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Press release

## **Overview of consumer credit in Europe in 2016: Strong growth in the European consumer credit market**

*For the tenth year in a row, Crédit Agricole Consumer Finance has published its yearly report on the consumer credit market of the 28 countries of the European Union.*

*The European market confirms the recovery momentum that began in 2014. Outstandings are up 4.4% at €1,195 billion. New loan production was also robust in 2016 (up 9.8%). Consumer finance plays a role in supporting the growth of EU economies.*

### **Growth in outstandings**

Growth of the consumer credit market was strong in 2016, with outstandings up 4.4%, confirming the recovery momentum that began in 2014 (0.7% growth in 2014, 3% in 2015, and 4.4% in 2016). Consumer loan outstandings for the European Union totalled €1,195 billion. 20 of the 28 European Union countries saw growth in their outstandings.

Several factors favoured this growth in outstandings: the economic environment (GDP growth and lower unemployment) and very strong production of new loans to individuals. The aggressive marketing stance of banks, growth in personal loans (up 11.3%), and the good performances of car loans and credit cards contributed to the momentum of the market. The best-performing segment is car loans, benefiting from the improvement in the car market (12.6% growth for second-hand cars and 9% growth for new vehicles in the Eurofinas scope<sup>1</sup>).

*“The consumer credit market supported the economic upswing of the European Union in 2016. Competition from banks helped to boost production. All of this is to the advantage of households, which also benefit from the drop in medium-term rates in France, Germany and Italy”,* explains Jérôme Hombourger, Deputy Chief Executive Officer in charge of Group Strategy and Development at Crédit Agricole Consumer Finance.

### **Greater demand in Northern Europe than Central and Eastern Europe**

The European consumer credit market is dominated by the UK, with €322 billion in outstandings, followed by Germany (€231 billion) and France (€161 billion).

Demand for credit is particularly high in Northern Europe: outstandings per capita is €4,900 in the UK, €4,600 in Luxembourg and €3,200 in Denmark. Conversely, outstandings per capita is low in Central and Eastern European countries (Lithuania €240, Romania €600, Hungary €800).

### **France: growth is accelerating, driven by personal and second-hand car loans**

Consumer credit outstandings in France were in 2016 at their highest level since 2010, at €161 billion<sup>2</sup>. This was the third consecutive year of growth. France is one of the European countries where consumer credit is the least expensive, with an average customer rate of 4.3% at end-2016. *“The different products and market segments have nevertheless seen varying trends: personal loans have increased, revolving credit has decreased, and the growth in second-hand car loans contrasts with the slowing new car loans”,* Mr Hombourger specified.

### **Northern Europe: Dynamic growth boosted by car loans and credit cards**

The **UK** continued to post growth for the fifth year in a row. Outstandings reached €322 billion. Despite a high level of indebtedness, British households are confident in their repayment capacity.

<sup>1</sup> Eurofinas is the European federation of consumer credit providers and represents around 47% of the market in 16 European countries.

<sup>2</sup> Banque de France / European Central Bank data

**Germany** experienced significant growth of 3% in its outstandings favoured by lower customer rates, impacted by the digitalisation of distribution and the development of price comparison sites.

### **Southern Europe: The revival of the market confirmed**

In **Italy**, the market recovery has been confirmed. Outstandings were up 4% and new loan production jumped 16%. Production volumes are driven by loan renegotiations and lower customer rates.

In **Spain**, consumer credit outstandings are up for the second year in a row and the market benefits from true organic growth. Spain is one of the only countries of the euro zone in which rates have increased (5.98% at end-2015 and 6.77% at end-2016).

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#### **About CA Consumer Finance:**

Crédit Agricole Consumer Finance is a major player on the European consumer credit market. Crédit Agricole Consumer Finance, Crédit Agricole S.A.'s subsidiary specialised in consumer credit, sells a broad range of loans to individuals and associated services via all distribution channels: direct sales, in-store financing (car and household equipment loans) and through partnerships. Present alongside the large retail, specialised retail and institutional banners in the countries in which it is active, Crédit Agricole Consumer Finance is a key partner for business. It operates in France, mainly via its commercial brands Sofinco, Viaxel and Creditlift Courtage.

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