

Bulletin of Italian Finance

SPOTLIGHT



**Banche
Assicurazioni
Finanza**

Italian Banking Insurance and Finance Federation

1. FeBAF promotes institutional investment

“The pandemic has brought a special role for institutional investors,” said Paolo Garonna, FeBAF’s secretary-general, when he opened FeBAF’s Vth Institutional Investor Day on 20 July. He emphasised how investment by institutions is crucial for the recapitalisation of businesses, especially of SMEs, hit by the Covid-19 emergency. While previous editions of the event concentrated on Italy, the Italian Banking Insurance and Finance Federation (FeBAF) believes that there is value in learning about experiences elsewhere, and the first half of the online conference brought together figures from finance in other major European countries. Pablo Portugal of AFME underlined that firms need fresh capital both to “stay afloat and repay debt” and also for “innovation and growth”. He drew attention to how SMEs are not only more vulnerable but are often those “with innovation and growth potential”. Among the speakers providing a European perspective were Arnaud de Bresson of ParisEuroplace, Roberto Blanco of Banco de España and James Chew of Britain’s Business Growth Fund. Mr Chew described how convincing British commercial banks to establish a joint venture for investing in early stage and smaller listed companies had not been easy. However, the fund has produced good results from its minority investments, and the ten-year-old scheme has since been copied by Canada and Australia. Opening the conference’s second half, David Sabatini of ABI (the banking association) noted that capital sufficiency is the key to solvency and that many Italian firms currently have unbalanced debt/equity ratios.

“While instruments exist to help SMEs, incentives are needed for them to be fully used,” he said. Indeed, fiscal disincentives to investment were one of two factors highlighted by Dario Focarelli, director-general of ANIA (the insurers’ association). “The tax system must provide incentives to long-term investors,” he urged. The other factor is regulation.

For Mr Focarelli, regulatory reform is essential in order to allow insurers to broaden portfolios beyond bonds. Senior figures from associations of Italian pension funds, asset management and private capital described a system rich in financial resources but held back by fiscal and regulatory factors. Moreover, there’s also a tricky social factor. Even when in difficulty, many businessmen are reluctant to turn to outside capital. Bringing the conference to an end, Innocenzo Cipolletta, FeBAF’s chairman, pointed to the contradiction offered by Italy’s high level of private savings and the high level of business debt. “There’s great willingness on the part of all involved in Italian finance to resolve this conundrum,” he said.



**Banche
Assicurazioni
Finanza**

Italian Banking Insurance and Finance Federation

2. Crowd-investing accelerates

Figures from the monitoring centre for entrepreneurship, finance and innovation at Milan polytechnic's graduate business school (EFI PoliMilano) show that internet fund-raising in Italy is gathering pace. In the first half of the year, funds raised amounted to a total of about €330 million, against around €170 million in second-half 2020 and just under €100 million in the first-half of last year. In its 6th report, a 72-page document presented on 20 July, the centre provides a detailed analysis of what funds have been raised, and how, and where they have been invested or lent. In addition to examining types of funding - equity(non-property), equity(property), minibond, lending(consumer), lending(non-property business) and lending(property business) - the report looks at fund-raising platforms, numbers of campaigns, average values and success rates. And it also gives figures for crowdfunding geography; the Lombardy region is far ahead in equity crowdfunding, for example, with 296 firms of the total of 742 that have undertaken campaigns on Consob-authorized portals, with second-placed Lazio the home of 73 firms. Investors are predominantly men, with an average age of 45, and the average amount each invests is €3,641, against an average investment of €30,202 by legal entities.

The report covers regulation, about which Giancarlo Giudici, the monitoring centre's coordinator, spoke when he opened the presentation. He noted the arrival of European Crowdfunding Service Platform Regulation and how ESMA will establish a public register of all providers of approved suppliers of crowdfunding services in the EU. "It's crucial that there should be a balance between costs to operators and the protection of investors," warned Mr Giudici.



3. Insurers look ahead

The future was as much the focus as the past in the report that Maria Bianca Farina, president of ANIA, presented to the association's annual meeting on 15 July. Certainly the pandemic has had an impact on ways of working in the insurance industry and on last year's out-turn for ANIA's members, but the key now is preparation for the post-pandemic world. Indeed, as Ms Farina observed, "The post-pandemic world is already with us, the future is a present that we have begun building on tried and solid foundations, and with new materials and new ideas." Administering more than one half of Italian savings that are entrusted to institutional investors, insurance firms have financial weight that they can throw behind the country's economic recovery. ANIA's president noted that overall investment by Italian insurers exceeded €1,000 billion at the end of last year, a

In financing projects that satisfy the priorities of the national plan for recovery and resilience, ANIA is looking for investments with high social impact, said Ms Farina, mentioning schools and housing for students and seniors. She drew attention to Italy's great need for investment in infrastructure, both in quantity and quality, and how the national plan assigns a large part of resources granted by the EU to infrastructure.

"We are convinced, however, that public funds, however large, will not be enough to guarantee a secure recovery," said Ms Farina. As well as supporting the recovery directly through investment, ANIA wants Italians to be more aware of the benefits of insurance and seeks government action to encourage higher take-up. Only 3 per cent of Italian firms are insured against business interruption or cyber attacks,

figure equivalent to 60 per cent of GDP. And life policies alone represented 18.2 per cent of families' financial assets. Ms Farina reminded the meeting that the association's alternative investment fund, which is nearing its €500 million fund-raising target, has already made its first Italian ESG-based, infrastructure equity investments.

for example, and the pandemic has shown how dramatically business can be disrupted.

Ania

Associazione Nazionale
fra le Imprese Assicuratrici

4. Milan innovation hub launched

The Bank of Italy's efforts to boost financial digitalisation through a real and virtual site got underway officially on 21 July. The Milan hub will provide support to innovative projects through the provision of sectoral competences (banking, insurance, legal, etc) and the organisation of seminars and conferences. Details of how to apply for project-testing in a regulatory sandbox will be published by September.



G20
ITALIA
2021

As we approach the final stages of the Italian-led G20 and the start of the Italian-hosted COP26, scheduled for the end of October and the first half of November respectively, FeBAF will report in its newsletters on the main results achieved so far in the process of developing shared positions, with particular regard to economic and financial issues.

19 July, B20-BIAC-IOE published a paper on trade finance and measures towards a "[Global Value Chain passport](#)"

9-10 July, Venice, [third meeting of Finance Ministers and Central Bank Governors](#). Agreement on global minimum tax of 15% and profits reallocation

27 July, [third virtual meeting of the Sustainable Finance Working Group](#) (SFWG). Discussed the preliminary version of the Sustainable Finance Synthesis Report and the multi-year roadmap on sustainable finance to be submitted to the October ministerial.

26-28 July, [pre-summit on Food Systems at FAO HQ](#), Rome. Reiterated the need to mobilise public and private investment in agriculture and rural areas.

29-30 July, Rome, [G20 meeting of the Ministers of Culture](#).

22 - 23 July, Naples, [G20 meeting of the Ministers for Sustainability](#). Confirmed the financial commitments taken during the Paris Agreement, the importance of fruitful public-private cooperation in financing instruments and urged multilateral development banks to intensify their efforts to align their investments with the objectives set.

The T20 (the set of think tanks linked to the G20) outlined [five proposals](#) that could facilitate sustainable economic development:

- adopting a clear definition of green bonds
- creating a low-carbon finance facility
- setting up a Green Rating Agency
- establishing a G20 Commission on Youth Education for Sustainable Development
- creating climate-resilient food systems through the smart repurposing of agricultural Development

Upcoming events:

5 August, Trieste, Ministerial meeting on Digital economy

6 August, Trieste, Ministerial meeting on Research

In Brief

Increase in venture capital operations. Venture capital investors were attracted to 105 Italian start-ups in first-half 2021, against 59 in the same period last year, and there were seven follow-on operations, against 16 in first-half 2020. Investment totalled €399 million, against €216 million in first-half 2020. Reported by AIFI (the private equity, venture capital and private debt association) on 19 July, the figures come from the Venture Capital Monitor at LIUC business school.

Boost for asset managers. First-half figures announced on 27 July by Assogestioni (the fund managers' association) show a net inflow of €5.2 billion, with €4.1 billion into open funds and €0.6 billion into closed funds. Almost €0.5 billion went to portfolio management. Assogestioni notes its members had more than €2,500 billion of assets under management at the end of June.

SAVE THE DATE

REGISTRATION

FeBAF is a partner of

[Salone del Risparmio](#)

Organized by Assogestioni

MiCo Milano, Via Gattamelata, 5, 20149 Milano MI

15th September to 17th September 2021

Share on social media:



Follow us:



'Spotlight f' 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

Inviato con 

[Unsubscribe](#) | [Disiscriviti](#)