

French key sectors

Financial services



Market segments dynamics

The finance industry is an established sector that contributes significantly to French GDP (4.5%) and employment (700,000 jobs), and is a deciding factor for the development of companies and a way of maintaining control over decision centers. The financial services sector is mainly made up of banks and insurance companies, but also investment funds.

The banking sector generates income (NBI – Net Banking Income) of around 100 billion euros and employs approximately 400,000 people in 900 credit institutions. The sector also generates more than 200,000 indirect jobs. The French banking sector shows full growth, with NBI increasing by approximately 7% in 2006. The market situation is made more favorable by the firmness of housing loans and the positive performance of the financial markets. Business banking and asset management activities, which were relatively poorly developed in France, are driving this growth.

The insurance market represents turnover of 198 billion euros and employs more than 200,000 people in roughly 600 companies. The French insurance market is atypical because it is dominated by mutual insurance companies, whereas pension funds are less developed than in neighboring countries. However, an ageing population and uncertainties regarding future financing of retirement pensions, favor the development of pension funds. Currently, 12% of technology investments by European venture capital funds are made in France, which ranks the country third behind the United Kingdom (34.5%) and Germany (17%).

France has worldwide leaders in the field of financial services: BNP Paribas, Société Générale and Crédit Agricole-LCL are among the 20 largest banks in the world, and Axa is the second largest insurance company in Europe.

France's attractiveness

France occupies a first-rate position in attracting international financial activities because of the many advantages it has to offer.

The presence of major French and international players (BNP, Société Générale, Axa, Allianz, HSBC, Generali, ING, Citigroup, Swiss Life, etc.) clearly shows the attractiveness of France insofar as this sector is concerned. Several legislative measures have marked the deregulation of the financial markets and have enabled the development of foreign banks on French territory: the Banking Act of 1984, the elimination of the credit squeeze (1985), the end of exchange control (1990), the implementation of the European single market in banking matters (1993) followed by investment services (1996), and finally, the introduction of the euro (1999). More recently, new European regulatory measures (implementation of International Financial Reporting Standards, authorization of remuneration of current accounts) and French regulatory measures (Financial Security Act, launch of retirement savings products, PERP (Popular Retirement Savings Plan), PERCO (Collective Retirement Investment Plan) and PERE (Corporate Retirement Savings Plan)) continue to provide the country with a very favorable framework for the development of the activities of banks, insurance companies, and investment funds.

Financial services



In addition, France still offers significant growth potential in several fields, as opposed to the Anglo-Saxon countries, where the financial services market is already very mature. Business banking, asset management, real estate loans or consumer credits as well as pension fund activities, therefore benefit from existing potential in the French market and are experiencing significant growth.

France also serves as an entry into the euro zone. The euro is the 2nd reserve currency after the dollar, totaling approximately 20% of the amount held by central banks.

The importance of Paris as a stock exchange, integrated into a European system, is obviously also an undisputable advantage for financial service activities. Euronext (created in 2000 through the merger of the stock exchanges of Amsterdam, Brussels and Paris, then expanded in 2002 by merging with the Portuguese stock exchange) is the leading stock exchange in Europe in terms of volumes traded, and is ranked second in terms of market capitalization. The merger with the New York Stock Exchange, in May 2007, is propelling Euronext into the number one position of stock exchanges worldwide.

The FINANCE INNOVATION cluster, managed by Paris EUROPLACE and supported by management firms, insurance companies, banks, investment companies, aims to consolidate the status of the Paris financial market within Europe, by developing its expertise and its position in terms of financial research. With 40% of the financial job market due to be renewed over the next ten years, the challenge is to strengthen the French capacity for value added and localize financial expertise in Paris, which faces competition from all the other major financial markets in Europe and around the world.

International Players in France

With a net banking income of 27.9 billion euros in 2006,

➤ **BNP Paribas** is France's leading banking company, ranking 14th among the biggest companies worldwide, and 1st among the biggest companies in France, according to the Forbes index 2007. BNP Paribas is a leader in all fields of banking (retail banking, investment banking, asset management, financing, etc). It is one of the French banks with the largest international presence. Operating in more than 85 different countries, BNP Paribas has 155,100 employees, including 122,700 in Europe (63,000 in France), 14,800 in North America, and 5,900 in Asia.

➤ Established in 1831 in Trieste, **Generali** was one of the very first insurance companies to go international. Today, the company has 61,000 employees in 42 countries and generates sales of 64.5 billion euros (2006). In France, the first agency opened in Bordeaux in 1832. Ever since, the company has grown continuously and operates in France through several companies (Generali Assurances, Prudence Vie, Europ Assistance, etc.). With its presence throughout France and a staff of 8,400 employees, the Italian group of companies generates turnover of 14.2 billion euros in France, and manages 42.2 billion euros of assets, which makes it the second largest general insurance company in France.