1. Trieste Eastern European Investment Forum

Organised by FeBAF and MIB Trieste School of Management, the forum’s seventh edition, held on 8 June and comprising five webinars and a Youth Forum that began the event, attracted more than 250 attendees. They heard around 40 speakers, several of them from six countries in southeastern Europe, the speakers’ focus: Next Generation Eastern Europe – The Role of Investment and Finance. Opening the first webinar, Innocenzo Cipolletta, FeBAF’s chairman, noted how southeastern Europe offers the next phase of EU expansion and a “new frontier for finance, with new risks and new opportunities”. For Mr Cipolletta, Italy with its strategic geographical position is a natural partner for the region. In the closing webinar, Milojko Spajic, Montenegro’s minister of finance and social welfare, reminded the forum that his country and Italy have a common sea border. In his welcome address, Andrea Tracogna, dean of MIB Trieste School of Management, drew attention to his city’s location and its strong historical ties, and trading and financial links, with countries to the southeast. His university has long attracted many students from the region and leveraging on alumni relationships may be valuable during “the challenging economic transformation that lies ahead.” The forum was wide-ranging, the subjects under discussion including the role of capital markets in re-capitalising southeast European economies, the development of their insurance markets and the challenges facing their banking systems in the recovery. Jim Turnbull, deputy director at the EBRD, underlined both the need for foreign investors and the need to focus on SMEs. For Richard Grieveson of the Vienna Institute for International Economic Studies, the region has a long-term development problem that began well before the 2008 financial crisis and has been compounded over time. There has simply not been enough high-quality investment.” The decision to open the forum with a 90-minute session for the region’s Next Generation was welcomed by Enzo Quattrociocche, EBRD’s secretary-general. “With the pandemic, young people are now experiencing the second major global crisis of their so-far short lives. And in the future they’ll be shouldering the pandemic’s debt burden and tackling the climate crisis. Yet, nobody seems to be listening to them,” he said. The Trieste investment forum gave them a platform.

2. Insurers and Italy’s G20 presidency targets

Particularly in the post-pandemic economic recovery and in the transition to sustainable economies, insurers can play a key role in helping to achieve the priorities set out by the Italian G20 presidency (People, Planet and Prosperity), said Maria Bianca Farina, president of ANIA (the Insurers’ association). Speaking after attending a virtual meeting on 8 June
with Daniele Franco, Italy’s minister of economy and finance, and Don Forgeron, president of the Global Federation of Insurance Associations (GFIA), Ms Farina added, “Indeed, insurers have long been aware about the risks related to climate change, and our expertise makes us the perfect partners for policymakers and public authorities in addressing this issue.” ANIA’s president also drew attention to how, as institutional investors, insurers have a major part to play through investment in sustainable infrastructure, thereby contributing to future welfare. Ms Farina announced that ANIA, in cooperation with GFIA, will organise a summit in Rome in October.

3. Term Sheet and a manifesto keep AIFI busy

After working with Italy’s largest law firm and a group of venture capital specialists, on 10 June, AIFI (the private equity, venture capital and private debt association) published a 16-page Term Sheet guideline for private equity operations. The document lists 34 major heads (structure of operation, use of funds, confidentiality etc), together with sub-heads where needed, and suggests the inclusion of three appendices (business plan, milestones and cap table). Meeting on 15 June, AIFI’s executive board approved a seven-page manifesto in which the association sets out five aims for boosting the use of private capital in driving economic recovery in Italy, among them the promotion of private capital funds towards institutional investors and high net-worth individuals (high-level clients). AIFI notes that its members have already made important contributions to the growth, internationalisation, innovation and sustainability of Italian firms, but barriers need to be removed in order to attract more private capital. The meeting re-elected Innocenzo Cipolletta as chairman of AIFI for a further three-year term. Mr Cipolletta was recently elected chairman of FeBAF.

4. Italian banks warn again on default rules

New rules covering default continue to be a major headache for Italian banks. Ending his appearance at a parliamentary commission on 8 June, Giovanni Sabatini, director-general of ABI (the Italian banking association), urged that the rules, “conceived in a context completely different from the present”, should be relaxed. Otherwise, he warned, families and firms are likely to be hurt by “damaging lending restrictions”. Mr Sabatini drew attention to how the liquidity provided by banks was crucial in dealing with the massive shock associated with the pandemic’s most acute phase. “Equally important, if not more so, will be loan-support in the next phase, when firms are re-setting their businesses in conditions of uncertainty that threaten to last a long time,” he added. ABI’s concerns about default definition and calendar provisioning arise from the harmonisation of rules at European level. Mr Sabatini noted, however, that harmonisation doesn’t necessarily translate into real competitive parity. On 3 June, he had given evidence to a parliamentary commission examining support measures for firms and families. By 27 May, banks had processed 2.3 million requests relating to €172 billion cover from the loan guarantee fund, he told the commission, adding that, at the end of March, bank lending to the private sector had increased by 4 per cent year-on-year. The ACE (aiuto alla crescita economica - help for economic growth) measure to encourage firms to boost their capitalisation is a valuable tool, said Mr Sabatini, a view echoed by Fabrizio Balassone of the Bank of Italy at a hearing on 7 June.

In Brief

Private pensions growth trend. Delivering his annual report on 14 June, Mario Padula, president of COVIP (the pensions regulator), noted that pension funds could play a major role in Italy’s economic recovery. Assets managed at year-end 2020 amounted to €198 billion, an increase of 6.7 per cent on 2019, and they represented 12 per cent of GDP and 4.1 per cent of household financial assets. However, only €4.6 billion was invested in the Italian private capital market, with €3.2 billion in bonds and €1.4 billion in equity holdings. Although the number of subscribers to pension funds increased by 2.2 per cent last year, at 8.4 million they represented only one-third of the national workforce. Moreover, more than one-quarter made no contributions.
in 2020. (The average contribution was €2,740.) A 300-page report accompanying Mr Padula's summary provides detailed statistics and analysis of private pensions in Italy.

**Italian foundation for financial education encourages long-term investment.** Addressing the annual meeting of Feduf (a foundation for promoting financial education), Antonio Patuelli, chairman of ABI (the banking association), said tax breaks are needed to encourage Italians to move savings out of bank accounts. Money kept in bank current accounts earns risible returns for savers, said Mr Patuelli, while money at call serves no purpose to banks for long-term lending. Instead of a situation in which neither side gains, the chairman of ABI (which was the prime mover in Feduf's establishment) looks forward to the win-win result obtainable by account-holders shifting savings into long-term investments.

**Green Swan 2021.** Covid-19 restrictions apart, this summer is unlikely to offer relaxing weeks at the seaside for many officers at the Bank of Italy. Indeed, work intensity looks set to increase as the clock runs down to the 30/31 October Rome summit of the G20, whose presidency Italy began last December. The burden of the commitment to make concrete progress on sustainable finance was underlined by Ignazio Visco, the central bank's governor, when he addressed the Green Swan 2021 conference on 4 June. “The Finance Track is tackling the issue of how to redirect financial flows to support the transition towards a low-carbon and more sustainable economy and society,” said Mr Visco at the beginning of his speech. And in what followed, he showed what a big job this is and what a major effort is needed.

---

**Save the date**

**Registration**

Fondazione E. Amaldi organizes

**INFODAY InCubed+ Investing in industrial innovation**

24 June 2021, 11:00 AM

**Share on social media:**

Follow us:

---

'Spotlight' is the bimonthly English newsletter of the Italian Banking Insurance and Finance Federation (FeBAF).

We use your email address for the sole purposes of our newsletters, and it will not be used for commercial reasons, sold, rented, leased, forwarded to third parties. If you wish to unsubscribe, click below.