



French presidency of the European Union (FPEU)

ASF key messages

- Supporting the green recovery of the European economy
- Guaranteeing European strategic autonomy

ASF

ASSOCIATION FRANÇAISE
DES SOCIÉTÉS FINANCIÈRES



1 SUPPORTING the green recovery of the European economy



FINANCING HOUSEHOLD CONSUMPTION AND THE INVESTMENT OF VSEs, SMEs AND MSCs, THE DRIVERS OF EUROPEAN GROWTH AND EMPLOYMENT

- **The revised consumer credit directive (CCD)**

must: I) take into account the new economic environment; II) remain minimal: limit changes to the perimeter, maintain flexible rules in terms of solvency analysis to adapt to local markets; III) focus on the digital transition that has a strong impact on the credit granting process; IV) for credits of small amount or short duration, it must focus on displaying the APR and on consulting national databases to avoid over-indebtedness (FICP in France).

Consumer credit must keep supporting energy-efficient home renovations and the financing of cleaner vehicles for all households.

- Leasing and factoring mostly finance SMEs and VSEs. Prudential regulations must take into account the specific characteristics of specialised credits.

The transposition of Basel III is an opportunity to adapt CRR to the nature and low risk profile of ASF business lines.

- ASF requests an **adjusted risk weighting for leasing**, changes that consider **factoring's short-term** nature and also taking into account risk

reducing factors (credit insurance) and the **prudential equivalence of guaranteed real estate loans** (which are largely dominant in France) and mortgage loans, as was agreed in Basel.

- Finally the **output floor** must apply at the highest level of consolidation in line with the logic of a large European market for financial services. This would avoid a disproportionate impact on the subsidiaries of banking groups that specialised in financing households and companies: consumer credit, leasing and factoring. Specialised credits increasingly finance investments linked to companies' energy transition, in particular the equipment and real estate of SMEs, and households (energy efficiency renovation of buildings, purchase of clean vehicles...).

- The **Capital Markets Union's** (CMU) new action plan must take over the banks' financing of the digital and energy transition challenges and prioritize the non-banking financing of SMEs/MSCs. For this, the European Commission's action plan must deal with the fundamental issues of legal and tax harmonisation.

- **MIF II** and **PRIIPS** requirements in terms of investor information **must be simplified** to better meet their goals of facilitating access to securities, and channel household savings towards the equity financing of companies.

- The CMU's new action plan must also help **boost** the **SME research market** by permanently cutting the link introduced by MIF II between financial research and retrocessions, something the UK is doing now, which will also improve the equity financing of SMEs.

● To finance the recovery, the refinancing of credit institutions must be preserved within a secure framework. The **prudential approach** to simple, standardised and transparent **securitisations must be incentive**.

● The framework for **VAT on financial services is balanced within the European Union**. Any initiative by the European Commission towards a '*one size fits all*' standardisation of the VAT regime for financial services would undermine the business models of specialised financing companies in France and in other member states. The cost of credit for companies would be increased.

● The framework of the European Regional Development Fund (**ERDF**) does not currently allow companies that want to finance their investments through leasing to access subsidies. Yet, all over Europe, and particularly in France, leasing is growing rapidly, especially for investments linked to the energy transition. The procedures for accessing ERDF grants must be adapted to lease financing.

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SUPPORTING THE ECONOMY'S DIGITISATION

● Financing household projects is increasingly done using digital tools. To support the digitisation of client experience, which is more and more popular with consumers, the **e-idas rule** must be revised to encourage a secure, re-usable and cross-border digital identification and authentication method.

● Also, lending institutions must have exemptions as part of the **e-privacy** rule which will govern the authentication (fingerprints) and consent gathering from borrowers, in order to avoid being at odds with their anti-fraud, anti-money laundering and anti-terrorist financing requirements.

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SUPPORTING THE ECONOMY'S ENVIRONMENTAL TRANSITION

● Specialised financings have a major and **very operational** role to play in financing the energy transition. They are actively involved in the **"everyday" environmental transition investments of households, companies and local authorities**. Several concrete mechanisms were set up by ASF members:

- **SOFERGIes (companies that finance energy efficiency)**: finance through leasing, rental and traditional loans, energy saving equipment, develop renewable energies such as wind power, solar power and biomass, recover, recycle and reuse waste.

- **Green real estate leasing**: for industrial buildings, the ASF has submitted a proposal to government authorities, in partnership with BPI, the public investment bank, for «green» property leasing. The goal is to encourage VSEs/SMEs to finance their

investments projects in the energy performance of their buildings through leasing.

- **For individuals**, the ASF, which provides financing for home energy renovation and the purchase of clean vehicles to households, issued recommendations in 2017 for financing photovoltaic panels with assigned loans.

● The ASF is a **member of "Finance for Tomorrow" and of the Observatory for green finance** and collects data from its members to measure the evolution of green finance.

● **The ASF closely follows and supports** European work on sustainability issues, linking social and good governance issues with environmental challenges.

2 GUARANTEEING European strategic autonomy



BREXIT : A STRONGER AND SUSTAINED ATTENTION TO EQUIVALENCE IN FINANCIAL SERVICES

- The **Brexit** agreement of 24 December 2020 and the protocol agreed with the UK will in particular govern equivalence decisions. The cohesion of the 27 European countries will be essential.
The Union must guarantee that European financial centres remain competitive.
- Reciprocity and a level playing field will have to be **monitored more closely and continuously.**



ENCOURAGING THE EUROPEAN PAYMENTS INITIATIVE

- The European payments solution for all kinds of retail transactions, including digital transactions is a **strategic alternative for the European Union** to existing international payment systems.



GUARANTEEING A "LEVEL PLAYING FIELD" BETWEEN ALL FINANCIAL SERVICES PLAYERS

- **Fintechs, GAFAs**, banking sector : the same rules should apply to the same activities.
- Especially for **payment services** where new players have appeared outside of the existing framework of prudential regulations, and players who are in a dominant position, in particular in terms of data management.

*ASF members offer business financing solutions
(leasing, Sofergie and factoring) and households (consumer and housing credit).
They also offer a range of financial services (sureties), investment services and securitisation.
They finance nearly 20% of the credits to the private sector.*

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