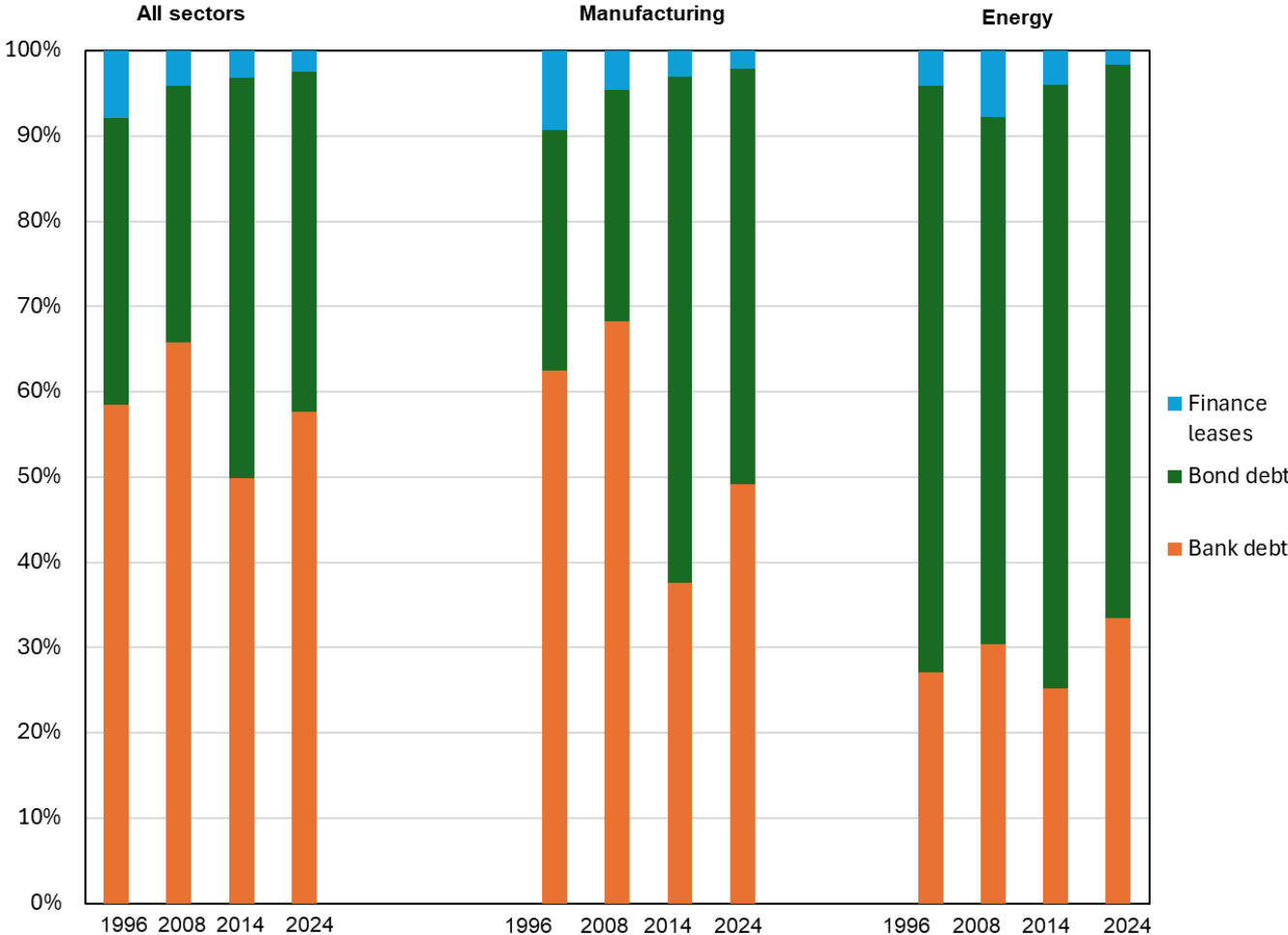


Changes in the financing structure of the industrial sector

By Valentin Georges and Thomas Allen

The changes in industrial sector financing between 1996 and 2024 reveal a shift in the debt structure, with an increase in the proportion of bond financing, particularly in the manufacturing segment since 2012. These developments must be viewed in the light of a trend towards industrial consolidation, which has reinforced the role of the largest players and encouraged a diversification of financing methods.

Chart 1: Proportion of bank debt, bond debt and finance leases in total debt (%)



Source: Banque de France, FIBEN database.

Note: The industrial sector comprises energy (sections B, D and E of the French NAF classification of activities) and manufacturing (section C). "All sectors" excludes sections K (financial and insurance activities, excluding holding companies) and O (public administration).

Industry's share of GDP in decline

The share of industry in France's GDP has trended downwards structurally, falling from nearly 28% in 1960 before stabilising in the 2010s to stand at 14% in 2024. This decline is mainly attributable to the manufacturing sector, as the energy sector's contribution has remained stable. The process and causes of deindustrialisation in France have been extensively documented ([Kalantzis and Thubin, 2017](#)).

However, how the industry's financing conditions (structure, costs) evolve have rarely been studied in relation to the determinants driving this trend. Data from the FIBEN database from 1996 to 2024 reveal however significant changes over time. This blog post explores the changing financing structure of French industrial players and the associated costs.

A gradual shift in financing within the manufacturing sector

Between 1996 and 2024, the manufacturing sector maintained a relatively stable gross debt ratio (financial debt to equity) that was around 35 percentage points lower than that of non-financial companies as a whole (82% compared with 116%). At the same time, the gross debt ratio of the energy sector was almost double. This situation is notably due to the high capital intensity (total tangible assets/number of employees) of these sectors, particularly in the energy sector. This apparent stability within the manufacturing sector nonetheless conceals profound transformations in corporate debt structures, which are more pronounced than those observed in the energy sector.

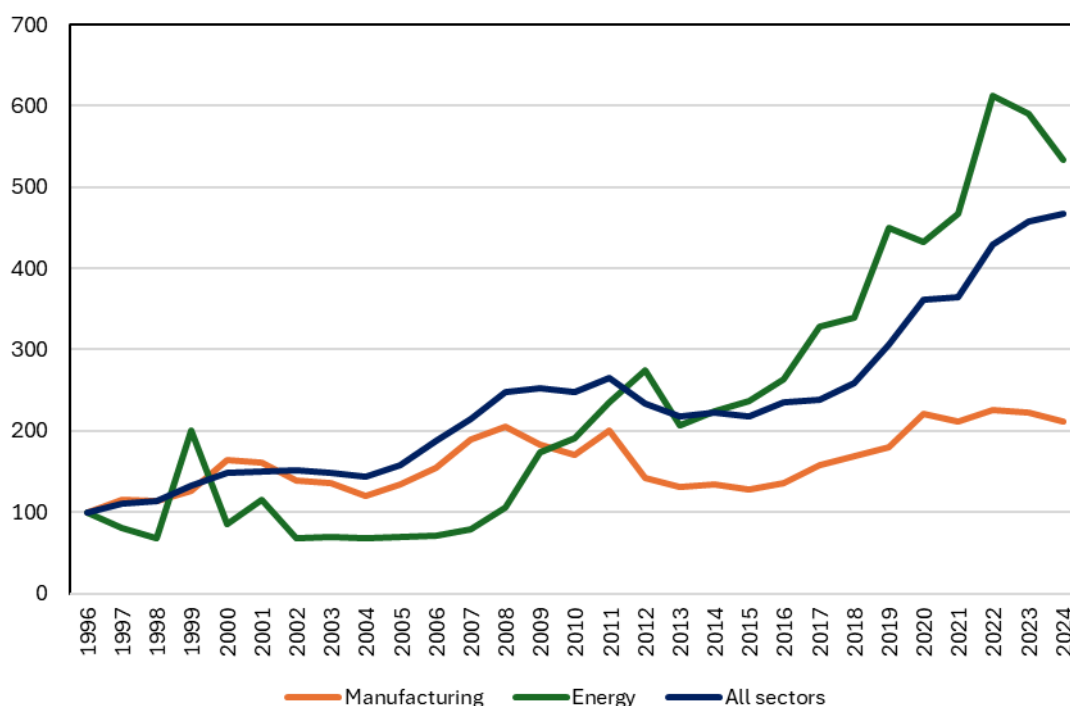
We use corporate accountancy data (from the FIBEN database) to differentiate between bank debt, bond debt and finance leases, while taking into account the companies' sectors of activity. This treatment means that firms' financial holding companies can be allocated to their relevant sector of activity. The scope of the data covers companies resident in France only. Bank debt predominated in the manufacturing sector, as in many other sectors, until 2011-13 (Chart 1). Since then, the financing structure has changed significantly: between 2012 and 2024, the proportion of bank debt in manufacturing debt fell on average to 43%, compared with 61% over the period from 1996 to 2011. This decline reflects the growing importance of bond issuance, which went from accounting for a minority share until 2011 (33% on average) to becoming the largest source of funding from 2012 to 2023 (55%). The shift from bank financing to bond financing can be explained by favourable market conditions ([Financial Stability Report, 2025](#)), industrial firms seeking to diversify their sources of funding, and changes in the profile of industrial firms over the period.

Business demographics at play and a pursuit of diversification

According to data from the FIBEN company database for 1996 to 2018, the share of turnover attributable to large enterprises (LEs) soared from 26% to 47% in the manufacturing sector, and now exceeds 80% in the energy sector, to the detriment of SMEs and mid-sized firms. This growing sectoral concentration towards larger organisations, which can access bond financing more easily, has structurally altered the composition of the industry's debt.

Furthermore, after following the same trend as the rest of the economy until 2009, the volume of bank debt in the manufacturing sector then began to diverge, thereby accentuating the downward trend observed up to 2015. The literature points out that industrial sectors, which have significant investment needs, are particularly dependent on external financing ([Rajan and Zingales, 1998](#)), which increases their vulnerability during credit crunch periods. Furthermore, the low rate of reuse of industrial assets (machinery, factories) reduces their value as collateral, prompting banks to move away from industrial investment to financing other sectors ([Campello et al, 2010](#)). Lastly, stricter regulatory capital requirements have limited the supply of credit across all sectors ([Mésonnier and Monks, 2014](#)). This trend in bank debt volumes observed between 2009 and 2015 may have encouraged firms with arbitrage ability to replace their bank debt with bond debt. LEs with better access to capital markets can benefit more from this arbitrage strategy ([Becker and Ivashina, 2014](#)). Since 2015, despite a recovery, bank debt has been growing at a slower rate in the manufacturing sector than in the economy as a whole, even when controlling for the lower growth in value added from the manufacturing sector in the overall non-financial sector.

Chart 2: Volume of bank debt (1996 = 100)



Source: Banque de France, FIBEN database.

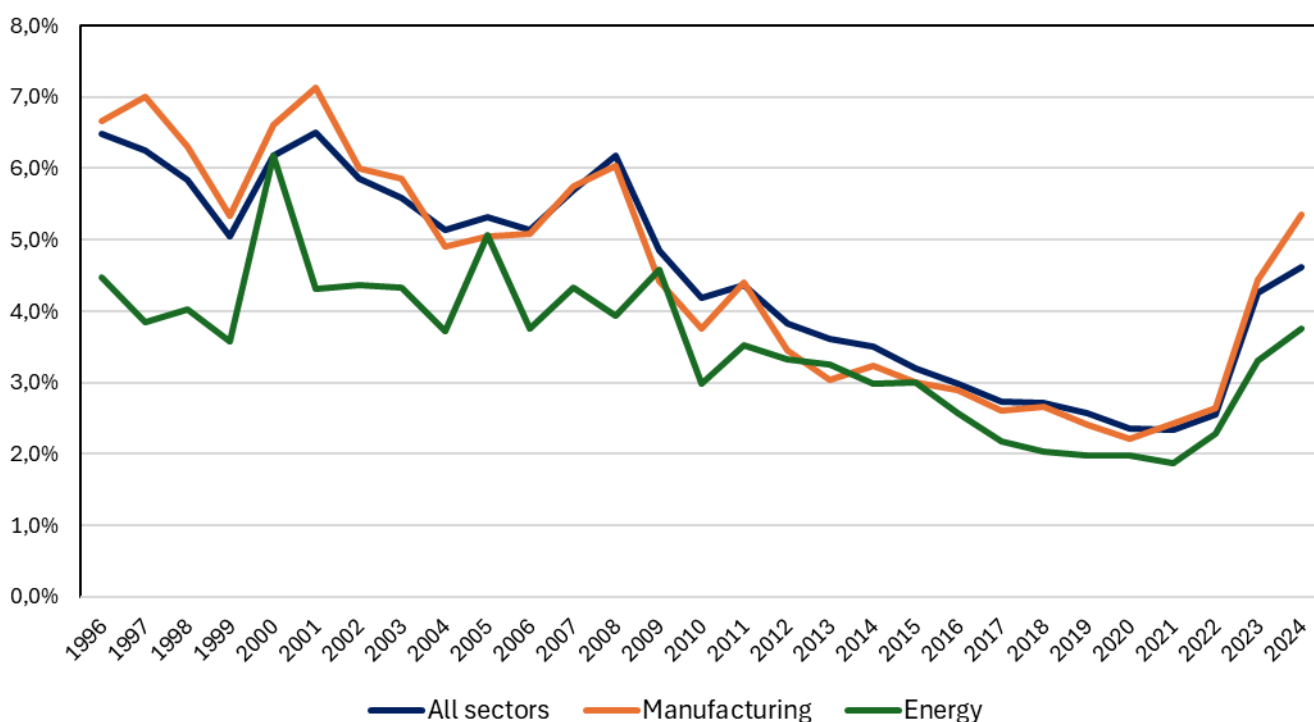
The energy sector, in contrast, has a different structure. Its financing has always been less reliant on bank credit: on average it accounted for only 29% of total debt between 1996 and 2024. Bond debt has continued to predominate – accounting for an average of 67% over the entire period – characteristic of a capital-intensive and concentrated sector with better access to capital markets. Nevertheless, the volume of bank loans taken out by energy companies rose sharply from 2008 onwards (Chart 2), reflecting greater recourse to bank financing for investment projects alongside bond issues.

A cost of debt similar to, and even lower than, the rest of the economy

The FIBEN database's balance sheet data can be used to calculate an "apparent cost of debt" (interest expenses paid/financial debt – see Chart 3). Over the entire period, the apparent cost of debt of the manufacturing sector followed a trajectory close to the French national average, which could indicate the absence of an additional risk premium despite a backdrop of deindustrialisation. While it exceeded the national average at the beginning of the period, it has systematically remained stable below the national average since the mid-2000s and remained so during the 2015-22 low-interest rate period. However, this cost of debt has been somewhat slower to reflect the cut in key interest rates decided in June 2024.

The energy sector, meanwhile, enjoys a significantly lower average cost (1 percentage point less on average between 1996 and 2024), in line with the sector's pre-existing concentration of LEs with good credit ratings and privileged access to financial markets. The energy sector has historically benefited from very favourable borrowing conditions, further buoyed by the fact that its revenues are often regulated or contractually guaranteed, which therefore reduces the perception of risk among investors and lenders.

Chart 3: Apparent cost of debt (%)



Note: Interest expenses/total debt.

Source: Banque de France, FIBEN database.

Ultimately, the trend in business demography towards greater concentration around LEs, and the diversification of financing sources that this allows in favour of bond financing, may

Banque de France - Eco Notepad 456 – July 10, 2026

help to explain why the industry has been able to continue to benefit from consistently favourable financing conditions.