1. Private Capital beats the drum

Private capital for business recovery was the subject of an online event organised by AIFI (the private equity, venture capital and private debt association) on 8 July. “Equity will be a crucial factor for firms' finance in 2021,” said Innocenzo Cipolletta, AIFI’s (and FeBAFs) chairman. Pointing to how the association’s manifesto urges a widening of the base of institutional investors (particularly pension funds) and an increase of investment by private investors, and calling for a national fund for business restructuring, he described joint public and private action as fundamental. Earlier that same day, a boost for Mr Cipolletta’s position came from Luigi Federico Signorini who, as well as being chairman of IVASS is senior deputy governor of the Bank of Italy.

Wearing this second hat at the annual conference of the global forum on productivity co-organised by the bank, Mr Signorini drew attention to the importance of dedicated financial intermediaries in providing growth-oriented finance. “Venture capital and private equity can sustain business dynamism,” he said. And they should be supported by policies such as tax breaks.

2. Italian Banks review a constructive year of social dialogue

In the tsunami of words on the pandemic, its impact, and plans and prospects for recovery, relations with staff have focused on furlough support, distance working and digitalisation, and expressions of thanks for work done during a difficult period. Yet employer-employee relations are far more than this, as Antonio Patuelli, chairman of ABI (the banking association), explained in his address to the association’s annual meeting on 6 July. Certainly, he underlined the fact that the pandemic has not stopped banks from working, or their staff from dealing with a hugely increased workload comprising several million approvals of loan repayment holidays and over two million approvals of loans and loan-extensions. Indeed, as Mr Patelli noted, this is a colossal, ongoing task “that must continue at least until the pandemic has been beaten” and should not be interrupted until recovery is underway. “Despite unchanged banking legislation, banks and those who work in them developed training and organisational systems and technologies to make possible large-scale financial operations to forestall business crises,” he said. What was striking in Mr Patuelli’s address were his several references to trade unions and employee associations. Already by the end of February last year, when the gravity of the pandemic was becoming apparent, the banking association had signed a new national employment contract which envisaged new working schemes and fostered continuous and constructive dialogue, and this allowed new agreements to be reached exceptionally quickly. For Mr Patuelli, the work done by the Bank of Italy, trade unions and staff associations and by ABI’s own employment affairs committee revealed banking’s vanguard role in the Bel Paese.

And, as Mr Patuelli pointed out to ABI’s annual meeting, the pandemic did not catch the association unprepared. After complex and constructive negotiations, ABI and staff associations and trade unions had signed a new national employment contract at the end of 2019 which envisaged new working schemes and fostered continuous and constructive dialogue, and this allowed new agreements to be reached exceptionally quickly. For Mr Patuelli, the work done by the Bank of Italy, trade unions and staff associations and by ABI’s own employment affairs committee revealed banking’s vanguard role in the Bel Paese. However, on its own this human effort is not enough, said ABI’s chairman, pointing to other issues that must be addressed, among them: the need for the EU to develop energy, health, research, environmental and defence strategies; the need for revitalizing the UN; the need for tax incentives to encourage Italians to invest their savings in the real economy; and the need for flexibility in the EU’s rules on default.
of the health crisis was becoming evident, and ahead of national authorities, ABI had reached agreements with other business associations and trade unions on loan moratoriums.

3. Asset managers think long term on ESG

“Sustainability cannot be reduced to the environmental challenge and neither can innovation be reduced to the digital revolution,” asserted Fabio Galli, director-general of Assogestioni (the asset managers’ association). In anticipation of September’s Salone del Risparmio, the annual savings convention organised by the association, Mr Galli was speaking on 6 July to Focus Risparmio, the association’s newsletter. Not only will these two transformational factors disrupt economic activity but they will impact on entire business models “giving asset managers the power, and in some ways the duty, to take on a central role in building the future.” For Mr Galli, the past eighteen months of stop-and-go has brought awareness that the shift to new economic and social models can no longer be delayed. As well as changing their own business models, asset managers are being asked to contribute to changing the business models of the firms in which they invest. They will move beyond capital allocation to become “a force for transformative innovation”. Asset managers’ work is facing a period of radical cultural change that “will last for decades”.

4. FeBAF continues a dense program of summer events

Maintaining its long-standing practice of inviting the ambassadors of EU members to explain their countries’ objectives for the half-year in which they set the agenda for the EU’s rotating presidencies, FeBAF hosted a webinar on 12 July at which Tomaž Kunstelj, the Slovenian ambassador to Italy, spoke about what Slovenia hoped to achieve with its EU partners in the second half of the year. Introducing Mr Kunstelj, Paolo Garonna, FeBAF’s secretary-general, noted that Italy and Slovenia are neighbours with a common border, and that they both have a special interest in the Western Balkans. Indeed, EU enlargement through the admission of Balkan countries was one of the many issues on which Mr Kunstelj touched. He described the geopolitical situation as challenging and said that Slovenia will give “special attention to the enlargement process”. Regarding financial priorities during the second half of the year, Slovenia’s ambitious four-point programme includes focus on: sustainable finance (with particular emphasis on the EU’s Green Bond standard); Basel III; the deepening of EMU; progress on the capital markets union, as this will support the recovery of the real economy; and the Solvency II review, with the Directive being modified to reflect the changed economic situation. This was the third of FeBaf’s webinars in July, having been preceded by a joint event with TheCityUK on 1 July and the EuroMed Investment Forum on 9 July, which focused on economic recovery in the area, re-alignment of growth objectives between the northern and southern sides of the Mediterranean and Italy’s recovery plan within the framework of the Next Generation EU programme.

5. Insurance Regulator’s annual meeting

Luigi Federico Signorini became president of IVASS (the insurance regulator) just over three months ago. Delivering his first annual report on 1 July, he was able to note that, thanks partly to government support and to the low propensity of Italians to ensure against non-life risks, the insurance industry has shown resilience in the pandemic. Other than the pandemic, the main themes of his report were: (a) insurance culture and consumer protection; (b) digital transition; and (c) green finance. Regarding climate risks, Mr Signorini believes these can only be tackled successfully through a combination of public action and the development of the insurance market.

The new world in which they must operate throws more responsibility onto them to explain to financial advisers in distribution networks what is meant by sustainable products. And, said Mr Galli, they must at the same time be “much more active in engaging with firms in which they invest”. The work of Assogestioni’s members is becoming more complex, asset allocation moving from simply investing in firms or sectors to taking account of factors beyond financial metrics. According to Mr Galli, asset managers must radically re-think the concept of risk. “In order to interest an asset manager, a firm must not only be a reliable source of profits but must produce them sustainably,” he said. The title of this year’s Salone del Risparmio points clearly in the direction of travel: “From Saver to Investor: the Liquidity to Build New Worlds”.

The question of obligatory or semi-obligatory insurance against natural catastrophes (flood, fire, drought and earthquake) needs to be discussed, he said.
SAVE THE DATE

REGISTRATION

FeBAF organizes

V Giornata dell'Investitore Istituzionale

Opening:
Paolo Garonna, Secretary General of FeBAF

Conclusion:
Innocenzo Cipolletta, President of FeBAF

Webinar on Zoom
20th July 2021 - 10:00am - 01:00pm CET

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