

## ANDRE LEVY-LANG

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I have just a couple of comments to add to Bertrand's. About European banks, it is necessary to get rid of this cliché about the poor health of European banks. Actually, there were some specific good news last year, when a failing Spanish bank was resolved without problem. I think that there is no bank in Europe that creates a systemic risk. The European banking system is sound, but as Bertrand said, there is a problem in terms of profitability. In Europe, bank credit accounts for at least two-thirds of funding the economy, against the reverse in the US, so it is quite important. It is true that the profitability of banks in Europe is affected, partly because of the vagaries of the capital markets. Partly also because of the competition in the retail market, and the fact that very low interest rates are not helping margins.

On the other hand, if I may add a comment, banks are reacting, especially French banks, to the technological impact in several ways. One, they are reducing costs, closing branches and reorganising. Two, they are acquiring start-ups; BNP Paribas acquired a couple of direct, very light banks which is a way to get around the legacy problem they have with their huge IT systems. Last month, Orange, the largest telecom operator, launched a bank in France, which is real competition and they were ready for that. They are part of the fintech revolution. There is an amazing number of fintechs in France, which is very positive news.

To come back to France and Germany, somebody mentioned this morning that Mrs Merkel said that we have to take care of ourselves, let us not wait for the US, on defence especially as well as other matters. I think that France now is realising that it has to take care of itself and not wait for Germany and I think that this is what is going to happen. The reforms that have been started have changed the climate completely. There is really a new feeling in France of 'Yes, we can'. We have to do what Merkel says regarding Europe and the US: we have to find our own way.