

Media Release

France's Business Foreign Exchange market still dominated by home banks

(12 February 2016 – France) Currency volatility and uncertain global market conditions has pushed more French businesses to using foreign exchange hedging products, the latest research by market analysts East & Partners has found.

Derived from interviews with 2,200 French businesses, the firm's six-monthly Business Foreign Exchange (BFX) report found that through the second half of 2015, nearly 25 percent of French SMEs used FX Options, an increase of seven percent over the last half year.

"French businesses are following a world-wide trend, increasingly understanding and engaging with hedging products," said Graham Buck, Senior Analyst at East & Partners Europe.

"As market conditions continue to remain uncertain, business are actively exploring options of more actively managing their profit margins, and developing strategies to minimise currency risk," he said.

The BFX report also found that France's biggest banks dominate the foreign exchange market across Spot FX, FX Options and Forward FX, with BNP Paribas (BNP) enjoying the lion's share across all three products.

In the primary Spot FX market, the bank controls 22 percent market share, followed by Credit Agricole (13.2 percent), Credit Mutual (11.6 percent) and Société Générale (SG) (8.2 percent), measured in terms of primary customer relationships.

Non-bank providers of Spot FX, such as Monex, Western Union and American Express have the strongest presence among Micro companies, generating 50 percent more success than in the SME segment.

According to the report, the Lower Corporate segment remains the key driver of demand for Forward FX products, with 82 percent engagement. In that segment, BNP and Credit Suisse lead with 20.2 percent and 14.8 percent primary market share respectively.

"France's biggest banks currently have the upper hand in the foreign exchange market," said Buck.

"However, as demonstrated in other markets, as businesses increase their sophistication and product knowledge, smaller providers who can compete on price, delivery, customer service and product offerings will rapidly gain market share."

About the Survey

The report analyses FX market dynamics across three business segments: French micro businesses with annual turnover of up to €5 million; small- to medium enterprises (SMEs) with annual turnover of between €5 million and €20 million; and lower corporates with €20 million - €100 million turnover. It reviews the respective BFX product categories of Spot FX, FX Options and Forward FX.

The findings are based on a six-monthly program of direct interviews with a structured national sample of 2,200 French businesses across these three segments - with micro businesses accounting for nearly half of the total - which was carried out in November 2015. Respondents included business owners and CEOs, CFOs, corporate treasurers, company accountants and designated FX officers.

The research was conducted nationwide, with Paris-based businesses representing nearly 40 percent of the total sample. Of the companies interviewed, 35.9 percent were both importers and exporters, 36.6 percent were solely importers and 27.5 percent solely exporters.

One in four (25.1 percent) were in personal/other services, 13.7 percent in property and business services, 11.7 percent in manufacturing, 11.7 percent in retail, 8.8 percent in construction and 8.0 percent in transport and storage. The remaining 21 percent included companies from various other industry sectors, including finance and insurance (excluding banks), wholesale and hotels, cafes and restaurants.

For more information or for further interview based insights from East & Partners, please contact:

Head Client Services

Simon Kleine
t: +44 7455 169 469
e: simon.k@east.com.au



www.east.com.au