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Hubert Bonin, *50 ans d'affacturage en France: Des pionniers et leaders aux groupes bancaires (1964-2016)*. Geneva: Droz, 2016. 212 pp. Illustrations, tables, notes, bibliography, and index. \$58.80 U.S. (pb). ISBN 978-2-600-01919-4.

Review by Michael Mulvey, St. Thomas University.

The prolific financial historian Hubert Bonin's fascinating *50 ans d'affacturage en France* charts American factoring's arrival in France during the 1960s through the consolidations of the 1990s to twenty-first century Europeanization. Bonin studies the financiers who Gallicized an imported financial service. Today, factoring is a trillion-dollar sector globally. Contemporary French factors are the second largest in Europe behind the United Kingdom and before Germany with growing market shares across the Maghreb, Middle East, and Asia. Bonin's business history thus provides a historical narrative and context for a financial service's exponential growth in the Hexagon. *50 ans d'affacturage en France* is a short book with concise arguments about the growth of French factors. However, this specialized study intersects with histories of postwar Franco-American collaboration, France's coordinated market economy, the European Economic Community, and banking-dominated finance.

What is American factoring? As Bonin explains, American or modern factoring is a continuing business relationship between a client selling goods or services to customers and a financial institution (the factor). The factor purchases a client's invoices and assumes credit risk in exchange for an immediate cash transfer to the client. The factor charges a commission on the invoices of .5 to 3 percent. American factoring thus differs from British invoice discounting and French *escompte de créances*. Once considered a financing of last resort, French businesses gradually embraced factoring as a legitimate mechanism to manage cash flow, debt collection, and credit risk. This case study fits into the history of ever evolving cultural attitudes towards debt and credit since the eighteenth century.<sup>[1]</sup> By the twenty-first century, French corporations had made factoring the second most popular form of short-term finance after overdraft. Upwards of 40,000 French businesses rely on factoring provided by five dominant firms—four of which are bank subsidiaries—who control 90 percent of the domestic market.

Crédit Agricole Leasing & Factoring, France's largest factor, attracted Bonin to the subject when a communications group requested academic assistance composing a corporate history.<sup>[2]</sup> Sabine Effose's scholarship on the Kennedy administration's role in exporting factoring further sparked Bonin's curiosity.<sup>[3]</sup> *50 ans d'affacturage en France*, however, is only the first academic monograph on the subject. Patrick de Villepin, global director of BNP Paribas Factor and president of l'Association pour la promotion et l'histoire du factoring, published *La success story du factoring*, an "insider" history of French factoring, in 2015.<sup>[4]</sup> The most widely circulated French language text on the subject for a general audience is Jean-Pierre Deschanel and Laurent Lemoine's *L'affacturage* (1993), a contribution to the "Que sais-je?" collection.<sup>[5]</sup> Bonin made an audacious choice writing about a hidden financial service's arrival in a national context. In the introduction, the author acknowledges that a person familiar with the term *affacturage* is either an *affactureur* or a corporate accountant. French jurisprudence recognized *affacturage* in 1973. The Académie française consecrated the word *affacturage* the following year. The challenges

Bonin thus confronts as a historian are threefold: first, to render an obscure financial service comprehensible; second, to establish a narrative for a financial service inside France; and, third, to situate French factoring into a broader history of banking, the common market, and economic liberalization. Bonin successfully confronts these challenges thereby exposing a financial “gearwheel” supporting corporate access to short-term capital. The history can be divided into four chronological segments: the time of pioneers, the golden age, the age of consolidation, and the age of Europeanization.

Historians will be aware that “factor” has meant different things across time and space. During the Great Depression, United States’ factors extended textile corporations funds for accounts receivable with direct collection. In the postwar years, U.S. factoring expanded to metal, plastic, and electronic industries. Postwar British confirming houses adopted their American colleagues’ model. Yet, as Bonin notes, France was not necessarily a latecomer to factoring. The financial service emerged in a specific American context and the British adapted the service to their postwar financial needs. French banks never invented the service because they boasted an efficient invoice discounting system (*l’escompte bancaire*) providing companies with credit. American factors disembarked in France to support American corporate subsidiaries. In 1961, Bonin’s first “pioneer” arrived. Boston Overseas Financial, a First National Bank of Boston (FNBB) subsidiary, joined a British merchant bank to form International Factors. The group served American subsidiaries and proposed rejected partnerships with French banks. At first encounter, the Banque de France and depository banks resisted Anglo-American factors fearing their services represented dangerous credit depersonalization and direct competition with invoice discounting.

Some years later, Jacques Merlin, Crédit Commercial de France president, generated momentum for France’s first factoring firm. After an U.S. exploratory mission, Merlin identified factoring’s ability to inject corporate treasuries with short-term capital. He requested his son-in-law Yves Delarue, risk director at the Société française d’assurances pour favoriser le crédit (SFAC), to establish a factoring subsidiary supporting French corporations doing business inside the European Economic Community. On 4 June 1964, Delarue established the Société française de factoring (SFF) with FNBB as 50 percent shareholder. As Bonin explains, FNBB factoring advisors shared invaluable know-how with their French counterparts. SFAC acquired a majority share of its subsidiary when its French staffing could conduct independent factoring. France’s second firm, Facto-France Heller (FFH), a venture of the American factoring firm Heller Financial, and the Banque de l’Indochine, opened simultaneously.

Bonin identifies pioneer factors’ primary challenge as one of convincing businesses that their services were not a desperate measure. In an interview with a former SFF accountant, Bonin reveals factors’ struggle to market the service: “Les clients n’étaient pas les meilleurs de leur secteur. L’affacturage avait mauvaise presse, on considérait que c’étaient des entreprises en difficulté qui y venaient, mais souvent trop tard” (p. 46). Starting from zero, France’s two factors convinced clients of the service’s merits. The French factoring market, dominated by SFF and FFH, grew exponentially into the mid-1970s. Bonin observes that factoring has a paradoxical place in postwar French economic history. For ten years, factors benefited from the rapid economic growth of the *Trente Glorieuses*. Yet neither the *Grande Crise* (1974–1995) nor the 2007–2008 financial collapse limited factoring’s growth. The *Grande Crise* increased competition between factors as it delayed invoice payments. However, more and more companies resorted to factors as banks and creditors became more and more vigilant extending companies short-term credit.

By the 1990s, the service had become a significant financial market still dominated by SFF and Groupe Heller (FFH and its specialized factoring subsidiaries Transfact, Factobail, and Cofacredit). Bonin considers the 1990s a turning point in French factoring for two reasons. First, companies accepted factoring as a legitimate financial service. 18,000 French companies, mostly mid-sized and small, were factoring clients between 1995 and 1999. Second, bank executives became keen to compete with the autonomous factoring firms taking their clients and potential profits. SFF and Groupe Heller maintained a “plateau de prospérité” into the century’s end (p.87). Bank subsidiaries would eclipse the two firms in the first decade of the twenty-first century.

In chapter four, Bonin quotes the title from a 1991 *L'Agefi* article to capture the dramatic shift in French factoring: “Les banques colonisent l'affacturage” (p. 107). In the 1980s, banks offered corporate clients credit services facilitated by the 1981 law known as the “cession Dailly,” named after its author Étienne Dailly. The “cession Dailly” established a juridical framework for a creditor [créancier] to assign debts to a bank for short-term credit. Unlike factoring, the law provided neither recovery support nor protection against default payments. Unpaid debts resulted in the bank withdrawing funds from corporate accounts. By the late-1980s, commercial bankers strategized integrating factoring as an additional client service. Theoretically, banks held a competitive advantage by having preexisting financial relations with business clients. Why should clients turn to autonomous factors? Autonomous factors, however, argued that clients should maintain a division between their banking and factoring. Businesses, however, elected to factor with their banks. The death knell tolled for autonomous factors. Bonin contextualizes banking’s colonization of factoring as part of a broader structural shift from specialized to universal banking services.

The final third of Bonin’s history is a dizzying tale of competitive consolidations. The Crédit Lyonnais (CL) established the Société Lyonnais d’Affacturage (SLIFAC) and the Banque national de Paris (BNP) launched BNP Factor, hiring film stars for its corporate advertisements, in the 1990s. The Société Générale (SG) expanded Sogefactoring, originally a 1970 creation of the West German Finanz und Factor Gesellschaft, into the Compagnie de Gestion et d’Affacturage (CGA). In 2000, SLIFAC merged with SFF to form Eurofactor with financing from Rothschild, Scroder, and the Euler Hermes Group. The name Eurofactor reflected the CL’s institutional ambition to offer factoring services across the European community. Eurofactor immediately became the largest factoring group inside France with a 27 percent market share. In 2000, Crédit Agricole (CA) ruptured a partnership with Groupe Heller because factoring was “un métier trop stratégique” for a bank to be without (p. 149). CA acquired a complete stake in Transfact and competitively engaged the market. In October 2005, Transfact merged with Eurofactor. CA executives envisioned “une organisation de conquête” capable of acting inside and outside France (p. 152). In 2010, Crédit Agricole Leasing acquired Eurofactor as a subsidiary to form Crédit Agricole Leasing & Factoring (CAL&F). CAL&F counted 3,100 salaried employees with 40 percent working outside France. By 2016, CAL&F operated in nine European countries and across the Maghreb and it remains the largest French factoring subsidiary with an 18.9 percent domestic market share.

The year 2000 also witnessed the merger of BNP and Paribas, one result of which was BNP Paribas Factor. In 1994, BNP Factor had grown by merging with Universal Factoring. BNP Paribas Factor, however, was a marginal firm until the 2007-2008 financial collapse. In 2008, BNP Paribas acquired a majority stake in the Belgian financial group Fortis. The Belgian press, government, and BNP Paribas engaged in contested negotiations over the acquisition. BNP Paribas wanted banking parts and not “toxic” products. One part that BNP Paribas acquired was FCF Holding, Fortis’ factoring subsidiary. The acquisition gave BNP Paribas Factor clients across Belgium, Luxembourg, and the Netherlands. Henceforth, BNP Paribas Factor operated at the European level with a strategic goal of attracting large corporate clients. In chapter eight, Bonin explores in greater detail the Europeanization of French factors. Although the number of factoring firms decreased, factoring witnessed exponential growth for French banks. The one exception to bank consolidation was GE Capital Factofrance. GE Capital Finance acquired Sofirec, a Rothschild Parisian subsidiary, to form a factoring group in 1994. In 2001, GE Capital Finance purchased Heller Financial making GE Capital Factofrance owner of Groupe Heller. Thierry Willième, formerly of IBM France, became the company’s chief executive until 2009 when he became president of GE Capital Finance. GE Capital Factofrance is the only factor with a significant French market share operating independent of a French bank.

Bonin states that his ambition for *50 ans d'affacturage en France* was far from encyclopedic. He consistently and generously gestures towards potential *pistes* for scholarly research. The author is conscious that he does little in terms of social or biographical history (p. 75). Bonin instead encourages researchers to hunt

for factoring archives capable of answering a wide range of questions. Perhaps one of the most fascinating aspects of this text are the numerous reproductions of internal communications and external advertisements that contextualize the cultural evolution of attitudes towards factoring services. Furthermore, Bonin calls attention to the centrality of the history of technology to business history. Innovations such as the Minitel and software programs allowed factors to establish detailed risk analysis, credit files, statements, and ledgers. Much more could be written on the intersection of technological systems with factors' credit risk evaluations.

Bonin is acutely aware that French factoring's history is a tale of male executive leadership. Stéphanie Paix, director of Natixis Factor between 2006 and 2009, is the first woman to enter French factoring history. Catherine Halberstadt is the second after succeeding Paix between 2010 and 2013. Yet did staffing mirror the broader feminization of the French banking labor force? Men in bespoke suits were the face factoring in French advertising throughout the 1980s. By the early-1990s, however, women appear in internal communications and external advertisements. A 1991 internal CL profile of SLIFAC boasts a staff with an average age of twenty-nine. The accompanying image shows seven individuals at a boardroom table including a woman and a man wearing a kippah. Although it falls outside Bonin's purview, the perspective of companies, large and small, who resorted to factoring for capital is worthy of analysis. Elsewhere, Bonin has written on French colonialism and imperial business networks.[6] How do networks inherited from imperialism facilitate French factoring's globalization? To conclude, Bonin's history is a valuable contribution to a broader literature investigating innovative French pathways to modernization as well as the history of those hidden gearwheels that keep capitalism turning.

#### NOTES

[1] See Erika Vause, *Red and in the Black: Debt, Dishonor and the Law in France 1789-1848* (Charlottesville: University of Virginia Press, 2018).

[2] Hubert Bonin avec l'agence Archipresse Media Consulting, *Histoire et histoires de notre métier: 50 ans de l'affacturage en France* (Montrouge: Crédit Agricole Leasing & Factoring, 2014).

[3] Sabine Effosse, "Les débuts de l'affacturage en France, 1961-1973 : un secteur marginal en quête de reconnaissance," *Entreprises et histoire*, 77 (2015): 114-123.

[4] Patrick de Villepin, *La success story du factoring* (Paris: Association pour la promotion et l'histoire du factoring, 2015).

[5] Jean-Pierre Deschanel and Laurent Lemoine, *L'affacturage* (Paris: Presses universitaires de France, 1993).

[6] Hubert Bonin, Catherine Hodeir, and Jean-François Klein, eds., *L'Esprit économique impérial (1830-1970): Groupes de pression et réseaux du patronat colonial en France et dans l'empire* (Paris: SFHOM, 2008).

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