

EXECUTIVE SUMMARY

Barometer of social finance 2023-2024

Social finance still growing in 2022

ON READING THE BAROMETER OF SOCIAL FINANCE, published by FAIR and La Croix, Patrick Sapy, Chief Executive Officer of FAIR, makes no secret of his satisfaction. "Social finance was very dynamic last year, whereas traditional finance did not fare so well over this period". Over one year, the amounts invested by savers increased by almost €1.8 billion in social products.

As a result, the total outstanding amounts of social assets has risen to €26.3 billion by 2022. "We have come through three years of truly exceptional growth. The rate of growth in 2022 is less pronounced, but at +7.4%, it's still a

good performance. And if we look at volumes, at €1.8 billion, this represents the fifth best year for new money since 2008."

The Barometer covers all social finance in France, savings directly invested in non-listed companies with a social purpose or savings in financial products invested in projects with a strong social and environmental impact. To be precise, social savings are collected through three distinct channels: a direct channel (savers investing directly in non-listed social enterprises), a bank channel (mutual funds, passbooks) and an employee savings channel.

PATRICK SAPY SAID HE WAS "PARTICULARLY IMPRESSED" by the growth in direct fundraising by social enterprises, i.e., by subscribing to the capital of companies in the social economy. This channel is the smallest, with outstanding close to one billion euros, but it is the one

that has increased the most in percentage terms this year (+9%).

"THIS TREND REFLECTS FUNDAMENTAL CHANGES. On the one hand, social networks and other participative financing platforms make it easier to disseminate projects to as many people as possible," explains FAIR's CEO. "On the other hand, these technological developments are accompanying and reinforcing a rejuvenation of social savers, with young people naturally turning to these tools and increasingly inclined towards meaningful investments".

Social savings via banks and mutual insurance companies, the second-largest collection channel - and the oldest, historically - grew by 5.5%, giving total assets of just over €10 billion. Social savings passbooks continue to grow, rising by 7.4% in 2022 to reach €2.9 billion." As Patrick Sapy points out, "And for mutual funds, the momentum is good for social investment, even though the traditional market will be down in 2022.

Lastly, the third channel, solidarity-based employee savings schemes, grew by 8.5% (total assets of €15.3 billion). This is a fine performance given that employee savings as a whole fell by 3.2%, according to the Association Française pour la Gestion Financière (AFG). In 2008 the distribution of social employee



savings schemes was extended by a law requiring every employee savings scheme manager to offer at least one social product to the employees concerned.

Social mutual funds and solidarity-based employee savings funds are made up of 5 to 10% unlisted solidarity assets and 90 to 95% traditional listed securities. Solidarity assets are issued by companies in the Social and Solidarity Economy (SSE), particularly those with the best track record in terms of utility and social impact.

"We are currently seeing financial institutions setting up specific teams and engineering to create and invest in such products," says Patrick Sapy. This is the case with Crédit Mutuel Asset Management, which now has a department dedicated to social finance, with an investment fund to offer social employee savings contracts. This is helping to spread the use of these investment plans on a massive scale". In 2022, the amounts invested by social savers made it possible to finance social activities in the order of €841.5 million, the majority of which went to projects with a social impact (62%), followed by projects with an environmental impact (28%) and international solidarity projects (7%).

IN THE FUTURE, "SOCIAL FINANCE WILL CONTINUE TO GROW", says FAIR's CEO, "alternating between very strong and more moderate growth rates depending on the year". Savers are expressing an increased interest in meaning, social and environmental impact. On the supply side, "more and more social innovations are emerging, and a large number of social enterprises are being

set up all over the country. These initiatives are stimulating the sector".

Alongside the new players, who are still small, "the big historic social enterprises tend to concentrate investment more", says Patrick Sapy. "I'm thinking of Adie for microcredit, France Active for SSE financing, and Habitat et Humanisme for social housing. These names manage to attract an average financing ticket that has almost doubled in the space of a few years, from around €350,000 to €750,000 or even €1 million. The sector may remain a niche, but there is huge opportunity for growth given the market potential," says FAIR's CEO. Social finance is moving further and further outside its historical perimeter".

Especially since the PACTE law in 2022 has required insurers to offer at least one social option in life insurance policies. With almost €2,000 billion on the balance sheet, life insurance offers enormous potential, and social life insurance can only soar, as

can employee savings.

A VIRTUOUS CIRCLE HAS BEEN TRIGGERED: "On the one hand, financial players are offering more and more social products to savers," says Patrick Sapy. On the other, French and European regulators are imposing increasingly stringent rules to ensure that funds are properly channeled and to combat 'social washing'. This trend is positive for the reputation of social finance and reinforces fundraising.

Marie Dancer

[Click here to download the full Barometer of social finance 2023-2024 \(in French\)](#)



IN MARLES-LES-MINES, THE EIGHT SOCIAL HOUSING UNITS ON THE WAGONNAGES ESTATE, BUILT BY THE CHÈNELET PROPERTY COMPANY, ARE THE ENVY OF MANY: THEY ARE BEAUTIFUL, ROBUST AND ENVIRONMENTALLY FRIENDLY.

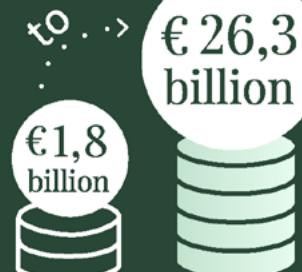
French social finance

IN 2022

By 2022,
French
people's
**social
savings**
collected...

.... rose by

- through their employees saving schemes
- through their bank or insurance company
- through shares and bonds of social enterprises



as of December 31st,
2022

+7,37 %
over one
year

This represents
0.45% of French
people's financial
savings (compared
with 0.41% in 2021) !

4.8 million
worth of
donations to
charitable
associations



+12 %
over one
year



+22 %
over one
year

to support
1 590 ❤️
social and/or
environmental
projects

What impacts for society in 2022 ?

80

microfinance
institutions,
agricultural
cooperatives,
social enterprises,
etc. promoting
access to essential
goods and services
financed in
developing
countries

1 440

individuals
rehoused during
the year



8 381

households
supplied in
renewable
electricity



1 559

hectares of organic
agriculture, i.e.
2,227 football
fields, and 91
farmers supported



Source: figures consolidated by FAIR's Observatory on social impact
finance as of December 31, 2022. www.finance-fair.org

fair.
Financier
Accompagnier
Impacteur
Rassamblier