

33rd Annual Report

OBSERVATOIRE DES CREDITS AUX MENAGES

Dashboard

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Methodology

Every year since 1989, the Observatoire des Crédits aux Ménages (Household Credit Observatory) has provided a detailed picture of home loans and consumer credit taken out by households and how this has changed over the years. It also analyses how these households perceive the burden of loan repayments. It is supplemented by a detailed review of how households feel about their financial situation.

To do this, the Observatory uses a survey conducted by Kantar in November of each year. A questionnaire is sent by post at the end of October to a representative sample of 13,000 households from the Kantar “consumer” panel (Metaskope). The representativeness of the sample is assessed according to the usual socio-demographic criteria using the structure of the 2019 INSEE census: region of residence, urban category, age of the head of the household, socio-professional category of the head of the household and number of people in the household.

To avoid the consequences of excessive ageing of the panel and to replace households that resign or are poor respondents, around a third of the panel is changed each year.

The snapshot of households presented as part of the Observatory’s 33rd survey was taken in November 2020. The response rate to the postal survey was high (75.7%), as is the case each year: therefore, 9,842 responded on time (a survey rate of one in 2,690 households) and their questionnaires were taken into account and used.

In 2020, fall in the percentage of households with loans and credit

In 2020, the percentage of households with loans and credit fell to 46.5%, one of the lowest levels that the Observatoire des Crédits aux Ménages has recorded since the late 80s.

However, the percentage with home loans has remained high, despite the health crisis and its economic and social consequences: in 2020, 31.4% of households had home loans and 24.2% were in the process of becoming homeowners, some of the highest levels seen since the early 2000s.

On the other hand, demand for consumer credit has been hit hard by the health crisis. The closure of shops and many businesses during the first lockdown was accompanied by a fall in the percentage taking out credit directly from vendors. On the other hand, loans given by banks and credit institutions held up better. Nevertheless, the decline in the percentage with credit cards continued. And the proportion of other consumer credit channels (family and friends, pension funds, mutual funds, etc.) fell further. The overall percentage of those with consumer credit stood at 24.9% in 2020, the lowest level since 1989.

However, how households with loans and credit feel about their financial situation improved further, for the second year in a row. Thus, in 2020, 88.7% of households with loans and credit consider their repayments are acceptable, even though some households still consider that, although acceptable, they remain high (for 32.2% of households with loans and credit): this proportion is above the average observed since the early 2000s (85.5%). Despite the increased use of home loans and consumer credit (excluding revolving loans) recorded until the health crisis began, the rapid improvement in credit conditions also means that households feel that the burden of repayments has reduced.

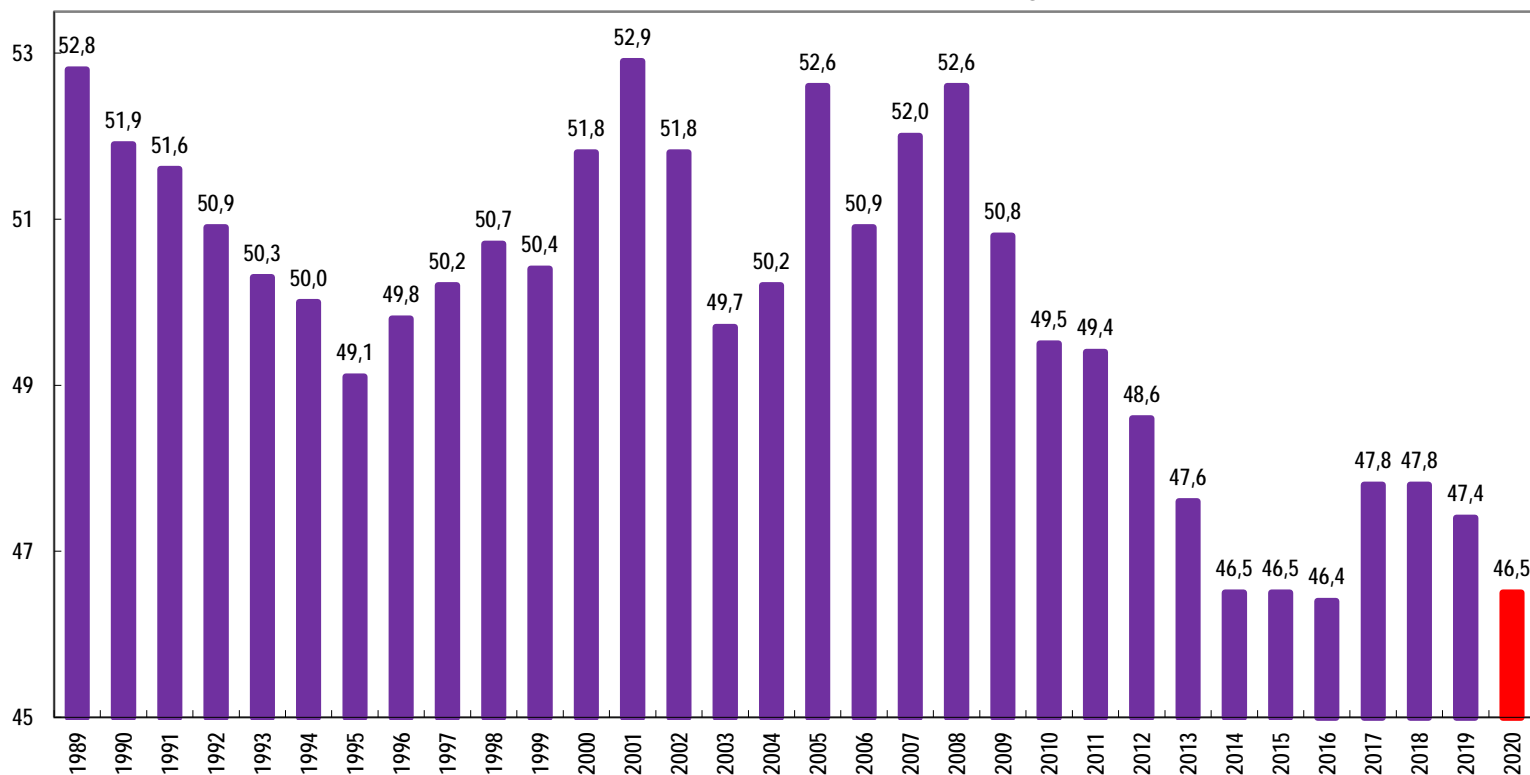
However, the uncertainties arising from the health crisis and its economic and social consequences are now affecting households' plans to take out new loans and credit in 2021.

In 2020, further fall in the proportion of households with loans and credit

After the recovery seen in 2017 and its stabilisation in 2018, the percentage of households with loans and credit began to fall in 2019, despite exceptional credit conditions. In the context of an exceptional health and economic crisis, the fall intensified in 2020.

This fall is due to a further decline in the percentage of householders that have taken out consumer credit, whereas the percentage of households with home loans remains high.

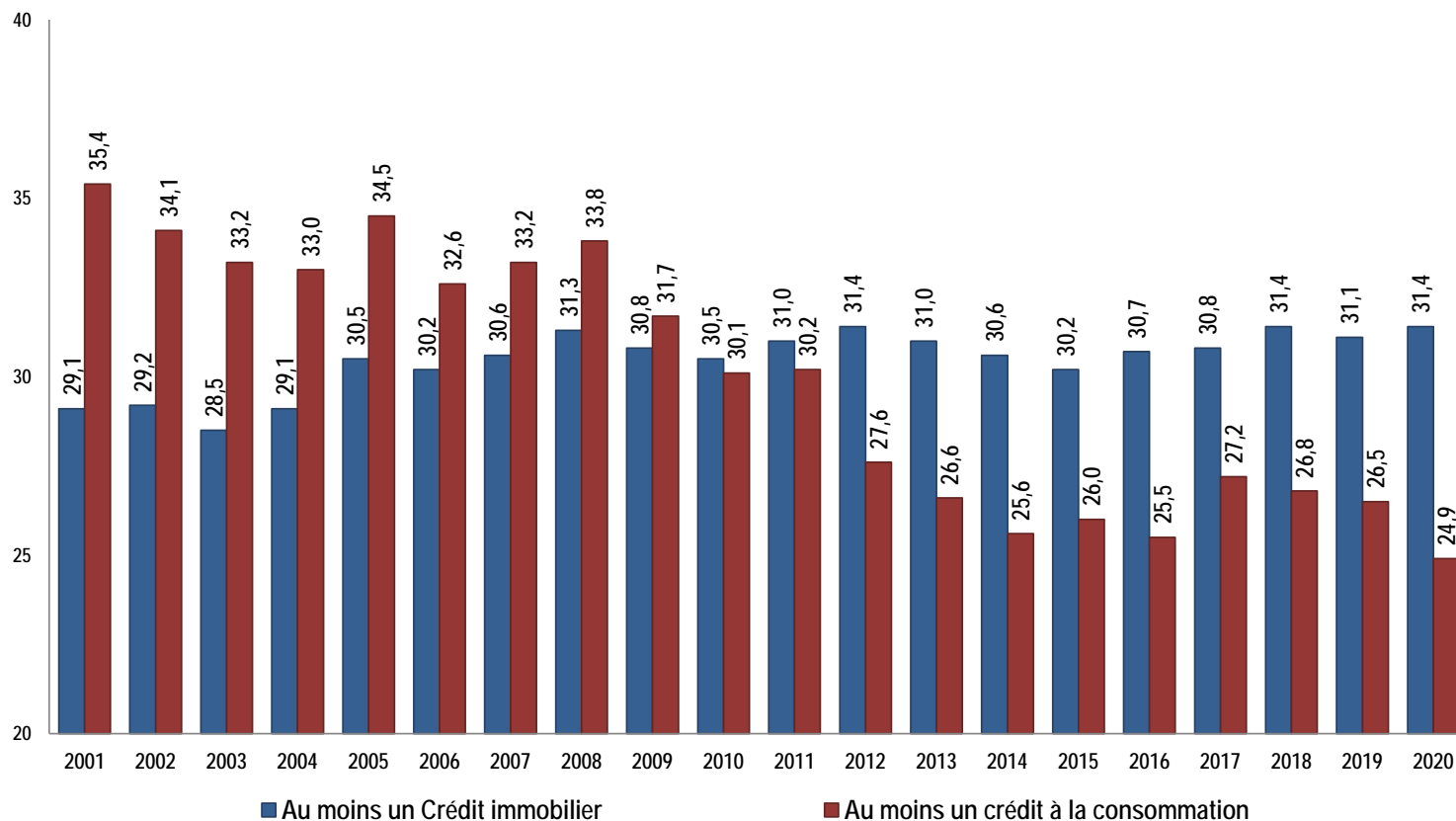
La proportion de ménages détenant des crédits
(Source : Observatoire des Crédits aux Ménages)



The percentage of households with consumer credit has fallen for the third year in a row, after the recovery seen in 2017. It stands at 24.9%, its lowest level in 30 years.

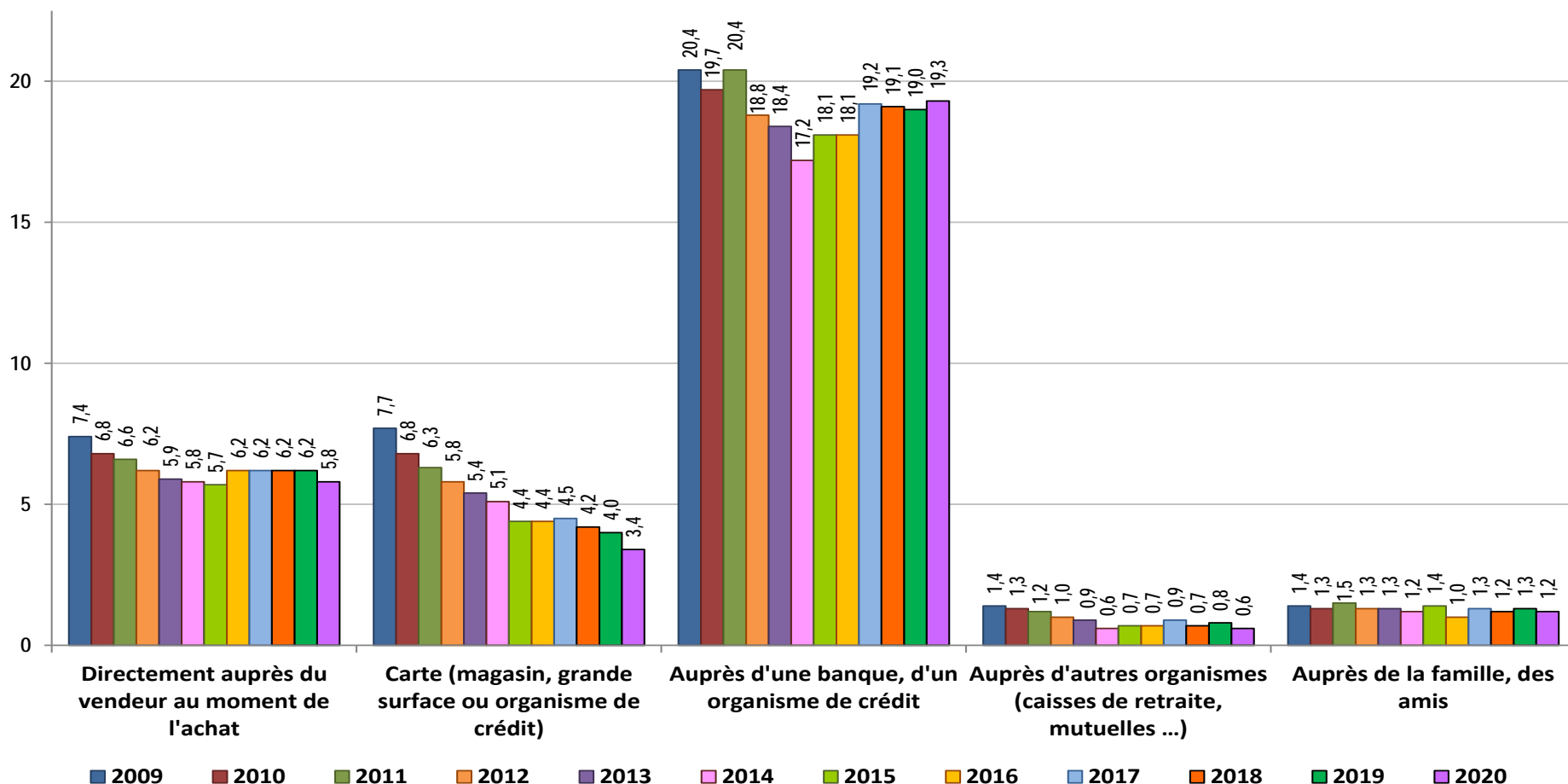
The percentage of households with home loans remains at the highest level seen since the early 2000s (31.4%). And the proportion of households becoming homeowners continued to grow in 2020, reaching 24.2%, its highest level in 20 years.

While the percentage of loans taken out to purchase another property (private rental investment, purchase of a second home) has stayed at a high level, the percentage of loans to finance building work has fallen further.



The proportion of households with consumer credit is falling, but more have loans from a bank or credit institution.

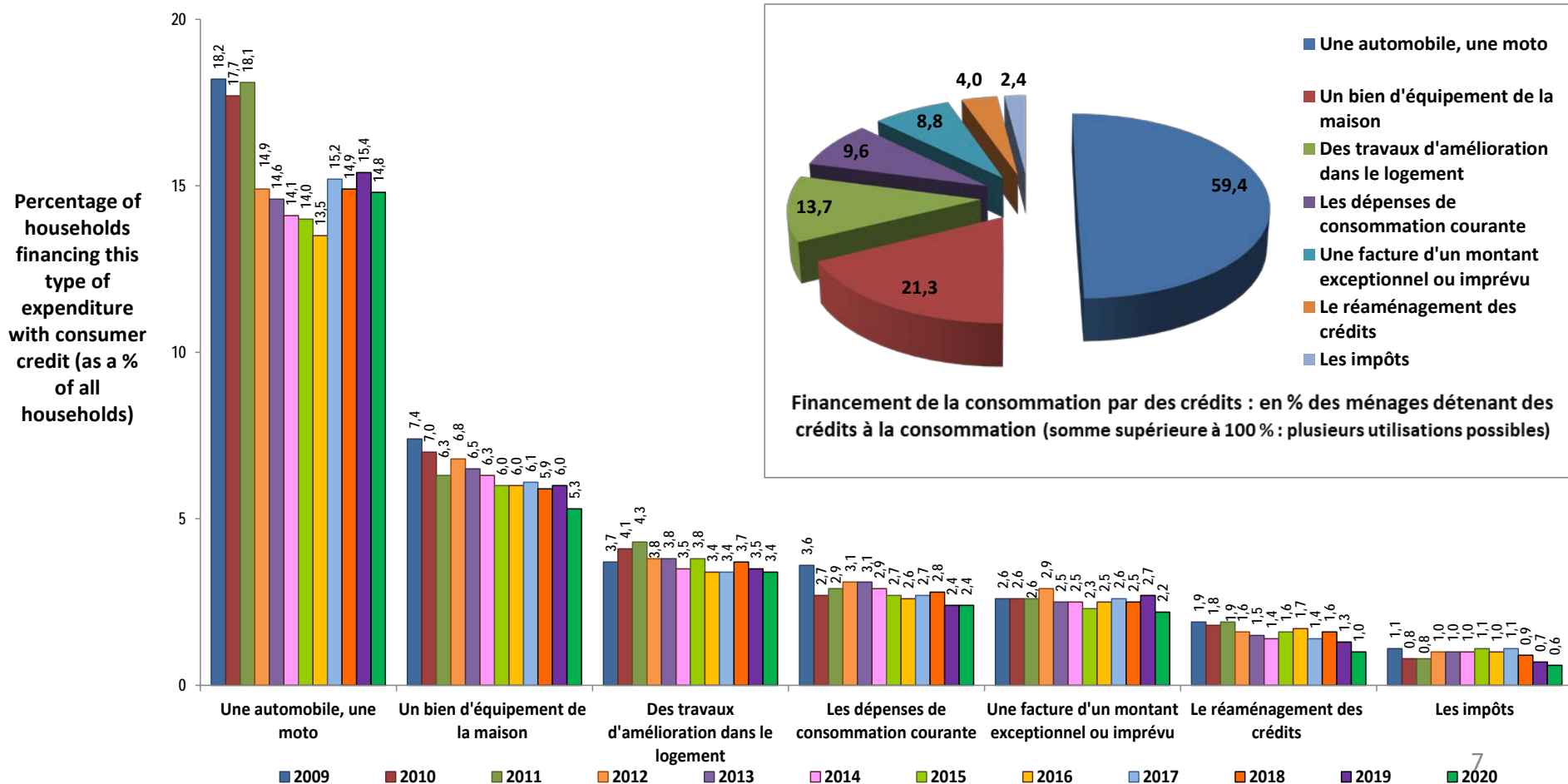
The fall in the percentage of households with consumer credit is still due to the decrease in the use of cards (shops, supermarkets, etc.) - and, with the start of the crisis, to the fall in credit obtained directly from vendors.



Consumer credit is used for big-ticket items.

In 2020, there was an increase in the proportion of consumer credit used to finance big-ticket items (cars, motorcycles, household equipment, home improvements).

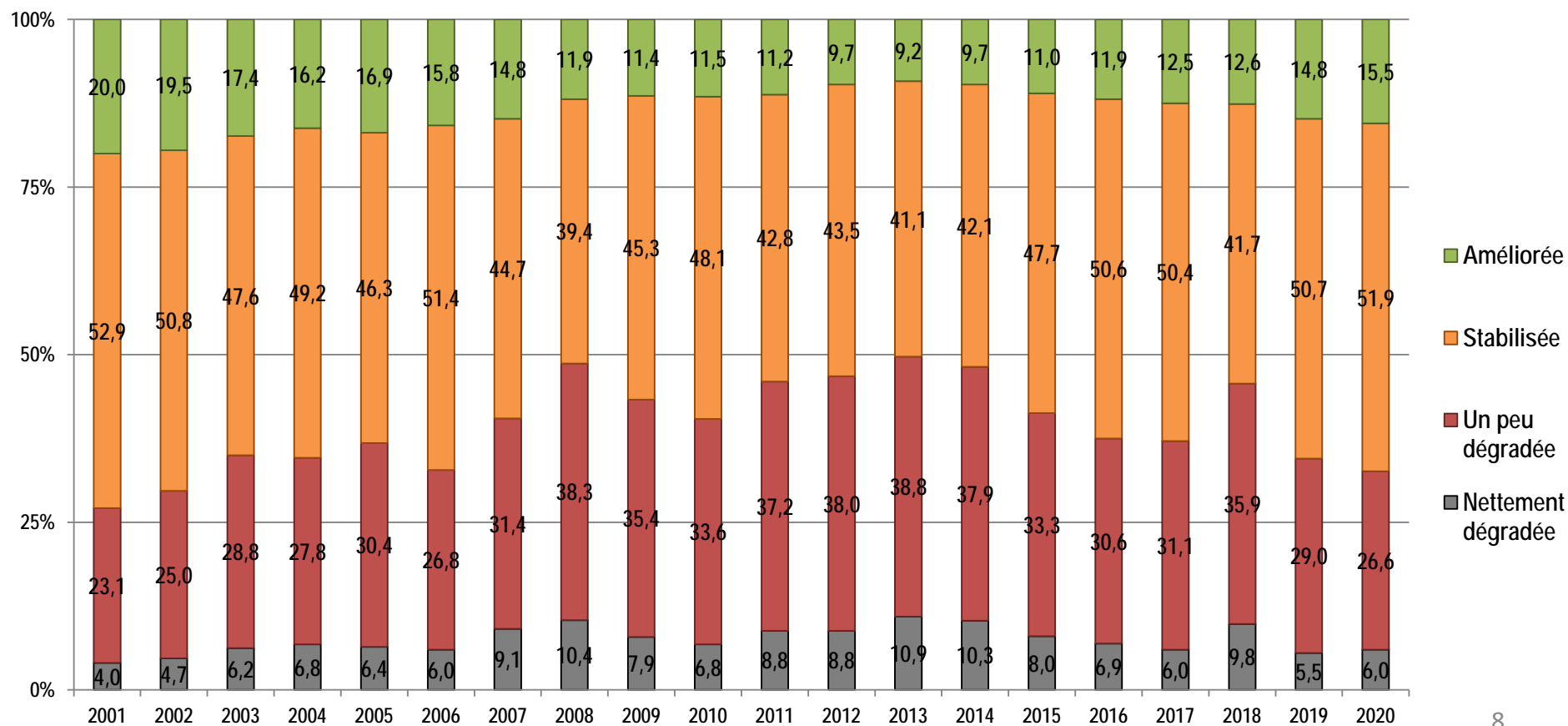
The uses of consumer credit have changed since 2009. Households have been more cautious, particularly in times of economic uncertainty. They have also been influenced by the introduction and strengthening of successive consumer credit laws (fewer loans being granted to finance everyday spending).



In 2020, households with loans and credit feel their financial situation improved or stabilised.

15.5% consider it improved (14.8% in 2019 and 12.6% in 2018)
 51.9% that it stabilised (50.7% in 2019 and 41.7% in 2018)
 26.6% that it got slightly worse (29.0% in 2019 and 35.9% in 2018)
 6.0% that it got much worse (5.5% in 2019 and 9.8% in 2018)

**This development is a return to the situation that prevailed in the mid-2000s.
 It is widespread, being also observed in households that have not taken out any loans or credit.**



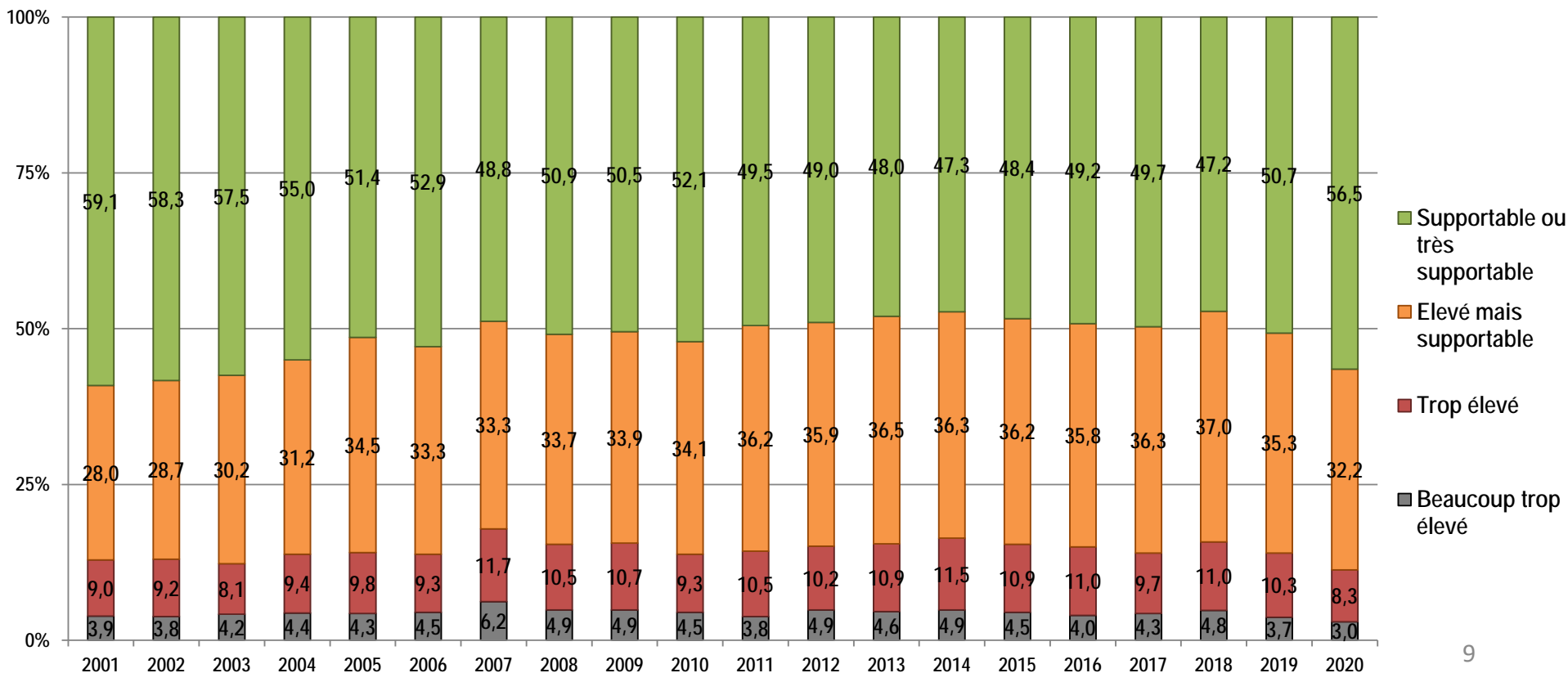
In response to changes in their financial situation, households consider that the burden of their repayments has become even lighter.

56.5% consider it acceptable or very acceptable (50.7% in 2019 and 47.2% in 2018)

32.2% high but acceptable (35.3% in 2019 and 37.0% in 2018)

11.3% too high (14.0% in 2019 and 15.8% in 2018)

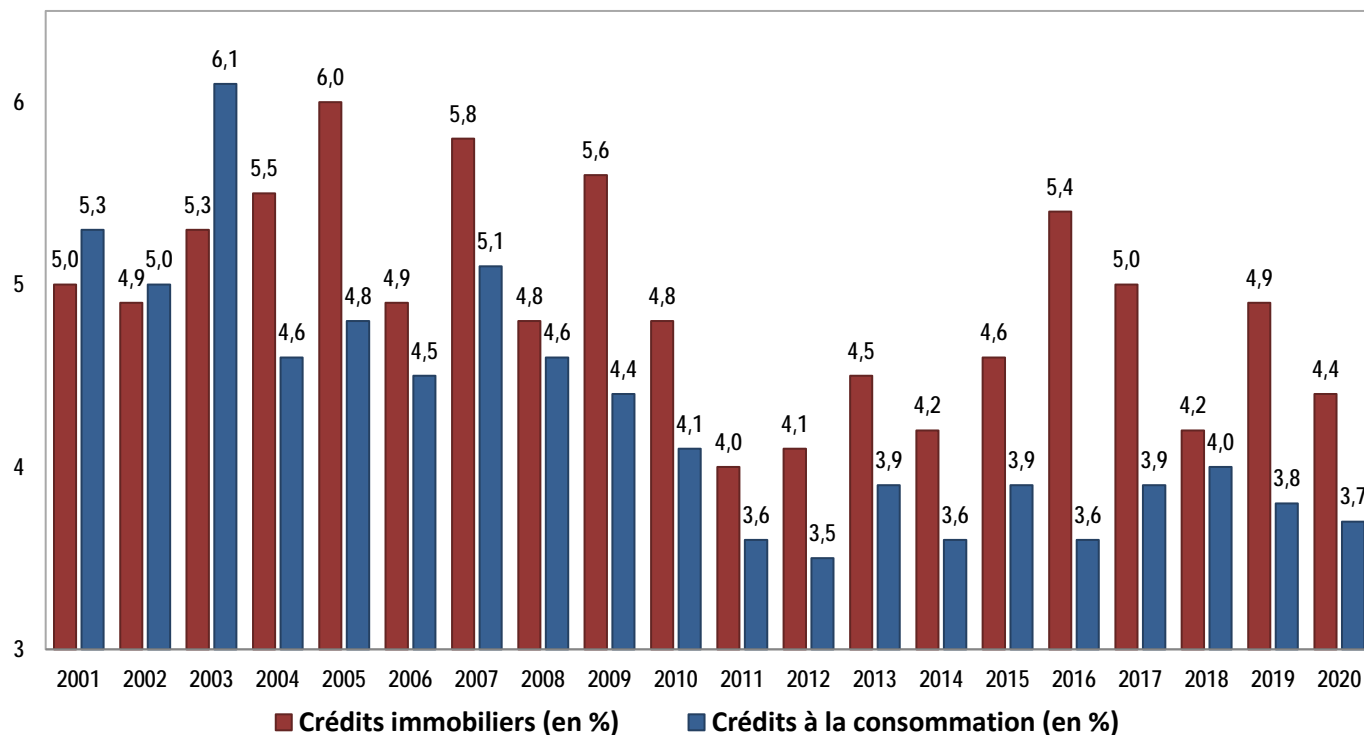
The trend observed over the past two years has generally benefited from the improvement in credit conditions and the restructuring of household property debt (repurchases of loans and renegotiations). In 2020, 88.7% of households feel that repayments are acceptable: this proportion is above the average observed since the early 2000s (85.5%). And the proportion of households that consider their repayments too high or much too high (11.3% in 2020) has never been so small since the late 80s.



Fewer households plan to take out home loans in the coming months and plans for consumer credit are crumbling.

Fewer households have plans to take out home loans now, after a sharp improvement in 2019. Plans for consumer credit have not returned to their average level in the 2000s.

La part des ménages ayant l'intention de souscrire des crédits
(Source : Observatoire des Crédits aux Ménages)



Despite the perceived improvement in households' financial situations, only 4.4% of households plan to take out a home loan. And households are still cautious about taking out consumer credit, with the proportion with such plans falling further to 3.7%. However, households rely heavily on these loans to carry out their sustainable consumption plans.

In conclusion

With the start of the health crisis and the strengthening of its economic and social consequences, fewer households plan to take out new home loans or consumer credit during the first half of 2021: the percentages are significantly below the long-term averages, with 4.4% considering home loans compared to 4.9% over the long term and 3.7% considering consumer credit compared with 4.3%. Even in 2020, the percentage with consumer credit fell significantly to 24.9% (26.5% in 2019), due to the decline in the percentage with credit cards and credit obtained directly from vendors. However, the stabilisation of the percentage with home loans observed in 2020 (31.4% of households with home loans and 24.2 % in the process of becoming homeowners) was not enough to avoid a significant fall in the overall percentage of those with loans and credit to 46.5%, one of the lowest levels observed since the end of the 80s.

Nevertheless, households' assessments of their financial situation have rarely been so good since the early 2000s. But the economic and social uncertainties arising from the health crisis are now affecting the implementation of households' medium- or long-term plans.

At the same time, however, households' feelings about the burden of repayments has improved further and 88.7% of those with loans and credit at the end of 2020 felt that the burden of these repayments was generally acceptable: such a high percentage has not been seen since the late 80s.