



SPOTLIGHT



**Banche
Assicurazioni
Finanza**

Italian Banking Insurance and Finance Federation

1. The Banking Association wants Italian location for new EU agency

In a letter last month, Antonio Patuelli, chairman of ABI (the banking association), and Giovanni Sabatini, the association's director-general, urged Mario Draghi, Italy's prime minister, and the foreign, and economic and finance ministers, to press their EU counterparts to agree to the establishment of the EU's new anti-money-laundering agency in Italy. Noting that Italy not only has an important financial community but is also the home of high-level legal and economic research, Mr Patuelli and Mr Sabatini underlined how the country has nevertheless been sidelined in the siting of European financial authorities and hosts only two non-financial bodies. They ended their letter: "The Italian Banking Association draws attention to the significant work of Italian banks over many years in pursuing legality and combatting money-laundering, their firm commitment to this placing them in the forefront of European efforts."

ABI's lobbying seems to have borne results. Official recognition of what ABI's members have achieved arrived on 24 June when Claudio Clemente, director of the Bank of Italy's financial intelligence unit (FIU), gave his annual report for 2020. The number of notifications of suspicious operations reached 113,200 last year (7 per cent up on 2019), "thanks above all to the increased efforts of the staff of banks and other financial intermediaries."

In a 144-page account of its work during 2020 and the statistics for the year, the FIU notes that 99 per cent of notifications concerned suspected money-laundering and that banks and the financial services of the Italian posts accounted for about 76,000 of the total, an increase of 11.2 per cent on 2019.

2. Italian Insures and ESG

"Sustainability is rapidly becoming a key issue for insurance companies which - both as investors and providers of protection - play a central role towards a sustainable transformation of the economy and the achievement of the ambitious sustainable goals set at international, European and national level," noted Angelo Doni co-director-general of ANIA (the insurers' association.) Mr Doni was introducing a brochure (in English), published in late June, that clearly and concisely explains the EU's Sustainable Finance Disclosure Regulation (SFDR).



In its three central pages, the brochure shines a light on (a) the regulation's scope and entry into force, (b) the definition of terms, and (c) entity-level disclosure on sustainability risks.

3. Encouraging news from Italian Private Banking

Presenting data on the flow of money into financial assets managed by private bankers, AIPB (the private banking association) reported on 21 June that clients entrusted their advisers with new net funds amounting to €36 billion last year, each quarter of the year bringing a positive net inflow, the year-on-year increase being 4.1 per cent. After recovering rapidly from the impact of the market downturn in the initial phases of the health crisis, assets under the management of private bankers at year-end totalled €932 billion. In its statement, AIPB drew attention to how this figure, despite the pandemic, is significantly higher than the forecast of €893 billion made in October 2018. And AIPB expects to be able to announce an equally satisfactory outcome for 2021. It forecasts that assets under management at the end of the year will amount to €978 billion, an increase of 5 per cent on year-end 2020. Over the past five years, the financial assets of wealthy Italian families who are private banking clients increased at an annual average rate of 4.4 per cent. Paolo Langé, AIPB's chairman, noted that private bankers have shown skill both in investing liquidity that had been sitting on deposit and in dampening emotional reactions during the period of market uncertainty.



4. Supervision, risks & profitability

The organisational strengths on which the Italian Banking Association (ABI) can call were in evidence on 22 and 23 June when the association's events organisers put together a wide-ranging set of plenary and parallel sessions in a conference dedicated to major current banking issues. Introducing the online event, Giovanni Sabatini, ABI's director-general, noted that this edition, the twenty-first, was taking place in a significantly different context from the preceding one, held in September last year and well before mass vaccination offered the prospect of an end to the health crisis. Meanwhile, Italy's banks have played a key role in mitigating the economic effects of the crisis, and they continue to play a key role during the recovery, said Mr Sabatini. "The virus has highlighted the work banks have done to keep the economy going, and it has also shown their solidity," he said.

Despite substantial growth in lending and a challenging economic climate, credit quality has stayed high, albeit "banks' prospects depend on an economic upturn".

One of six afternoon sessions (three sessions in two streams) on the first day was dedicated to NPL action plans, bad banks and securitisation. Among other sessions were those on the impact of the pandemic on operational risks, the governance of innovation and operational risks of the digital bank. ESG was another focus, yet, as much as any in the rich programme, what caught the attention were sessions dedicated to regulation, EBA guidelines on granting and monitoring loans and Basel 3 Plus. "We need a wider vision in the regulatory structure, but we are firmly anchored to rules drawn up at the time of the financial crisis. Recovering stability was the priority in 2008. Today it's growth. The rules must be changed. The regulatory framework needs to be re-thought," said Mr Sabatini.



5. FeBAF and TheCityUk, works in progress

The Italian and British financial communities continue their dialogue. On July 1, the British Embassy in Italy together with the Italian Embassy in London, TheCityUk and FeBAF organized the webinar "From Pledges to Progress: how the industry is driving ambition". On July 5, the webinar "Anglo-Italian Financial Services dialogue. The EU - UK relationship" took place.

On July 1st, different proposals were highlighted, such as the need for international financial institutions particularly as far as sustainability is concerned, the importance of defining concrete

The objectives of the group were shared and highlighted also by Luca Ferrais, Senior Advisor of the Ministry of Economy and Finance and member of the G20 Sustainable Finance Working Group (SFWG).

On July 5th, following the introductory remarks by Innocenzo Cipolletta,



solutions in view of the COP26 Conference on climate in Glasgow, and the promotion of incentives in favor of green investments. The British Ambassador in Italy, Jill Morris, took stock of the preparations for COP26 scheduled in the first half of November in Glasgow. Progress and commitments on sustainability are now at the center of the agendas of governments - as pointed out by the Head of the Economic Section of the Italian Embassy in London, Massimo Carnelos - and of the private sector, as mentioned by the Secretary General of FeBAF, Paolo Garonna. In line with these trends, the choice of the Italian G20 Presidency to reintegrate the Sustainable Finance Working Group within the G20 Finance track was generally underlined. **objectives** of the group were **shared and highlighted also** by Luca Ferrais, Senior Advisor of the Ministry of Economy and Finance and member of the G20 Sustainable Finance Working Group (SFWG).

FeBAF Chairman, initial thoughts on London's future relationships with EU and other financial capitals were examined. Marcello Mentini, Group Head Regulatory Evolution at Intesa Sanpaolo, emphasized the role and the need for equivalence in the new relationship. Mark Garvin, Vice Chairman, Corporate and Investment Bank, J.P. Morgan, and Alessandro Terzulli, Chief Economist, SACE, Cassa Depositi e Prestiti, reflected on possible regulatory and market approaches to be adopted in the post-Brexit scenario. In particular, the importance of global international standards was highlighted.



IN BRIEF

Banca d'Italia on NPL . Non performing exposure was the subject of a webinar at the law school of Rome's LUISS university in June. While Paolo Angelini, deputy general manager at the Bank of Italy, gave a detailed description of past developments of NPLs and their regulation in the Bel Paese, his cautiously optimistic line about the future was the key part of his address. While there will be an increase in NPLs over the next 12-24 months, it will be significantly lower than in the two earlier crises of the past 13 years. Mr Angelini gave five reasons: (1) fast and sure economic growth; (2) the clear-out of weak non-financial firms after the earlier crises; (3) better NPL management by banks; (4) stricter lending rules by banks; and (5) improvements in judicial credit recovery procedures.

Asset Manager focus on retail investors. The association of asset managers (Assogestioni) faces a busy summer. In a note on 15 June, it said that working groups are examining the set of issues at the heart of an EU consultation, set in motion in May, which aims to improve and protect the access of savers to financial products. The consultation's deadline is 3 August and Roberta D'Apice, Assogestioni's head of legal affairs, observed that the issues under consideration are central to the industry's future and that the association intends to provide an exhaustive reply.

Start-up promotion. On 25 June, *Private Capital Today*, a newsletter published by AIFI (the private equity, venture capital and private debt association) pointed to an initiative launched by Trentino Sviluppo, the development agency of Trent province in northeast Italy. The agency has allocated €900,000 to a second edition of its Matching Fund aimed at start-ups and innovative SMEs, this tranche (Bando Montagna) being dedicated to firms focused on mountainous areas. The agency will match privately-funded equity increases of successful applicants up to a maximum of €200,000. The fund targets firms in the province, or willing to set up there, with turnover of less than €2 million and operating in sectors that include sustainability and energy resources, and health, food and life-style.

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REGISTRATION

FeBAF organizes

[The Slovenian Presidency of the EU: Priorities and Expected Outcomes](#)

Introduction

Paolo Garonna, Secretary General FeBAF

Speaker

H.E. Amb. Tomaž Kunstelj, Ambassador of the Republic of Slovenia to Italy

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