

## Measuring banking activity in France

After growing strongly for several years, French banks' profitability began falling in 2007, mainly owing to the first fall-out from the subprime crisis. The decline grew steeper in 2008 as financial stress worsened, particularly in the wake of the Lehman Brothers bankruptcy.

While the accounts published by banks illustrate – particularly via net banking income – how this downturn has reversed, the value added generated by the banking sector, as measured by the national accounts, has been more static: measured at current prices, value added continued to grow in 2007 (6%) and 2008 (1%); at constant prices, it increased by 2.8% in 2007 before falling slightly in 2008 (–0,4%).

Bank and national accountants each have their own approaches to measuring the activity of credit institutions. But the differences in the views supplied by these two analytical frameworks have become more pronounced since 2003. This presentation seeks to review these differences by conducting a detailed examination of the gap observed in France between value added and net banking income over the recent period.

[http://www.banque-france.fr/gb/publications/telechar/bulletin/qs/qs16/quarterly-selection-of-articles-winter-2009-2010-16-etude\\_1.pdf](http://www.banque-france.fr/gb/publications/telechar/bulletin/qs/qs16/quarterly-selection-of-articles-winter-2009-2010-16-etude_1.pdf)