



OEE Newsletter – March 2017

/// OEE NEWS

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Being an OEE member is:

- To support research on savings in Europe;
- To benefit from sharing experiences and comparative approaches on the European savings markets;
- To receive all the OEE publications, in particular the *Overview of Savings in Europe*, every quarter;
- To be invited to all the events of the association;
- To belong to a professional network of public institutions, financial intermediaries, savers and investors' associations;
- To build partnerships with high visibility.

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Amundi
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La Banque Postale

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Confédération Nationale du Crédit Mutuel
Prometeia
Société Générale

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ANSA
Better Finance
BEUC

**To get further information about membership requirements,
please contact Didier Davydoff:**

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STATE OF PLAY AND PROSPECTS FOR SHAREHOLDING IN FRANCE



On Wednesday 15 March, the OEE and ANSA organized a conference on the shareholding structure of French and European companies.



In *Le Livre blanc* on “Emergencies for Growth” published in the autumn 2016, ANSA presented several proposals for the development of shareholding that constitute an essential issue for the financing of the economy.

In order to deepen this work, **Christian Schricke**, general delegate of ANSA, spoke of the decline in individual shareholding in France and the measures advocated by ANSA to remedy this.

Jacques de Larosière, President of the OEE, recalled that the European households finance the economy more than their American counterparts. But savings is not directed to the equity of companies. Indeed, the confiscatory taxation of investment in equities illustrates the contradiction between the discourse and the reality of taxation. The French continue to save, but especially in banking products. The aim of the ECB's monetary policy was to increase household consumption and investment. Unlike the United States, however, the Central Bank's Quantitative Easing did not have the effect of directing savings to equities, largely because of taxation, and households did not benefit from wealth effects that might have prompted them to consume more. Finally, it is mainly the governments' deficit that have benefited from Quantitative Easing by financing themselves at low cost.

Xavier Delsol, associate lawyer at Delsol Avocats, and **Virginie Seghers**, president of PROPHIL, presented the first European study on shareholder foundations. While these are numerous and powerful, in several European countries (Germany, Denmark, Sweden,...), there are in France only four majority or reference shareholder

foundations. The authors make several proposals for their development.

Didier Davydoff, Director of the OEE, presented the work of the Observatoire on ownership in Europe. He presented statistics on direct and indirect equity investment (via investment funds, life insurance and family holdings). He showed that the weight of non-financial enterprises in the shareholding of other companies has increased, as groups of companies of all sizes represent an increasing share of the French economy. He also presented new statistics on the geographical origin of foreign investors in European equities.

[Read the presentations \(French only\)](#)

WHAT ARE THE 2017 CHALLENGES FOR OCCUPATIONAL PENSION SCHEMES?



On Thursday 2 March, the OEE and Amundi organized at the Banque de France a conference on longevity risk.

Researchers at the universities of Tilburg (the Netherlands) and Paris-Dauphine (France) conducted a study for the OEE comparing longevity risk management solutions at retirement. The study compares the pooling of risk between members of a pension fund with an annuity contract provided by the market. The authors conclude that the mutualisation of the risk by a pension fund brings to the members of the latter a superior utility because the level of fees that insured are willing to pay is lower than the cost of capital committed to cover the risk of longevity.

After a presentation of the study by **Marie Brière** (Amundi, Paris Dauphine University and Université Libre de Bruxelles) and **Ling-Ni Boon** (Paris Dauphine University and Tilburg University), practical solutions for occupational retirement were presented by **Philippe Serceau**, Head of ESR Consulting, Project Management, Amundi International Development Support.

[Read the presentations](#)

ROUNDTABLE ON FOSTERING RETAIL INVESTMENT IN CAPITAL MARKETS



On 7 February 2017, **Didier Davydoff**, director of the OEE, was a participant of the roundtable organised by the European Commission in the context of the mid-term review of the Capital Market Union (CMU) action plan. The action plan aims at fostering retail investment in capital markets.

This roundtable brought together more than 45 representatives from retail investors, national and European supervisors, industry and other interested market players. It enabled the Commission to obtain targeted comments on specific issues in order to clarify its thinking on the review of the CMU action plan.

[**Have a look on the presentations and minutes of the round table**](#)

/// MEMBERS NEWS

AGORA OF MANAGEMENT ORGANIZED BY THE AFG AND THE INSTITUT LOUIS BACHELIER: “SAVINGS AND DETENTION OF ACTIONS BY INVESTORS”



André Masson, researcher at the Paris School of Economics, presented the results of his paper co-written with **Luc Arrondel**, "How to explain and remedy the permanent drop of stock ownership since 2008?".

According to the authors, the inexorable decline in individual shareholding in France since the 2008 financial crisis cannot be explained by supply and demand factors, but by far more complex mechanisms. To study these mechanisms, the authors used the different waves (2007-2009-2011-2014) of the PATER (Risk and Time Preference) survey. These surveys made it possible to measure, for a panel of savers, their preferences, particularly with regard to risk.



More information:

1. *Les épargnants français dans la « grande récession »: préférences, anticipations et choix de portefeuille.* Report for the Institut CDC pour la recherche, February 2016 (French only)
2. *How to explain & remedy the continuous drop of French stock ownership since the 2008 crisis?*, presentation for the conférence “The Future of Savings”, co-organised on the 4th of November 2016 by Axa and la Banque de France

JEAN EYRAUD SPEAKS IN BANQUE & STRATEGIE MAGAZINE



An article by **Jean Eyraud**, President of Af2i, entitled "Retirement savings: a strategic axis for the French and the financial industry" was published in *Banque et Stratégie* No.354.

The author speaks in favor of the development of attractive three-stage savings plans: a stage for the first phase of accumulation, a second stage for long-term savings or retirement, a third stage for a possible annuity.

The article is one of the nine contributions of a dossier dealing with the theme "Asset Management, a strategic moment for the Place de Paris".

[Read the article \(French only\)](#)

LIVRE BLANC DE L'ÉPARGNE RETRAITE BY THE AFG



In this *Livre Blanc*, the AFG proposes 3 key measures to strengthen retirement savings in France:

1. Create a new individual retirement product for the general public with a possible exit as a lump-sum;
2. Strengthen the development of occupational retirement savings, in particular PERCO;
3. Improve information for the French on their future retirement and how to supplement pay-as-you-go schemes.

[Have a look on Le Livre Blanc](#)

QUESTIONS RETRAITE & SOLIDARITÉ No.17 BY LA CAISSE DES DÉPÔTS

The Caisse des Dépôts publishes a new issue of *Questions Retraite & Solidarité* devoted to the presentation of the special pension fund of



state industrial establishments workers (FSPOEIE) and its specific demographic situation.

This special pension scheme was instituted by the law of 21 March 1928, in order to create a common framework for all state workers. Today, this scheme only affiliates very few new contributors and most of the members reached the retirement age. In 2015, the demographic ratio of the fund is 0.3 contributors for one retiree. With constant regulation and no new recruitments, the scheme would no longer have contributions in 2050.

[Read Questions Retraite et Solidarité No.17](#)

FONDATION BDF THESIS PRIZE



The Banque de France Foundation for Research in Monetary, Financial and Banking Economics will award a thesis prize in 2017.

Monetary financial or banking economics theses presented in France, between the 1st January 2016 and the 31st December 2016, may compete for this prize. The jury in charge of evaluating the candidatures is composed of personalities appointed by the Fondation Banque de France and the Board of Directors of the AFSE (French Association of Economic Science).

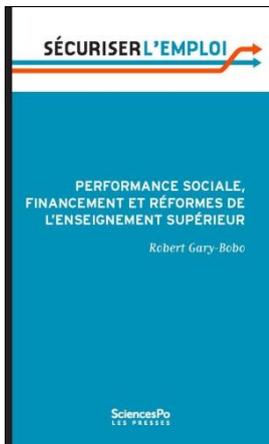
The prize of €3,000, will be awarded at the 66th Annual Congress of the AFSE (Nice, 19-21 June 2017).

Applications must be sent to afse@wanadoo.fr no later than the **31st March 2017**.

[More information \(French only\)](#)

SOCIAL PERFORMANCE, FINANCING AND REFORMS OF HIGHER EDUCATION

- Robert Gary Bobo -



In 2016, **Robert Gary-Bobo** delivered to the OEE a study in which he proposed to establish "intermediate family contracts" to share income between family members and to pass on the heritage from one generation to the next under the aegis of a financial institution. His study report, not limited to theoretical and empirical analyzes, was distinguished by concrete proposals inspired by economic analysis.

In this new work on higher education, the author is not afraid to give again his proposals inspired by economic analysis. Higher education is described using the human capital theory of **Gary Becker** and **Jacob Mincer**. Higher education is seen as an investment with a social and private value, and its profitability can be measured by the performance of diplomas. Funding for higher education in three countries - the United States, Australia and England - are described. It should be noted in particular that in England since 1997, students from disadvantaged backgrounds are exempt from enrollment fees, while those from well-to-do families can use credit to pay for them. The loans repayment is contingent on the beneficiary's income after the end of his studies. In 2012, the UK government substantially raised the tuition and interest rates of student loans, while also raising the income threshold at which repayments are due (see *Overview of Savings in Europe* No.23, September 2012). Outstanding student loans totaled £100 billion at the end of 2015 and benefited 9 million borrowers. The author proposes to set up a similar system in France, supported and regulated by the public authorities. The advantage would be to allow French universities to restore their finances through a gradual increase in registration fees.

The book is published in the collection « Sécuriser l'emploi », Science Po Les Presses (130 p., 9 €).

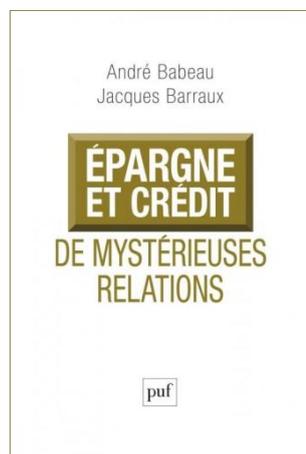
Didier Davydoff

09/03/2017

[Order the book](#)

SAVINGS AND CREDIT, MYSTERIOUS RELATIONS

- André Babeau et Jacques Barraux –



André Babeau is well known by the OEE members, since he was the first President of the OEE Scientific Committee. They know he handles economic concepts with rigor, especially those of national account. Year after year, he worked to ensure that the fundamental equations that link saving and credit are analyzed in a relevant way. He has particularly shown that new loans and credit repayments, and not just the net flow, have to be identified separately because repayments are one of the use of savings.

This book is, in a way, a crowning achievement of this conviction. It is a question of “better understanding the economists’ disarray in the face of the shocks that have occurred since the beginning of the century” by setting up a real battle plan. The first step should be to produce more comprehensive macro-financial statistics. It is better to start early because there will be many obstacles, especially two: the reluctance of financial institutions to increase the scope of their already heavy reporting requirements for statistical purposes; and the need to convince not only one central bank but the European system of central banks that harmonizes financial statistics.

The authors are sometimes severe with colleagues, economists or data producers, but the cause is good. It is nothing less than 1. Complete the standard savings rate with a “savings rate excluding repayments financed by current savings”; 2. Understand “how individuals save”; 3. Understand differences in savings rates across countries; 4. Understand saving behavior during financial cycles; 5. Forecast consumption and investment!

They recognize the progress made, but regret that they are too recent to have sufficiently long historical series. With the help of BNP Paribas’ economic research teams based on data from the Banque de France, they were able to reconstruct estimates of the amount of mortgage reimbursements over a few years convinced by this pioneering contribution, we will now endeavor to replicate the exercise in the OEE’s quarterly *Overview of Savings in Europe* which traces trends in savings and credit in six European countries.

The authors also suggest perhaps less central but no less fertile concepts such as “prior savings” and “household real estate transactions”. New projects to launch! I do recommend this stimulating book edited by the PUF (349 p., 22 €).

Didier Davydoff

06/03/2017

[Order the book](#)

/// AGENDA

APRIL 2017

20/04: OEE **Scientific Committee**

MAY 2017

OEE **Call for tender 2017**

JUNE 2017

13/06: Conference on « **Financial Guidance** »

OEE **General Assembly**

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