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Banche Assicurazioni Finanza
Italian Banking Insurance and Finance Federation

1. Untangling and understanding red tape

Gianluigi Gugliotta, Secretary-General of Assosim (the association of financial markets intermediaries), recently sent five pages of detailed observations to the Italian tax authorities. The association was replying to a consultation on the authorities' proposed regulations for the implementation of the EU's 2016/2018 DAC 6 directive on the mandatory exchange of information. Underlying the directive is the EU's aim of increasing tax transparency and tackling the problem of aggressive and sophisticated tax arrangements that take advantage of capital mobility within the internal market. However, in order to react promptly to harmful tax practices by closing legislative loopholes and undertaking risk assessments and audits, tax authorities need comprehensive and relevant information about potentially aggressive arrangements. The directive allows this, and the Italian tax authorities had sought the views of interested parties on its 115-page draft of implementation rules. Assosim is concerned about several areas in the draft, and seeks clarifications and modifications. One area is the definition of intermediaries and the distinction between financial adviser and service supplier. Assosim noted that the definition currently poses “significant margins of uncertainty” for intermediaries, whether in banks or elsewhere in finance. Among other areas of concern to Assosim are standards of knowledge, reference timescales (deadlines), the valuation of hidden non-financial assets and penalties. Given implementation timescales, intermediaries risk being hit with penalties for late, omitted or incorrect returns. The association drew attention to existing rules for reporting possible cases of money-laundering and wants assurance that its members are not required to duplicate work they already do. On 22 January, a week after replying to the tax authorities, Assosim received two invitations to respond to Bank of Italy consultations. One seeks Assosim's views on the information and documents to be submitted to the central bank concerning authorisation for the purchase of qualifying shareholdings, the other on changes to vetting the suitability of bank officers. Assosim is not alone in submitting responses to consultations. AIFI (the private equity, venture capital and private debt association) issued a note on 19 January to say that it had also responded to the tax authorities' consultation on its draft for DAC 6 implementation. Given the tight timing, AIFI has asked that deadlines be put back. Two days later, the association told its members that the Italian tax authorities have set 16 February as the deadline for its consultation on tax aspects of long-term individual savings plans. And the following day AIFI said that it has replied to the consultation on rules governing European long-term investment funds. The volume, pace and complexity of changes to financial regulations are keeping industry and professional associations active on behalf of their members.

2. The Portuguese Presidency of the EU presented in FeBAF

“Digital transformation, social rights and strategic autonomy of the EU”. These are the three pillars of the program of the Portuguese Presidency of the EU highlighted and presented by the Portuguese Ambassador to Italy, H.E. Amb. Pedro Nuno Bartolo, during a webinar hosted by FeBAF on February 2nd, introduced by Paolo Garonna, Secretary General of FeBAF. Bartolo presented the priorities of the rotating “European Semester” which Portugal will hold until 30th June, and stressed the need to continue on the path initiated by the previous German EU Presidency and the need to implement the Next Generation EU Package - and the necessary national ratification processes. Speaking about financial integration, Bartolo mentioned the need to strengthen and make the Euro more resilient, while at the same time calling for the completion of the Banking Union and the relaunching the Capital Markets Union. There will also be a focus on the planned “Conference on the Future of Europe” which, according to the Portuguese agenda will take citizens’ aspirations about the EU into account.

3. Practical hints for safeguarding money

Customer care is a matter to which ABI (the Italian banking association) gives high priority. It continued this work with publication on 23 January of a neatly illustrated and snappily written leaflet on safety at and outside bank branches and on staying alert at home. The leaflet has been prepared in collaboration with a group of major consumer associations who are also distributing it. The starting points for looking after money should be regular checks on account movements and attention in ensuring that PINs are kept strictly personal. When visiting branches, customers should vary their routes and keep strangers at a distance. And when using ATMs, customers should always check that cashpoints haven't been tampered with, only draw what cash is needed and tuck it away immediately. At home, they should never offer any kind of financial information to telephone callers. The advice on the leaflet may be banal but people in the Bel Paese are as susceptible to bag-snatching and confidence tricksters as much as anywhere. Perhaps ABI's best advice is at the beginning of its leaflet. “To avoid exposing yourself to risk, where possible use internet services that allow you to avoid visiting branches.”

4. Real Estate Italy Winter Forum 2021

Opened by Silvia Rovere, President of Assoimmobiliare (the association of real-estate service providers), this year's conference, a digital event on 20 January, inevitably had the Covid-19 emergency as an unwelcome participant. In her address, Ms Rovere expressed concerns about measures being put in place to help the property sector recover from the impact of the pandemic. For Ms Rovere, the recent budget offers insufficient encouragement to urban regeneration and support for the badly-hit hospitality sector, and difficult planning procedures continue to obstruct new projects. Incentives should be provided for environmental improvements to all property types, urged Ms Rovere, and are needed to ensure all new buildings are environmentally efficient. “It would have been sensible to have encouraged the restructuring of hotels and restaurants during their enforced closure,” she said. A different slant on the pandemic's impact on the property market came from Luigi Donato, Head of the Bank of Italy's real estate department. Mr Donato focused on what the emergency has meant for two types of property: home and office. Various factors, including safety on public transport and office layout, will determine how the home/office mix and flexible/remote working develop, but for Mr Donato “a return to the past is inconceivable when the health emergency ends”. Offices will have new standards of access, work-station layout, internal movement and cleaning. Facility management will be a growth area. There will be less paperwork. The day of the crowded open-plan office is over, and some office space will be surplus to requirements. Made possible by digitalisation and procedural simplification, the rapid large-scale transformation to flexible/remote working was an inevitable result of the pandemic. “We don't know the timescale and the path to the new normal, but what is certain is that a profound transformation has begun in the property sector,” Mr Donato told the RE Winter Forum. *On 22 January, the Bank of Italy published a short research papers on remote working by private sector employees, in private sector firms and in government during the pandemic.

In Brief

Year-end bank data. ABI (the Italian banking association) reports that bank deposits were more than €162 billion higher at the end of December, an increase of 10.3 per cent on year-end 2019, while loans to firms and families increased by 5.5 per cent. Interest rates continue to be exceptionally low, ABI said in its January monthly report, 2.28 per cent on loans to families in December, 1.27 per cent on home loans and 1.3 per cent to firms. Average interest paid on deposits in December was 0.5 per cent.

Crisis management in small-medium banks. The EU's 2015 Bank Recovery and Resolution Directive covered too-big-to-fail banks but not less significant institutions (LSIs), noted Ignazio Visco, Governor of the Bank of Italy, when he opened a recent workshop on crisis management in small and medium-sized banks. Yet LSIs hold almost one-fifth of the euro-area banking sector's total assets. Bank of Italy analysis confirms that the pandemic's impact on Italian banks' credit risk exposure could be higher among LSIs than major banks, thus highlighting the question of dealing with crises in LSIs if or when they occur.

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