

# SPOTLIGHT



**Banche  
Assicurazioni  
Finanza**

Italian Banking Insurance and Finance Federation

## 1. Bank of Italy: light among the shadows

The report that the governor of the Bank of Italy delivers on 31 May each year is a key annual diary-date for members of the country's financial community. This year was no exception. Against the dark backdrop of the Russian attack on Ukraine, Ignazio Visco, the central bank's governor, opened his report by noting that Russia's invasion of its neighbour "marks a dramatic break with recent history". Fortunately, while highlighting the need to accelerate green transition, the crisis sparked by the war in Ukraine does not necessitate re-drawing the strategic lines laid down in Italy's national recovery and resilience plan(NRRP). For Mr Visco, if Italy removes planning obstacles that hinder the exploitation of photovoltaic and wind power, the country's southern regions would have a comparative advantage in renewable electricity, "with benefits in terms of attractiveness for investment". Another significant opportunity lies in human resources, an area on which last month (May) both ABI (the banking association) and Assogestioni (the asset managers' association) focused, the former in its banking and security conference and the latter at its three-day savings event. Attracting women into employment, strengthening the teaching of scientific and technical subjects, and raising the number of graduates towards average European levels would boost numbers in work and increase productivity. Mr Visco noted that the NRRP allocates funds for these objectives. A substantial section of his report was dedicated to finance and innovation. Balanced and durable growth requires the financial system to provide resources alongside public funds. And the central bank's governor is confident that private finance is there to be tapped. "Italian intermediaries are today in condition to allocate capacity and resources for effectively tackling the challenges posed by digitalisation and green transition," he said.



Banks' CET1 capital ratios are healthy and, net of adjustments, average impaired loans stand at 1.7 per cent of total lending, about half the level at year-end 2019. Banks are just one sector of a financial industry, however, and both mutual funds and private capital have key roles to play in constructing post-pandemic Italy. Indeed, Mr Visco noted that the €1,300 billion held in mutual funds is almost as large as the €1,400 billion of bank deposits of households and firms. Yet only 5 per cent of assets under management are invested in securities issued by Italian firms, against 34 per cent in France and 14 per cent in Germany in their home firms, albeit Assogestioni's members face an industrial structure weighted towards SMEs that don't seek capital from the market. As for private capital, again Mr Visco sees scope to close the gap with other European countries. Tax and administrative reforms must accompany the NRRP's funds and make the most of what Mr Visco described as Italy's business excellences of medium and large firms and their ability to reach international markets. Shadows loom over the Bel Paese, but there are numerous splashes of light.

## 2. Banks on obtaining the best from EU initiatives

Participation by Paolo Gentiloni, the EU's commissioner for the economy, in a board meeting of ABI at the end of May, gave the association's chairman, Antonio Patuelli, and director-general, Giovanni Sabatini, the opportunity to express their appreciation of economic initiatives that the EU has adopted for encouraging sustainable economic growth in its member countries. ABI's top officers noted that the Next Generation EU programme represents a fundamental turning point in European policy.



“For the first time, common monetary policy is joined by a common budget policy with European resources, also raised through the market, aimed at supporting investment and reforms in the countries most affected by the pandemic.”

The banking association recognises the indispensable requirement that Italy, which is the main beneficiary of EU resources, fully implements its national recovery and resilience plan of investment and reforms within the agreed timescale, not least because Russia's war against Ukraine has significantly reduced growth prospects. In a statement following its board meeting, ABI noted how by encouraging growth, the implementation of the NRRP will contribute to public-sector debt reduction. Mr Patuelli and Mr Sabatini pointed to the role of banks in supporting implementation of the NRRP by encouraging the flow of private finance, either through loans or capital, alongside public resources that support new investment. They warned, however, that in order to obtain the best results from resources provided by banks, banking regulation “must always take account of the objective of economic growth and not create obstacles to banking's essential role of supporting families and firms.”

## 3. AIFI pushes corporate venture capital

A webinar organised by AIFI (the private equity, venture capital and private debt association) and consultancy Accenture on 8 June focused on corporate venture capital as a bridge linking firms to innovation.

Anna Gervasoni, AIFI's director-general, noted that while Italian corporate venture capital is small in international terms, it is active and growing. For Ms Gervasoni, there is considerable scope for Italy's insurers and pension funds to invest in innovative start-ups.



## 4. Insurers and Banks at the International Festival of Economics



Payments systems were the focus on 4 June in a roundtable chaired by FeBAF's chairman, Innocenzo Cipolletta. Attendees heard ABI's Antonio Patuelli say that in order for the euro to play a greater global role the European Union needs to strengthen its legal identity. A session on mutuality offered the opportunity to Maria Bianca Farina, president of ANIA (the insurers' association), to note that insurance rules are still too complex and to urge regulatory simplification, both at European and national level.



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**Assosim teaches compliance with rules.** In response to rule-changes associated with the Capital Markets Recovery Package, Assosim (the association of financial market intermediaries), in collaboration with Academy Euronext, organised webinar sessions on 6 and 7 June. The association noted that the need to take account of ESG factors has led to modifications in the implementation of MiFID II, UCITS, AIFMD and IDD. The webinars, taught by legal and risk experts, aimed to help Italy's financial markets intermediaries through the regulatory and compliance maze.



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**Assoreti's record Q1.** “Geopolitical tensions haven't affected the flow of savings,” said Paolo Molesini, chairman of Assoreti (the association of investment advisory firms with networks of tied agents). Mr Molesini was commenting on a record first quarter in which the association's members reported a net inflow of €13.9 billion, the preferred savings destinations being liquidity (€5.5 billion), insurance and pensions products (€3.3 billion) and bonds (€2.6 billion). Clients of Assoreti's members had assets of €768 billion at the end of March (€694 billion at 31 March 2021).



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**Cracking down on insurance fraud.** ANIA and the prosecution service in Naples have established operating procedures for coordinating action against insurance fraud. Speedier transfer of information regarding potentially criminal use of insurance will bring greater effectiveness in dealing with a widespread problem. ANIA said that the protocol, by assisting its members who work in the region to raise awareness of a tightening-up, will also act as a deterrent to fraudsters

## SAVE THE DATE

FeBAF organizes:

VI edition of:

[“Trieste Eastern Europe and Euro-Mediterranean Investment Forum”](#)

23 June 2022

14:00 CET



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Italian Banking Insurance and Finance Federation

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