

## From Dream Kitchen to Consumer Credit: Cetelem at the French Salon des arts ménagers

Nowadays, credit is part of our everyday lives: personal loans, authorised overdrafts, three-months interest-free installment plans, department store cards, leasing, interest, monthly payments... all these terms are familiar to us all. Yet, consumer credit is a relatively recent invention. In this episode of *Comme Dab*, let's travel back to 1955, just two years after the creation of CETELEM: the pioneer in this field.

And to begin with, let us meet Mr. and Mrs. André, a couple in their thirties who have just stepped onto the sidewalk of the Alexander III bridge. For a good half hour now, the couple has been strolling arm in arm along the streets of Paris towards the *Grand Palais*. Suddenly, Mrs. André stops and sighs loudly. She points her chin towards the glass and steel monument.

- "Look, I told you we should have left earlier ! Now we will have to queue for at least half an hour ..."

Mr. André doesn't answer. He would have preferred a newspaper, a white coffee, and a slice of good bread... but at this point, he doesn't mind standing in line.

But where are they heading to in this early morning in February 1955? An attraction? An art exhibition? Well, in a way, yes. But the artists here are named Arthur Martin, Calor, or Moulinex... The *Grand Palais* is hosting the *Salon des Arts Ménagers* (Home Arts Fair), a symbol of the dynamism of post-war French home appliances manufacturers. Since its reopening in 1948, over a million visitors flock to its doors every year ! Ah, there they are- Mr. and Mrs. André are finally stepping into the holy of holies. Let's follow them discreetly. Their attention is immediately captured by a particularly futuristic stand around which many visitors are gathered.

Metallic plates, gliding as if levitating from one end of a large table to the other, are magically carrying their food loads. Mrs. André taps her mesmerized husband's elbow and drags him along the aisles. She hasn't walked 20 meters before swooning in front of a demonstrator who opens and closes the door of a white parallelepiped with a futuristic design : a refrigerator.

- "Look," she whispers, "that's exactly what we need! Have you seen how much we could stock in it? The Bertrands bought one last month, and Simone swears by it. My fridge this, my fridge that..."
- "But, my darling," her husband protests, "that sort of thing is worth at least 3 months' salary!"

The salesman, who hasn't missed a word, gently approaches the couple.

- "And payable in monthly installments," he says with a big smile. "Credit, my good sir- that's the solution for you !"

Mr. André remains suspicious. He takes his wife by the arm and moves them both away from temptation. He is a man who manages his budget with the precision of a Swiss cuckoo clock, and is used to saving up first, and then buying and paying cash. And rightly so: in France, interest-bearing loans - usury - have always had a bad reputation. And that's putting it mildly

if we consider that the church banned their use as early as the first centuries of Christianity. One will have to wait until the 17th century and the opening of the *Monts de Piété* to see loans timidly emerge. These public institutions offered money in exchange for valuable objects that the borrower could reclaim with interest within a reasonable timeframe.

So how did people manage without credit ? Well, to start with, before industrialisation, there was hardly anything to buy. No cars, no fitted kitchens, no heated pools. For exceptional purchases like furniture or wedding trousseaus, people made direct arrangements with shopkeepers, depending on the goodwill of the merchants. And for everyday needs, you could always use the « slate », a running tally ; the store “gave credit,” as the saying went.

In the early 19th century, growing consumerism led to new habits. Important merchants, like furniture manufacturers, joined forces to pool their loans. Car manufacturers engaged in partnership with banks. But the rule was that there was no rule. Everyone ploughed their own furrow, which naturally led to abuses and scams. At the end of World War II, the number of black-market loans - informal credits - reached its peak. Yet neither the government nor the Bank of France wanted to hear about it, for three reasons:

1. All financial resources had to go to the reconstruction of the country
2. Consumer goods offered no guarantee, unlike cars or housing for example.
3. The specter of the 1929 crash still loomed at large. In financial circles, consumer credit was unfairly blamed for having precipitated the disaster across the Atlantic.

While Mr. André is wandering along the aisles, drawn by the aroma coming from the Moulinex coffee grinders, Mrs. André has eyes only for an object causing *the* sensation of 1955 : a gleaming Schneider television. The salesman doesn't beat around the bush.

- “Dear Madam, thanks to credit, you can acquire this jewel that will relegate your radio to prehistoric time. Just imagine : if you had owned this marvel, you could have watched the coronation of Queen Elizabeth II live... If you wish, we can plan your purchase over just a dozen monthly payments ! Give me a minute to figure how much that will cost you each month.”
- “Oh my dear Sir, my husband would never agree to this. He has no trust in credit. He's so overly suspicious of usurers.”
- “And I completely understand, Madam. But we are no longer in the Middle Ages. Rest assured, that the institution handling your credit is completely reliable. Have you heard about Cetelem ?”

Even if he gets a bit tangled up history wise, our salesman is globally right. By 1953, the reconstruction of the country is now well underway. Industries are booming and eager to sell their goods, especially as far as household appliances are concerned.

Thanks to these devices, women will be able to free themselves from domestic chores and find more time for their children. Let's not forget that the baby-boom is blossoming! To top it all off, the government has just launched a major housing construction policy, and these new homes are eagerly ready to be fitted with all modern appliances.

It is high time to structure consumer credit, but how ?

This is where Jacques de Fouchier comes in. A former financial inspector turned entrepreneur in the banking sector, he demonstrates great interest in the issue of short-term credit for businesses. This visionary businessman finds it interesting to send Boris Mera, one of his associates, to study the model of a country far ahead of France in this field : the United States, where everything is financed by credit: household appliances, cars, furniture. Credit is fully integrated into the act of purchase, with the seller responsible for checking the customer's solvency.

As can still be read in a March 2003 issue of *Saga* preserved in BNP Paribas archives, Boris Mera sends a first report from New York. He is struck by “the simplicity of the process, the power of financial tools, and the focus on customer satisfaction.” He will also gather valuable information on loan granting and recovery - the spearheads of credit.

In the United States, consumer credit is a success. But, as Mera points out, “the system cannot be transplanted to France without care or reserve.” In 1953, taking into account the lessons from the example, Jacques de Fouchier creates the first consumer credit institution officially approved and recognised by the state: Cetelem—**Crédit à l'Équipement ÉLEctro-Ménager, credit to electrical household equipment** .

A new profession is born in France !

But let's go back to the 1955 home appliance fair, and to Mrs. André, whose eyes sparkle nearly as much as the television screen the salesman has just turned on.

- “Come on, Madam, let yourself be tempted - you have to live with your time.

Mrs. André still hesitates.

- “Well, twelve installments... we could probably manage that...”
- “Assuming, of course, you are eligible. And there will of course be a down payment of around 20% of the item's price. Forgive my asking, Madam, but ... do you have any children? Only one ? A daughter? Wonderful ! Too many mouths to feed can hinder the repayment of the installments. Well, I think all you have to do is go and get your dear husband and this little jewel is yours !»
- “Oh? Can't I sign the paperwork without him? I don't know where he's wandered off to...”
- “I'm afraid not, Madam. Credit is granted by the banks. And you know that only your husband can handle such matters. Off you go and get him... I'll set one aside for you.”
- « Well, OK then, off I am ! » Mrs André mumbles, a bit shaken after this emotional roller coaster.

Indeed, married women will have to wait until the law issued on July 13, 1965, to be able to manage their own money, open a bank account and take out a loan in their own name...

Well, it's time to leave Mrs. André now. She has found her husband ...who has a coffee grinder in his hands. Let's bet she'll find the arguments to convince him.

As you can see, in 1955, consumer credit is just emerging in a world still full of doubt. But the vacuum cleaners, then refrigerators, and soon television sets, will gradually sweep away any resistance or hesitation. As a pioneer, Cetelem will structure a market in which monthly payments will become the passport to modern comfort. A new era is opening : one of instant desire and of a future payable in installments. A quiet revolution that will mark the start of the consumer society. Because, after all, why wait for a better life ?