**ASF: The French Association of Specialised Finance Companies**

Created under the regulatory framework of the banking act of 24 January 1984, the ASF (the French Association of Specialised Finance Companies) is the professional organisation that represents French financial institutions that have opted in favour of specialisation.

The ASF gathers 300 French financial institutions – independent companies or major groups’ subsidiaries – specialised in leasing, factoring, consumer credit, home loans, guarantees and investment services.

As a result, ASF members are key players in the financing of business companies, SMEs and households, improving their credit access in addition to the mere bank support.

With a total outstanding credits amount of 300 billion €, i.e. nearly 20% of total credits to the French economy, and 60% of total consumer credits in France, **ASF members contribute directly in financing the European economy.**

**ASF missions**

- **The ASF promotes finance specialised industries**, on behalf of its members - finance companies, specialised banks and investment firms.

- **The ASF offers numerous services to its members**: it provides legal and economic information, organises meetings with members and consumer associations and sets up professional actions targeting national and European institutions and authorities.

- **The ASF is deeply involved in European affairs**: it is the member of three European professional federations (**Eurofinas, EU Federation and Leaseurope**) and has an **office in Brussels** allowing the building of sustainable working relations with European decision-makers.

- **As early as 1995, an independent mediator** was appointed in order to improve the ASF services on regulatory issues, prevention and resolution of conflicts. The main goal of the ASF mediator is to find out-of-court solutions among a wide range of retail consumer issues. He is independent and his interventions are free of charge.

- **The ASFFOR (ASF-Formation)** is the training centre of the ASF. It organizes seminars, led by professionals on specialised financial activities and conferences.

- **The ASF international Prize** awards every year the best doctoral thesis dealing with a specific issue related to the activities of credits institutions in the world.
The ASF stands for men and women dedicated to the productive economy.

Our 300 members have in common to conduct specialised finance activities.

Such activities provide finance to all economic actors, SMEs’ and households’. All these activities are regulated and supervised.

Our activities are at the core of today and tomorrow’s EU economic growth.

ASF – French Association of Finance companies
24, avenue de la Grande Armée - 75854 Paris Cedex 17 - Phone : 01 53 81 51 51 - Fax : 01 53 81 51 50
CONSUMER CREDIT
A regulated financing tool for households

**Definition**: Consumer credit is a loan granted to individuals to enable them to finance goods that they wouldn’t have been able to pay for in cash, otherwise.

IN EUROPE
- Over EUR 500 bn of new consumer credits granted in 2013, according to the ECB
- The ASF is an active member of Eurofinas, the European Federation of specialised consumer credit providers
  - EUR 827.9 bn total outstanding operations
  - 50% of the EU consumer credit market
  - 93,000 employees

IN FRANCE
- A competitive market: 77 financial institutions and subsidiaries of large retailers/industrial groups/banks/automotive groups
- EUR 81 bn of total outstanding loans
- ASF members represent more than 50% of the market

CONSUMER CREDIT BENEFITS FOR REAL ECONOMY, BUSINESSES AND INDIVIDUALS
- Households (direct): Allows households spread their expenses over time
- Companies (indirect): Supports demand and industrial output

A RESPONSIBLE AND TIGHTLY REGULATED FORM OF CONSUMER LENDING
- CONTROL revolving loans
  - Secured flexibility for household consumption
- PROTECT the consumers
  - Company vigilance through responsible lending (credit scoring)
- PREVENT over-indebtedness
  - Ongoing reflection and actions of public and private stakeholders

WHY PROMOTING THIS FINANCIAL SERVICE?
- TO MANAGE risks of payment default and to SECURE consumer credits
- TO SUPPORT CONSUMPTION and to STIMULATE GROWTH
- TO PROMOTE household and businesses CONFIDENCE

Each consumer credit type responds to a specific need

- **Personal loans**: The use of funds, at the client's convenience, for a purchase or a non-property-related project.
- **Linked credit**: A provision of funds for the purchase of specific goods or services.
- **Revolving loans**: A provision of a sum of money to a client which the client can redraw as it is repaid
- **Lease with the option to purchase**: A provision of an asset, financed as a lease. The consumer can buy the asset at the end of the contract (purchase option).
FACTORING
More than just a financing tool for businesses

Definition: Factoring is a set of services used by businesses that opt to transfer their accounts receivable (client invoices) to a factor (a financial institution) which takes responsibility for servicing the payment even in the case of default by the debtor.

The factor finances the business' credit flow, settling in advance, all or part of the amount of the accounts receivable transferred.

FACTORING IN EUROPE
• EUR 1,260 bn in accounts receivables purchased in 2013
• ASF members represent 16% of the EU market
• The ASF is an active member of EUF, the EU Factoring Federation
• EUF members represent 97% of EU factoring market
• Factoring supports directly and indirectly 600,000 jobs

FACTORING IN FRANCE
• 14 factoring institutions
• 40,000 beneficiary businesses in 2013
• EUR 200 bn in accounts receivables purchased in 2013
• The ASF members represent 95% of the French market

A TAILORED SERVICE
• Invoice MANAGEMENT with debt collection service
• FINANCING companies with early payment of invoices
• GUARANTEE against debtor insolvency

BENEFITS FOR THE REAL ECONOMY AND BUSINESSES
• PROVIDING SUPPORT to businesses at every stage of their development
• GETTING a higher level of funding than with the conventional line of credit
• ENABLING the company to focus on its core activity

WHY PROMOTING THIS FINANCIAL SERVICE?
• TO REDUCE THE IMPACT OF PAYMENT TERMS
• TO SUPPLEMENT conventional bank financing in a secure way
• TO SUPPORT business cash-flow management

1. Order
2. Invoice
3. Transfer of invoices
4. Financing + Guarantee
5. Settlement

Client
Factor
GUARANTEES
A tool to support project funding and to secure transactions

**Definition**: The surety bond is a commitment given by a guarantee company (the guarantor) on behalf of an individual or a business (the surety bond subscriber), that enables that business or individual to provide a guarantee to its financial or economic or financial partners (beneficiaries of the guarantee).

In the event of subscriber default, the guarantor **fulfills the obligation in the subscriber’s place**. The guarantor has recourse for recovery against the subscriber.

---

**IN FRANCE**
- EUR 109 Bn total outstanding operations in 2012, according to ICISA
- ASF: EUR 10.5 Bn outstanding operations (2013)
- 36 financial institutions providing guarantees
- The ASF represents 50% of the market share in France for surety bonds for housing loans to households

**SURETY BONDS PURPOSE**
- TO GUARANTEE, REACT and ADAPT. Surety bonds for individuals, to meet banks guarantee requirements
- TO OPTIMISE CREDIT FACILITIES. Surety bonds to ease businesses financing
- TO SECURE and CONFORT company’s corporate partners

**BENEFITS FOR THE REAL ECONOMY, BUSINESSES AND CONSUMERS**
- TO DEFER an immediate payment
- TO PRESERVE cash-flow (no deposit...)
- TO EASE credit access with a guarantee

**WHY PROMOTING THIS FINANCIAL SERVICE?**
- A FINANCE LEVERAGE
  Transactions with no compensation requirements
- A UNIQUE SOURCE OF ADVICE AND EXPERTISE
  Guarantors are experts in the markets in which they operate

---

**TWO CATEGORIES OF GUARANTEES**

- Optional surety bonds
  E.g. Real estate personal loan

- Mandatory surety bonds
  For certain regulated professions
  e.g. construction
INVESTMENT SERVICES PROVIDERS
Providing funding for businesses

Definition: Investment services providers (ISPs) are authorised financial institutions that provide a range of services aiming to finance businesses. This financing is based on individual and institutional investor’s savings.

WHO ARE IPSs?
- Investment firms
- Credit institutions

INSTITUTIONS AUTHORISED AND SUPERVISED by the supervisory authorities (ESMA and National Competent Authorities)
56 ISPs are ASF members

A WIDE RANGE OF SERVICES
- FUND MANAGEMENT: Asset and portfolio management
- INTERMEDIATION: Receiving, transmitting and executing orders for third parties
- CUSTODY ACCOUNT KEEPING: keep an up-to-date record of financial assets held by the ISP clients
- INVESTMENT ADVICE

BENEFITS FOR THE REAL ECONOMY, BUSINESSES AND INDIVIDUALS
- DRAWING ON household and investor savings for the benefit of business (SME) financing
- FOSTERING LIQUIDITY USE for financing businesses

WHY PROMOTING THIS FINANCIAL SERVICE?
- UPSTREAM: BUILDING a profitable and diverse PORTFOLIO for individuals
- DOWNSTREAM: OFFERING LONG-TERM FINANCING SOURCES for companies

MUTUAL INTERESTS = STABILISING legislative and tax FRAMEWORK to offer a better transparency and financial visibility to savers and investors
**SECURITISATION**

Securitisation, an additional funding source for companies

**Definition:** Securitisation is a financing tool which consists of turning companies claims and individual debts owned by banks into a financial asset.

![Diagram of securitisation process]

- **Companies** transfer debts to a securitisation institution.
- The securitisation institution turns the debts into financial securities.
- Financial securities are issued in the market.
- Investors buy the financial securities.

**Benefits for the Real Economy and Businesses:**
- Financing businesses by providing access to a deeper and a more liquid market.
- Refinancing banks that will increase their grants credits capacity.
- Attracting investors to finance SMEs.

**WHY PROMOTING THIS FINANCIAL SERVICE?**
- To increase funding capacities at a time of financial pressures (CRD IV, Basel III).
- To promote a transparent and secure financing technique.
- To finance economic recovery and to support growth.

**Financial Institutions Approved and Supervised by Public Authorities**
(ESMA and National Competent Authorities)

**Figures**
- 19 financial institutions members of the ASF
- Securitisation companies:
  - Housing refinancing companies
  - Mortgage credit companies
  - Securitisation management companies
- Securitisation mutual fund

Securitisation allows the refinancing of credit institutions and, by consequence, indirectly supports companies’ funding.
‘SOFERGIEs’

Financing the energy transition

Definition: SOFERGIEs are financial companies specialised in financing energy-efficiency or environmental projects. SOFERGIEs have the distinctive feature of being able to offer a wide range of complementary and optimised funding.

In particular, SOFERGIEs finance installations, equipment and structures for:

- ENERGY SAVING
- DEVELOPMENT OF RENEWABLE ENERGY (Wind power, photovoltaic, biomass)
- WASTE COLLECTION AND RECYCLING

SOFERGIEs specificities:

- SPECIFIC EXPERTISE AND KNOW-HOW
  Technical/legal/financial expertise in financial packages
- TAX-EFFECTIVE REPAYMENT STRUCTURES
  Flexible maturity adjusted to the real needs of clients and to the complexity of the investment projects
- FLEXIBLE LONG-TERM FINANCING
  Spreading the financing of investments over time in line with the profitability of the project
- INCORPORATION OF REAL ESTATE FINANCING WITHIN THE OVERALL PROJECT
  SOFERGIES are the ONLY leasing companies able to FINANCE, within the SAME CONTRACT, both EQUIPMENT and REAL ESTATE

SOFERGIES INPUT:

- ALL IN ONE CONTRACT
  Investments can be adjusted according to the nature of the project: equipment OR real estate, equipment AND real estate...
- FULL FUNDING OF THE PROJECT
  The investments include pre-financing structures and subsidies
- A FLEXIBLE TERM CONTRACT, depending on the financial and tax depreciation
- REAL ESTATE AND EQUIPMENT DEPRECIATION
  If the real estate part represents less than 20%, only SOFERGIES, with a leasing contract, are able to depreciate both real estate and equipment over the same duration

WHY PROMOTING THIS OFFER?

- TO SUPPORT ENERGY TRANSITION
  EU energy targets for 2020
  EU 2030 climate and energy framework
- TO STABILISE electricity buyback rates for a greater investor predictability

Projects

- DEVELOPMENT OF RENEWABLE ENERGY
- ENERGY SAVING
- WASTE COLLECTION AND RECYCLING

State/ Local authorities
Commercial and Industrial companies