

Should we prohibit the access of all Financial Markets to High Finance (Euro Zone)? Part V: The Credit, Loan and Debt Holding Market.

REMINDER.

In a first article, entitled: "*Part I: quantification of the Financial Markets at the end of 2016*", we had estimated all the financial markets at more than 24,000 billion euros.

In a second article, entitled: "*Part II: the Stock Exchange at the end of 2016*", we demonstrated that the Stock Exchange had become an almost useless financial market. While masses of several hundred billion euros are brewed every day in the euro zone to constantly "stir" the stock of existing shares, new shares were issued for less than €560 billion between the end of 2007 and the end of 2016; and to top it all off, it was High Finance that issued two-thirds of these new shares (€364 billion).

In a third article, entitled: "*Part III: the Other Securities Market at the end of 2016*", we noted that this market, which no one ever talks about, represented almost three times (€17,548 billion) all the shares listed on the euro zone stock exchanges (€6,567 billion). Same observation in these analyses as in the previous ones: High Finance had issued 36.2% of outstanding securities against 8.2% for companies (corporations) and 55.6% for the State and Collectivities.

Since the Maastricht Treaty, bankers have become the obligatory intermediaries of States for the financing of public debts: thanks to this institutionalization of predation, bankers, insurers and their rentier customers pump more than 3% (on average Eurozone) of our Gross National Product each year.

Since 2008-2010, due to the financial crisis, bankers have lost interest in these markets: it is insurers and pension funds that, having become so big, have found a "great interest" in "securing" their investments in government bonds. In the fourth article, entitled: "*Part IV: the Foreign Exchange Market at the end of 2016*", we have developed the currency practices that are likely to "shake" the European Central Bank in the coming months. **We have also determined the threshold of resistance of the euro because it is not enough to decree that the euro is a bad currency (which is the case) to program its weakening against other currencies, all as bad as each other, and even less to anticipate its disappearance...**

It is indeed necessary to "get into the mechanics" to understand the logical sequences that risk leading to the break-up of the euro zone.

This neo-liberal regime will not survive because it is unable to reform, we will understand the main reason in this article, entitled: "*Part IV: the market for credits, loans and debt holdings*".

A MARKET FOR CREDITS, LOANS AND DEBT HOLDINGS?

For purists, the very fact of speaking of "market" by evoking the essential activity of the banks of the euro zone will probably be qualified as "*dogmatic nonsense*" by our detractors... but we always assume our positions by enriching them with in-depth analyses.

At first glance, our future opponents are right:

1. Financial markets are means of supplying capital (essentially) in the medium and long term: in other words, it is a market of **FINANCIAL RESOURCES** for all borrowers in these markets.
2. **The term "FINANCIAL MARKET" is reserved for listed markets** (stock exchange, other securities) **and over-the-counter markets for new financial products** (OTC: Over The Counter), which includes the foreign exchange market that we have already analyzed.
3. On the other hand, the activities of credit, loans and holding debts are **FINANCIAL USES** and therefore, according to dogmas, these activities are not part of the financial markets.
4. In addition, banks are not the only ones to lend since there are also credit, leasing and rental companies: one more reason not to talk about the things that annoy.

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On the other hand, it is from this base (the uses and resources of the banks) that derivatives have developed: there is therefore an **OTC MARKET OF CREDITS, LOANS AND DEBT HOLDINGS**, more and more disproportionate, representing increasingly important risks that bankers sell to our Pension Funds, to our Investment Funds and Insurers in enchanting packaging.

And so, before **analyzing the DERIVATIVES** related to this "**MARKET OF INTEREST RATES**", it must be borne in mind that, figuratively speaking, "**drift**" means: "*the fact of moving away from normality*": this is the meaning that can be given to "**derivative**" and "**derivatives**".

The underlying of the "Market (derivatives) of interest rates" is therefore "The market for credits, loans and debt holdings" on which thousands of stakeholders borrow and lend money, to "institutional sectors" (according to the language of national accountants), and according to rules that, according to the dogmas of the European Union, should "*guarantee the game of free and undistorted competition*".

Since the great reforms of the "liberalization" of the eighties, this kind of guarantee of competition, it is always good for one or the other, but especially not for High Finance.

That is what we are going to show.

From the point of view of resources as well as from that of uses, practices have changed to the point that we are entitled to ask ourselves the question of the usefulness of banks for the community.

The purpose of these analyses is to fully understand:

1. why are there drifts?
2. why are there risks?
3. what are these risks?
4. why are some risks greater than others?
5. and how has the overall risk increased?

THE USES OF THE BANKS.

MFI Credits and Loans to Residents and Non-Residents.

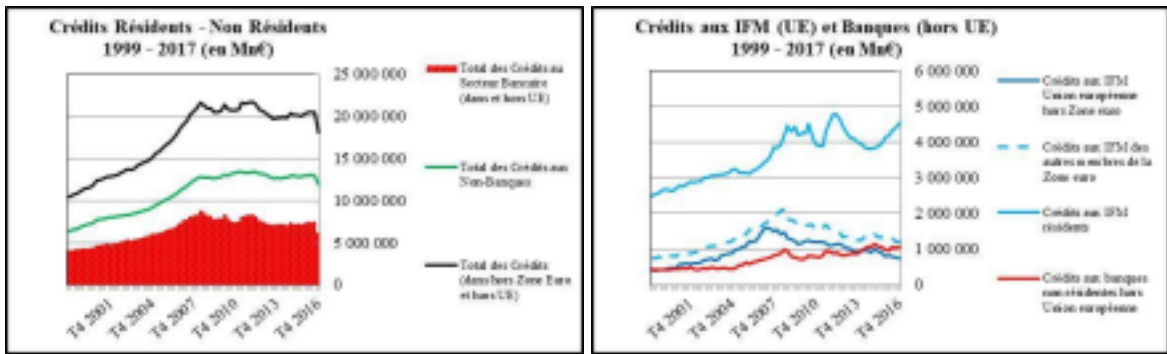
**MFI Credits and Loans to
Residents and Non-Residents.**

Banks make Credits and Loans to residents and non-residents: these are their "**USES OF THE BANKS.**"

MFI Credits and Loans to Residents and Non-Residents.

**MFI Credits and Loans to Residents and
Non-Residents.**

Banks make Credits and Loans to residents and non-residents: these are their "uses".



On the first graph, we can discover that this market, initially intended for Credits and Loans to the Real Economy, has (again) served the interests of the banking sector for more than 1/3 of the total.

1. In red : credits and loans to resident and non-resident banks (MFIs) for ± €4,500 billion at the end of 2016;
2. In green : credits and loans to non-banks for ± €12 billion at the end of 2016;
3. In black : total credits and loans inside and outside EU (±€18 billion at the end of 2016);

Second graph: When the banks can benefit from the *"system of new freedoms"* (neo-liberalism), they take advantage of it of course to favor inbreeding and "small" leaks :

1. In light blue : credits and loans to (other) resident banks (MFIs) for ± €4,500 billion at the end of 2016;
2. In light and dotted blue : credits and loans to (other) banks in the euro area (MFI) for ± €1,200 billion;
3. In dark blue : credits and loans to (other) banks in the European Union–non-euro (IFM) for ± 800 billion euros;
4. In red : credits and loans to (other) banks outside the European Union for ± 1,000 billion euros.

2

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At no point in official statistics is it possible to distinguish their subsidiaries:

1. other MFIs (in the euro area);
2. other banks (outside the euro area);
3. of other non-bank beneficiaries outside the euro zone (included in the total Non-Bank Loans for ± 1,000 billion euros).

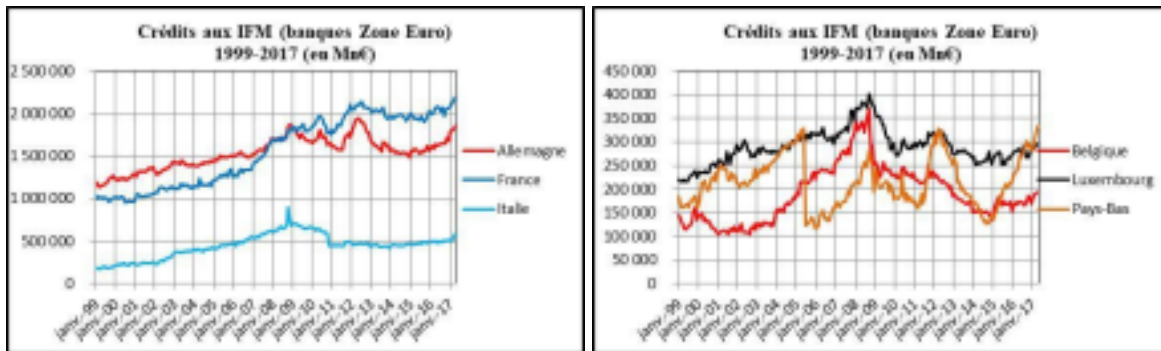
However, this dispersion of credits and "inbred" loans allows them to escape from the **"straitjacket of nations"** that gave birth to them, that constantly enrich them and that bail them out at the slightest opportunity (when they have lost money in their casino operations). MFI Credits and Loans to Other Resident MFIs by Country. We will therefore develop the analyses of these 6,000 billion euros lent to other MFIs – in their own countries, in other countries in the Eurozone and in the other countries of the European Union.

On the following charts, we discover that:

1. The two most "inbred" countries in size are France and Germany.
The banks of these two countries probably hide many things from us because, on their own, they absorb ± 2/3 of these intra-sectoral operations.
2. In relative terms, the most active countries are the "countries with facilities": Luxembourg, the Netherlands and Belgium.
3. On the other hand, Italy is hit hard by a crisis of confidence within its financial sector.



MFI Credits and Loans to Other Financial Institutions (OFIs) by country.



MFI Credits and Loans to Other Financial Institutions (OFIs) by country.

One of the strategies of High Finance (bankers and insurers) is to create Other Financial Institutions (OFI) to multiply their shooting power... and especially their margins.

Among these, banks have multiplied Credit Companies by specializing them in all sauces (leasing, rental and others, real estate sector, automotive, consumption, ...) by refusing more and more to lend money to individuals and companies. They have also developed this type of company to free their balance sheets from their Credits and Loans and, therefore, to "fit into the mold" of the bis requirements (Basel II and soon Basel III) in terms of ratios (solvency and liquidity).

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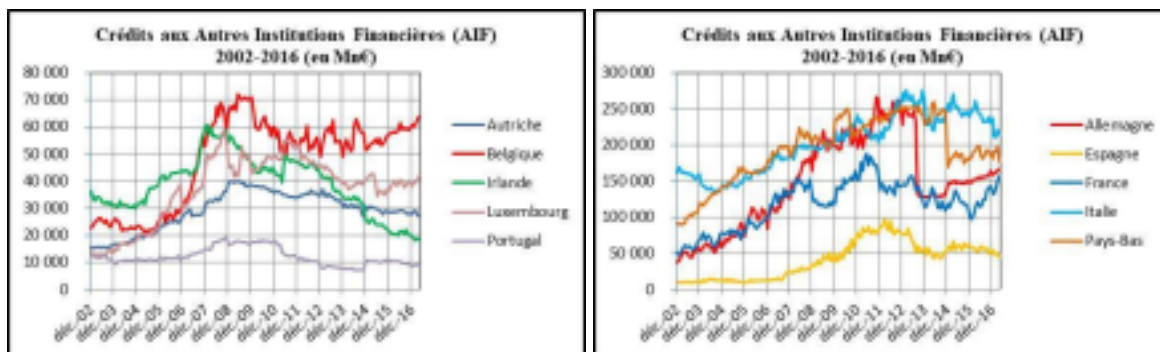


The first drafts of this "liberalization" targeted the carrying of Monetary Assets (cash loans, short-term consumer loans and even bank cards) with UCITS-Money.

Finally, like all this beautiful world of High Finance and transnationals, banks are creating more and more "mailbox" structures that do not fall into the category of OFI but use this same technique of "credits and loans" to give them more autonomy (and less transparency); lawyers talk about tax fraud, money laundering and concealment.

At the level of the euro zone, the billion euros "lent" to these OFI appears very modest... but from the perspective of High Finance, *"the billion makes small"* thanks to its multiplier effect.

The analysis in detail will open up some leads:



Between the end of 2002 and the end of 2016, these Credits and Loans to OFIs doubled in the Euro Zone (+100.9%) but the differences are spectacular: +396.6% in Spain; +317% in Germany; +162.9% in France; +165.8% in Belgium; +159.5% in Luxembourg; +78.4% in Austria; -44.7% in Ireland...

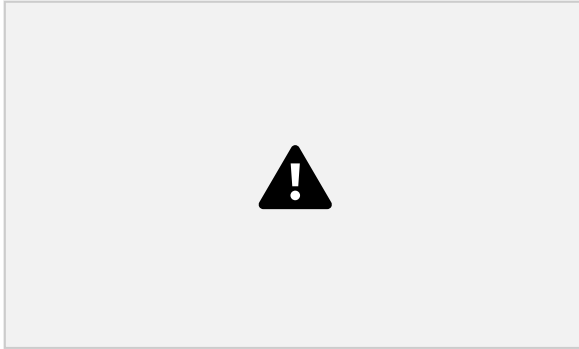
The pressure of Credit Companies in Italy, Germany, France, Spain, Belgium and Ireland was evident before the appearance of the first upheavals between 2007 and 2010.

But, at this stage, the progress of Other Financial Institutions in the Netherlands, Austria, Luxembourg and even Belgium is linked to tax dumping activities that we will analyze in a section devoted to the major players in High Finance in the Euro Zone.

MFI Credits and Loans to Households and NPISH

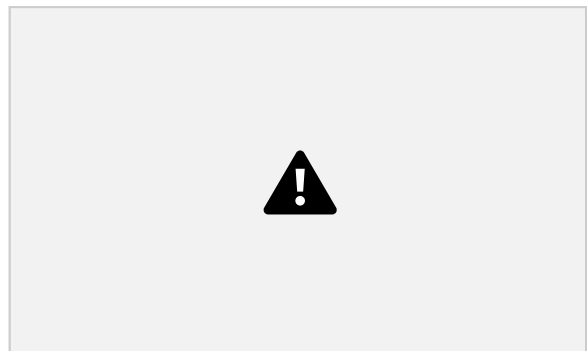
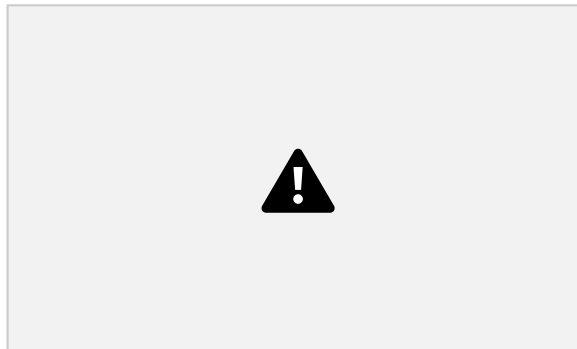
MFI Credits and Loans to Households and NPISH

The Administration has of course multiplied the compartments: it counts Households, companies in personal name and Non-Profit Institutions (associations) at the Service of Households. It's wonderful and probably useless but "it's serious".



In total, households in the Eurozone benefited from Credits and Loans for \pm 5,500 billion euros, a slight but steady increase. The households that benefited the most from MFI Credits and Loans were in Germany (29% of the total), France (21.8%), Spain (12.8%), Italy (11.5%) and the Netherlands (8.5%).

The analysis by destination shows that \pm 75% of these loans concern Housing (4,100 billion euros) including Germany (27.8% of the total), France (22.9%), Spain (13.3%), the Netherlands (10.6%) and Italy (9.1%), or \pm 85% of the total. The real estate bubble has already done damage in Spain and it is beginning to point its nose in Germany: another unconsciousness of the commercial bankers, and especially of the ECB which has always considered that "guarantees and privileges" protect creditors! In other words, the American bubble of MBS (Mortgage Backed Securities) and the bankruptcy of LEHMAN BROTHERS have not served as a lesson: High Finance is managed by people (often very young) who have no memory and who despise History.

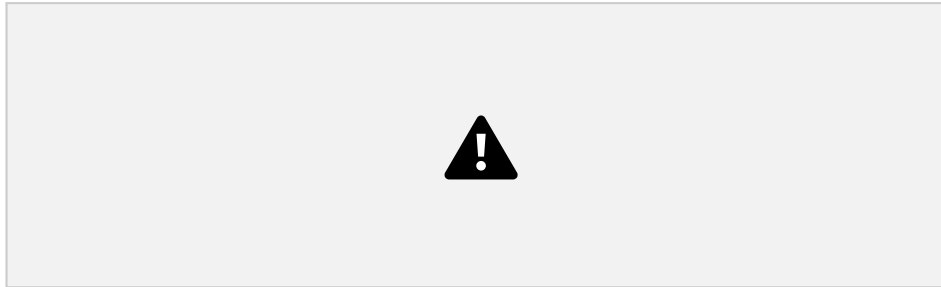


Knowing the fate of Spanish borrowers, victims of a bursting of the real estate bubble, borrowers from the most indebted countries are suspended from the Job Market and the evolution of Net Disposable Income (after taxes and contributions,

and after "reforms" in terms of Social Contributions and various Transfers).

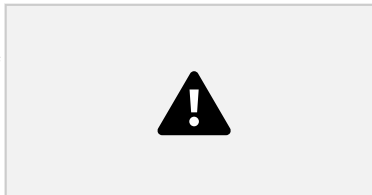
OECD statistics are eloquent on the subject: apart from Germany and the Netherlands, Net Disposable Incomes are hardly changing in the Eurozone.

At the slightest rise in interest rates, or if new "reforms" crush the middle classes and low-income workers a little more, new bubbles will burst.



France is of course the country most threatened in this area because "reforms" systematically affect modest incomes while, at the same time, the excesses of Public Finance are due to the disproportionate gifts of the Executive (Prime Minister, Ministry of Finance in France) to multinationals, led in fact by insurers (AXA in the lead) and by the most influential bankers (BNP-PARIBAS-FORTIS, SOCIETE GENERALE, ...).

When the president of MEDEF ONE MILLION JOBS, he (43 billion €) in tax and social others), French banks, retail Finance appoints CEOs, CFOs "governance" on the companies it understand the motives of the their shareholders (banks, dividends of €55.7 billion in 2016 and €45 billion in 2017: the lackeys of the neo-liberal system have therefore achieved "good governance".



(¹) proudly wears a Pin's promising the creation of quickly obtains FORTY-THREE billion principals (² gifts for his) including insurance groups (AXA and groups and all multinationals. Knowing that High and human relations directors to impose "good controls despite a façade of shareholding, it is easy to seduction operation. Clearly, CAC 40 companies paid insurance, investment funds and pension funds) have therefore achieved "good

MFI Credits and Loans to General Government

Public Administrations here include all Central Administrations (APUC), Local Authorities (APUL) and Social Security Organizations (ASSOC).

The neo-liberal system has reserved the lion's share by prohibiting Governments from financing Public Debt through Credits and Loans, and therefore "the Free Competition Market" obliges States to issue State Bonds... which no longer go through the Treasury but through the Banks.

By the way, banks take a few "pips" before "forking" the goods to insurance groups, pension funds, investment funds and even the ECB! For a mass of State Bonds of nearly 10,000,000,000,000 euros, issued at a face value of 100, banks take not "a pip" but often several hundred "pips".

If they buy the State Bonds at 98 to resell them at 98.5 to insurers, the margin gained since the start of this "wonderful" manipulation can amount to 50 billion at the level of the Euro Zone.

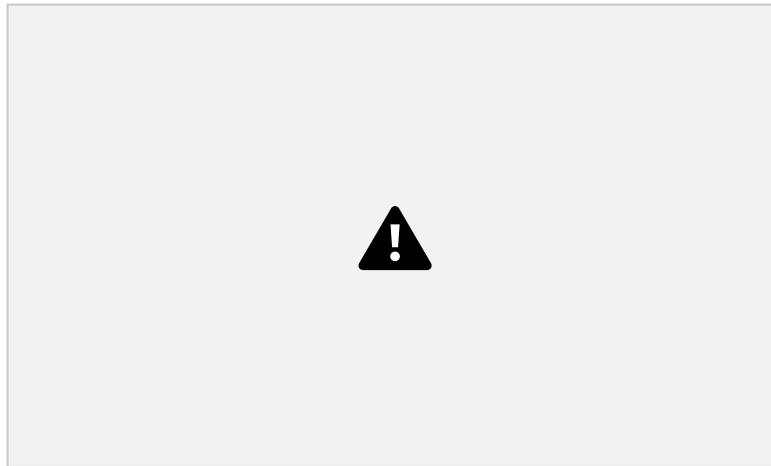
Eurozone bankers are not very vocal when they call for a reduction in public debt.

Makes sense, right?

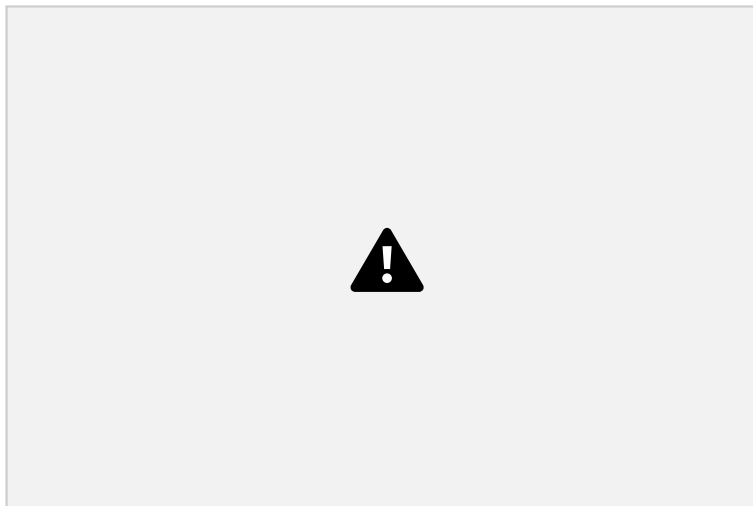
1. **Pierre GATTAZ**, President of MEDEF, Organisation Patronale (of multinationals) in France, Employers Organization in France. 2. **FRANCE CULTURE - The economic note - by Marie VIENNOT, on 30/09/2016**: "43 billion euros is the amount of the claim that companies have declared to have on the State for the CICE and 27 billion, it is the amount that it actually cost the State on July 31, 2016 [...]. To this €27 billion, we could add the €9 billion of the responsibility pact, which exempts companies from employers' contributions and thus also lowers the cost of labour for companies. So you will sometimes be able to read the figure of 36 billion euros, as suggested to me by a loyal listener." **In reality, the relief obtained and to be obtained will amount to more than EUR 20 billion per year.**

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On the other hand, under the pressure of the "Maastricht rules", governments have shifted the burden of their own deficits to the Other Administrations, especially since the rescue of High Finance at the end of 2007. The Governments of all European countries have therefore bought back the "rotten" State Bonds, accumulated by High Finance (especially by Insurance Groups, Pension Funds and Investment Funds), by increasing the Public Debt by more than 30% on average in Europe (but by 50% in France under SARORZY-FILLON).
A boon for bankers!



All administrations have been put on a diet.

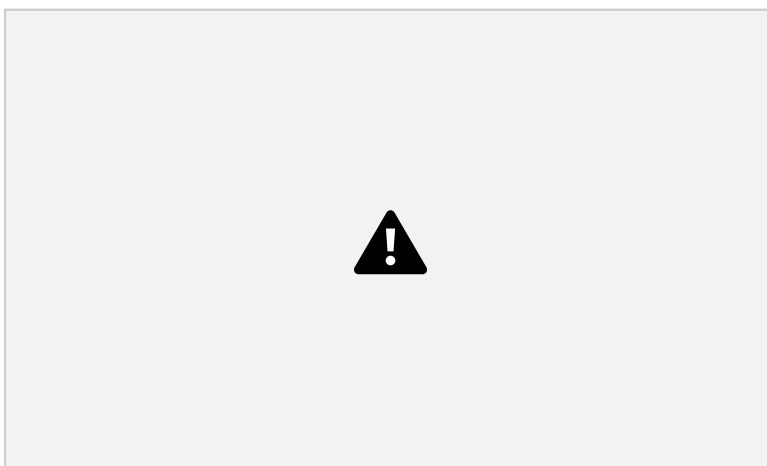
They have therefore "inherited" large budgets in terms of education, health (hospitals), poverty management (RMI-RSA in France), road maintenance... **without benefiting from the corresponding revenues.**

CONSEQUENCE?

The Other Administrations had to go into debt, this time negotiating directly with the banks to obtain Credits and Loans ranging from €797.3 billion at the end of September 2007 to up to €1,217.9 billion at the end of December 2010. In addition to Loans and Loans, other administrations had to issue additional Debt Securities, increasing the outstanding amount from €369 billion at the end of 2007 to €598 billion at the end of 2016.

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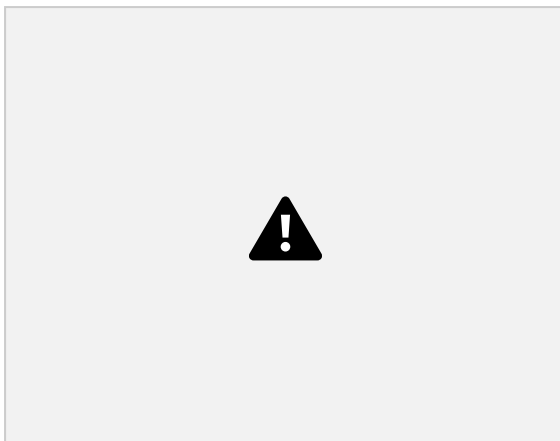
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European citizens have therefore borne the brunt of increases in local taxes and duties at the same time as a reduction in social and medical benefits.

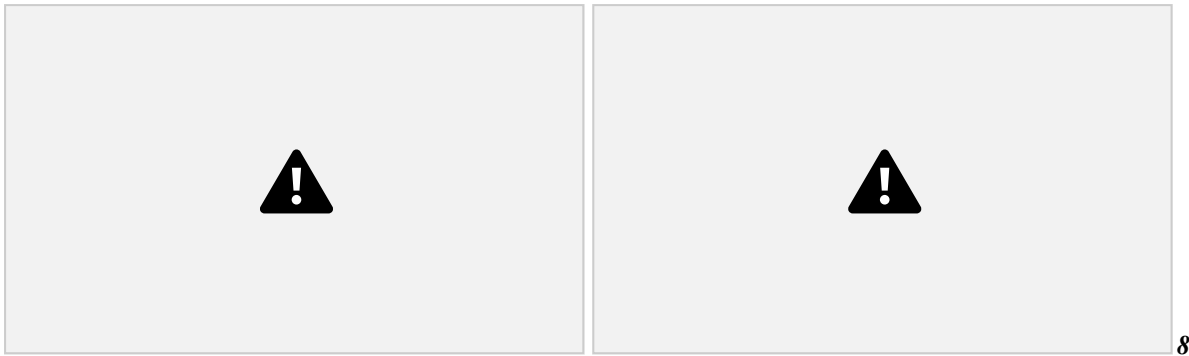
At the same time, in France, the Executive (Prime Minister, and Minister of Finance) has granted its usual largesse to Bankers, Insurers and Multinationals.

And, of course, reforms oblige, the sarkozy-fillon couple has "privatized" some family jewels to get out of debt.



The analysis by country is as follows:

1. Italy, France and the Netherlands saved High Finance by indebting the Other Administrations;
2. Germany and Belgium have mainly increased the Public Debt of the Central Government.



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CONCLUSION: BEYOND ALL THESE FIGURES, WHAT TO REMEMBER.

Are banks useful to the Collectivity?

The official discourse is usually as follows:

*"Commercial banks play an intermediation role
by collecting liquidity from economic agents
to transform them into credits and loans to the (real) Economy".*

What is it really?

The answer to this question unfortunately still goes in the same direction as previous analyses on the Stock Exchange, on the Other Securities Market and on the Foreign Exchange Market: commercial banks have again hijacked the Credit, Loan and Debt Holdings Market for their benefit, obtaining the right to "racket" all economic agents who are not part of their close network or sphere of interest.

And so, once again, the original question turns out to be relevant:

**"Should we ban the Financial Markets to
High Finance?"**

This fifth article made it possible to put the following phenomena in perspective. The traditional Financial Markets (Stock Exchange, Debt Securities Market, Foreign Exchange Market) have been phagocytized by the Banks.

The Credit, Loan and Debt Holding Market is no exception to this rule.

Indeed, the creation of MONEY is no longer linked to the Real Economy, nor to the holding of Precious Metals, nor even to the constitution of a prior savings: it is born and developed from a computer, made available to the ECB and the ESCB which, on a simple "click", opens the liquidity tap.

Small downside: the tap is only accessible to about fifty banking and financial groups in the Euro Zone. On the other hand, economic agents cannot approach the tap and the glasses of water they manage to obtain are "sold" to them at a disproportionate price.

How do you want to create anything other than deflation and widespread misery when MONEY creates nothing more than UNJUST ENRICHMENT: it is a mafia system.

The intrusion of banks and their subsidiaries - as borrowers - on the Credit, Loan and Debt Holding Market is even more serious since the creation of the euro: **the financial system is becoming inbred.**

And so, the crisis of 2007-2010 has not been solved, and it will probably not be solved with the CURRENT MONETARY SYSTEM and especially by renewing the SYSTEM OF CENTRAL BANKS.

Admittedly, THE EXPERTS will not be of our opinion but, in fact, HIGH FINANCE does not contradict us. This is what we will prove in the next article but we will come back more broadly on this subject in the GLOBAL RISK ANALYSIS (the current version will be enriched) before decreeing anything.

But, from the next article (which we will finally publish at the end of 2018), the MARKET ANALYSIS OF DERIVATIVES will reveal to us (among other things) THE MEFIANCE AND FEAR OF THE BIG CURRENT PLAYERS.

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For another Europe...
And (of course) for Another Euro...