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On the Move #7 – Which route to sustainable mobility? The inclusive one!

**With Christophe Michaeli, Head of Brands France Auto Mobility,
BNP Paribas Personal Finance**

Journalist, Nathalie Croisé:

Welcome to On the Move, the podcast in which experts from the BNP Paribas group decipher major challenges related to sustainable mobility. Today, in this new episode, we are going to talk about a topic at the intersection of ecology and social justice: inclusive mobility. Low emission zones - the famous LEZs - are multiplying. The transition to electric is accelerating. Yet how can we ensure that everyone can follow this movement, including the most modest households? To discuss this, we have the great pleasure of welcoming Christophe Michaeli, hello!

Christophe Michaeli: Hello!

Nathalie Croisé: Christophe, you are Head of Brands France Auto Mobility at BNP Paribas Personal Finance. Thank you joining us to answer our questions. First, I mentioned "inclusive mobility" - there has been a lot of talk about that lately - to set the framework, it is still important to have a precise definition, what's yours?

Christophe Michaeli: For me, inclusive mobility is mobility without leaving anyone behind. It's mobility for all.

Nathalie Croisé: Why is this an important issue?

Christophe Michaeli: It's not an important issue - it's an essential issue!

In fact, today, households need a car to be able to get around, or at least they need to get around, and the car is the main mode of individual travel.

Nathalie Croisé: In fact, 20% of people of working age have real mobility difficulties. This figure in itself is very telling.

Christophe Michaeli: Absolutely, because there is a risk of social exclusion. We need our car, we need to get around, to go to work, to look for a job, to do our shopping, to drop the children off at school, to go on holiday for a little while, for the weekend. We always need to travel.

Nathalie Croisé: There is a bit of a paradox because the most modest households often have old, polluting vehicles, and on the other hand, an electric vehicle, can be expensive and out of reach.

Christophe Michaeli:

I think we need to say something to ourselves, to be very clear: we will only succeed in the ecological transition when we find solutions for low-income households. The "rich", or at least the wealthiest, are already buying electric cars. 70% of electric cars are bought by 20% of the richest households in France. There you have it, the "early adopters" are the wealthiest households. On the other hand, the most modest households are really left behind, and solutions must be found to bring them into this ecological transition. Once again, we will only succeed in the ecological transition when we have solutions for low-income households.

Nathalie Croisé: We've just talked about vehicles, but there are also subjects related to, let's say, the city and Low Emission Zones, the LEZs, which aim to reduce urban pollution. But they also have social consequences: Do you think they increase inequalities?

Christophe Michaeli: First, we could already remember that LEZs are a regulatory constraint, a regulatory system that is imposed in France and all European countries, we may come back to this later. But above all, remember that air quality is a public health issue. Air pollution today is 40,000 deaths in France, it's much more than tobacco, so it's really a topical issue to be concerned about. And we must be concerned about it for everyone, for all our fellow citizens, those who use their vehicles and those who do not use their vehicles. The problem, as you have pointed out, is that low-income households need their cars to get around. Often, they live in areas that are less well served by public transport, so having a car is not a luxury for these households, it's just a strict necessity to get around. So, we have to find solutions so as not to exclude these low-income households from urban areas where there would indeed be traffic restrictions, with the implementation of "Crit'Air 3" in Paris since January 1, 2025 for example. The Crit'Air is the little sticker placed your windshield, and the higher the criteria, the more polluting your vehicle is and the lowest is zero for the least polluting electric vehicles.

Nathalie Croisé: And so, are there still many vehicles in France that are classified Crit'Air 3?

Christophe Michaeli: In Paris alone, we're talking about 400,000 vehicles sold in the metropolis and in France that are above Crit'Air 3. There are 13 million vehicles, you

heard right, 13 million vehicles on the road that are Crit'Air 3 and more. The fleet, all the cars, is 40, 45 million vehicles, so it's very significant.

Nathalie Croisé: So, as you pointed out, it's a European system, even if obviously we talked about Paris and France. Are you mobilizing at BNP Paribas with the Mobility Tour?

Christophe Michaeli: Exactly, we did an LEZ Mobility Tour and went to Toulouse, Marseille, Lyon, and very recently to Paris. Our objective is to raise awareness of the impacts of the implementation of these LEZs, without questioning the merits of these LEZs, but the impacts that it can have, particularly on low-income households, since we have clearly established that, once again, the most penalized are low-income households.

Nathalie Croisé: So, since we were talking about the cost of the vehicle, the government has set up a social leasing plan to make electric vehicles accessible. Do you think this is a viable solution in the long term?

Christophe Michaeli: It's an interesting solution that has had a lot of virtues. There are 50,000 low-income households that bought an electric vehicle last year. We can bet that if it hadn't been for social leasing, they wouldn't have bought an electric car. So yes, it's a very interesting solution. It is very expensive for the State, the State, putting up to €13,000 per vehicle to support these households. We know that we know the state of public finances and therefore this cannot be the sustainable solution. And then I told you it was 50,000 last year, the Paris LEZ is 400,000 vehicles, so we can see that we are not up to scale. For Paris alone, it will take almost ten years to replace all the vehicles that should no longer be on the road in the LEZ.

Nathalie Croisé: Moreover, in view of recent budget restrictions in France, there have been questions about the sustainability of the social leasing scheme. Don't we have other solutions, without relying solely on public aid?

Christophe Michaeli: Everyone must contribute to the effort. We decided with the teams at BNP Paribas Group, to find and to provide solutions, to bring our stone to the edifice, telling ourselves that we weren't going to wait for the State to finance because otherwise it's not possible. All the players along entire chain must mobilize to find solutions and support this ecological transition to convince people to switch to less polluting vehicles. We don't necessarily have to switch to electric vehicles either. We talk about Crit'Air zero, but we can move on to Crit'Air 1. If all vehicles that were Crit'Air 3 were driven under the Crit'Air 1 criterion, there would already be a significant impact on air quality.

But from 2035, in France, and even in Europe, it will be impossible to sell internal combustion vehicles. Combustion vehicles also mean hybrid vehicles. So, from 2035 - from January 1, 2035, in fact - we will no longer be allowed to sell combustion vehicles. So this means that all new vehicles from January 1 will be electric vehicles. This does not mean that you will no longer be allowed to drive your internal combustion vehicle if you bought it before. This means that all new vehicles that will be sold, in fact, will have to be electric vehicles.

Nathalie Croisé: So, listening to you, we may have other avenues to explore. As you said, Crit'Air 1 vehicles. Why not rental offers adapted to modest incomes... But despite everything, electric is going to be the solution of the future. But electric also needs infrastructure. Isn't the problem, in the end, the lack of charging stations? Wouldn't this be an additional obstacle for low-income households?

Christophe Michaeli: Well no. Cocorico! Because on this point, the French are rather well equipped. We already have more than 150,000 charging stations in France. So that means that the infrastructure is being put in place. There are some on the motorways, there are some inside the cities where there is still work to be done to convince landlords to equip buildings with charging stations. But it's much better than in Southern Europe, where we can see that there is indeed a real delay.

Nathalie Croisé: And so, what initiatives are you putting in place to help these households?

Christophe Michaeli: We've understood that these households have different needs and behaviours. They also have different means. So, we couldn't respond to these households with traditional solutions. The tradition today on the market is to finance a new vehicle to a household by saying every three years you are going to change your car, you bring the car back to us, you leave with a new one. This is leasing with an option to purchase (LOA), which means that you only finance part of the vehicle in the end. This is unsuitable for these low-income households because we end up with rents that are very high, and the household never becomes the owner of its vehicle again.

So, we decided to break the mould in the end, and really put the customer back at the centre. These are customers like any other, low-income households, and we have imagined a solution of a ten-year rental with an option to buy. Ten years, so 120 months, with a purchase option at the end of the contract that in fact allows the household to become the owner of its vehicle, just like today. Today, vehicles are probably the most important asset in the household, the most expensive. Before, they bought a diesel Scénic on the "Bon Coin". In ten years, they will own an electric vehicle, and I have no doubt that they will be very happy to do so.

Nathalie Croisé: So, solutions exist. You shouted "Vive la France!" earlier, so you're optimistic about the future?

Christophe Michaeli: I am resolutely optimistic indeed, there are solutions. There is a huge market available to us. The solutions we offer and that are offered today are very good for the customer, so it's good for the business. We're going to renew the fleet, it's a technological breakthrough. It's a bit like when we went from the box television to the flat screen. Support is needed. It's not the same sums at all, that's for sure. There are a lot of models that are coming, which will democratize the electric vehicle, and I'll come back to this once again, there is also the second-hand market. The second-hand market will be structured, electric vehicles will arrive and make vehicles more accessible for low-income households. And the cycle will have started, and we will be in a cycle that will be virtuous for business. And then, let's not forget, because it's the

primary objective: it's above all good for air quality, and therefore for the health of all of us.

Nathalie Croisé: But with a pragmatic approach?

Christophe Michaeli: Exactly. We must remain pragmatic, that is to say: not “build castles in the sky”, or rely on solutions that are unsuitable for these households. And as always in the end, it is often the customer who has the last word. If we find solutions that suit the customer, then they will work.

Nathalie Croisé: In any case, thank you Christophe Michaeli for your key insights. The ecological transition, as we know, is not reserved for an elite. Finding inclusive solutions is crucial so that everyone can benefit.

Christophe Michaeli: Thank you very much.

Nathalie Croisé: Thanks again! Stay tuned for a new episode of this “On the Move” podcast.

