STUDY

18th BAROMETER OF SOCIAL & SOLIDARITY FINANCE

June 2020

2019, RECORD YEAR FOR THE FRENCH SOCIAL FINANCE

Just before the turbulence of 2020, 2019 was a successful year: if no one can predict the consequences of the current pandemic on social finance and social impact investment, it had benefited from the markets' growth in 2019. **With 810,000 new subscriptions, the total social & solidarity savings assets have reached a peak of 15.6 billion euros** (+ 24% compared to 2018).

With an outstanding increasing 3 billion euros, 2019 saw a new collection record in absolute value. This performance was mainly due to the sharp rise in stock markets (+ 26% in one year for the CAC40). A key factor, since three-quarters of the social & solidarity savings assets come from collective investment undertakings (CIUs), and therefore listed.

Employee savings schemes are by far the main channel for social finance: it has reached nearly 62% of the total amounts, with assets of about 9.7 billion euros. The solidarity FCPEs (company investment funds) increased by 22%, seven points above all the FCPEs.
The positive effects of the Economic Modernisation Act (LME) of 4 August 2008 are still in force: each company savings scheme proposes a social impact investment fund for their employees, and the latter do not hesitate to abound. Nearly 10% of the French employees are now choosing these types of investments. The PACTE regulation (*Pour la croissance et la transformation des entreprises* - For business growth and transformation) should contribute more and more to the spread of PEE (*Plan Epargne Entreprise* - company savings plans) and PER (*Plan d'Epargne Retraite* – pensions savings plans) to SMEs, while these tools will now have to integrate a social impact investment fund: these new leverages are announcing new increases assets formed by employee savings schemes, a French exception in the EU.

The second channel is solidarity savings collected by banks and insurance mutuals, which increased by 29%, reaching 5.1 billion euros. Solidarity-based bank savings accounts continue to be attractive because savings are secure and available, easy to understand and directly invested towards social, environmental and local projects: these are all good reasons to put your money on these types of saving accounts.

The third channel is savings invested directly in shares of social enterprises: it has jumped from 651 million euros in 2018 to 812 million in 2019. Historic heavyweights of social enterprises successfully raised funds in 2019, such as Habitat et Humanisme (+ €27 million) or France Active Investissement (+ €25 million). Energy companies also stand out: the securities of energy transition projects proposed by crowdfunding platforms show attractive returns. If these types of investment are risky in theory, the reality shows that technologies are safe because they are now mature enough.

In the years ahead, **Finansol hopes to see life insurance**, the flagship product of French households (almost 40% of their savings), **become a social impact savings vehicle**. Life insurance schemes usually focus on euro funds, which returns are low and give a reduced share to units of account. However, the Pacte regulation provides that all multi-support life insurance schemes would propose, from 2022, three different types of account units: Social Impact, Green (Greenfin) and SRI (socially responsible investment). The funds in euros could then lose their attractiveness for the benefit of SRI, green or social Impact funds, until becoming selling points of life insurance schemes. Finansol is supporting this idea and proposes to speed up this calendar and will encourage insurance companies to anticipate.

Find out more in the 18th barometer of Social & Solidarity Finance, produced by La Croix and Finansol Network, and published on June 8, 2020 (in French): https://www.finansol.org/2020/06/08/barometre-de-la-finance-solidaire-18-eme-edition-transition-ecologique-solidaire/ or on Finansol website (in English): https://finansol.org/en/

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