

## Bulletin of Italian Finance

# SPOTLIGHT



**Banche  
Assicurazioni  
Finanza**

Italian Banking Insurance and Finance Federation

### 1. Capital Markets Union roundtable

Last Friday FeBAF organised a virtual roundtable with Mr Ugo Bassi, the Director General for Financial Markets at DG FISMA - European Commission, where he reassured that the Capital Markets Union (CMU) and the Banking Union (BU) are still high on the Commission's agenda. In fact, not with standing DG FISMA has been playing a crucial role in devising and enacting the economic sanctions against the Russian Federation, it is determined to achieve in the coming months substantial progress on various initiatives such as European single access point (ESAP), Markets in financial instruments directive (MiFID), European long term investment fund (ELTIF), retail strategy in addition to the green and digital twin transition. According to Mr Bassi, the ongoing Russian military invasion makes the achievement of the aforementioned goals more urgent than ever, so that the EU is capable of pursuing an open strategic autonomy in all sectors. Representatives from the Italian banking and financial industry attended the event.



## 2. Private capital plays a strategic role

The figures speak for themselves. With overall investment of €16.9 billion in over 900 operations, of which €2.2 billion in 275 operations of private debt, €7.0 billion in 609 private equity and venture capital operations and €7.7 billion in 45 infrastructure investments, last year was a record year for private capital in Italy. Details are given in an 86-page report available at the website of AIFI (the private equity, venture capital and private debt association). Among the encouraging news that attendees heard at the association's annual conference, an in-person and online event held last month, was that Italy is increasingly attractive to outsiders, drawing in 48 foreign investors last year, against 43 who invested in Germany and 35 in Spain. In her presentation, Anna Gervasoni, AIFI's director-general, noted how, with the exclusion of infrastructure funding, the Lombardy region attracted more private capital last year than Bavaria in Germany, the southeast and the northwest of England and Auvergne-Rhône-Alpes in France. Appropriately, the conference's in-person location was Milan, in the conference hall of Assolombarda, the Lombardy industrialists' association. "This is the right place. Their world is our world," remarked Innocenzo Cipolletta, AIFI's chairman, when opening the event.

AIFI focused its conference on the role of private capital in digital and environmental transition, and among the speakers was Gelsomina Vigliotti, vice president of the European Investment Bank.

For Ms Vigliotti, risk capital is fundamental to meet the challenge of the climate emergency.

Noting that the pandemic has been an accelerator of change, she underlined how Russia's war against Ukraine is forcing the EU to face up to to the challenge of environmental transition.

Indeed the war, "an event that we would never have wished to see", was high on the agenda of Mr Cipolletta who expressed the sentiments of the conference's attendees in saying that his thoughts were with the people of Ukraine. AIFI's chairman noted that the world has experienced two decades of negative events from terrorism through financial crashes to the pandemic and now war. For Mr Cipolletta, this world full of adverse events provides an important lesson. Structures are needed to deal with the unforeseeable, and energy and digital transition are essential parts of the structure for resilience that is needed. Like building houses to survive the unforeseeable catastrophe of earthquakes, so building resilience needs capital, said Mr Cipolletta. And, while traditional capital will continue to play its part, there will be an increasing role for alternative finance. Mr Cipolletta listed some of the recent achievements of AIFI's members and AIFI itself but, he underlined, opportunities exist to do more.



## 3. Focusing on financial literacy

The people who manage Italy's very small firms, those with fewer than ten staff, have a higher level of financial literacy than their equivalents in Germany, France and the Netherlands as well as those in Turkey, Brazil and China. Indeed, of the 14 countries who participated in a survey last year organised by the OECD and the Global Partnership for Financial Inclusion, within the framework of Italy's G20 presidency, only two performed more highly than Italy. (G20/OECD-INFE Report *Navigating the Storm: MSMEs' Financial and Digital Competences in Covid-19 times*, 2021.) Yet the issue is one on which the

Italian authorities continue to focus attention and last month the Bank of Italy began a training programme aimed at beefing up the financial skills of small-scale businessmen and craftsmen.

Launching the programme, Luigi Federico Signorini, the central bank's director-general, noted that small and micro-firms are a key segment of the Italian economy, firms with less than ten staff accounting for 41 per cent of employment and 25 per cent of added value, against an average of 28 and 18 per cent respectively in the EU.

Bank of Italy studies have shown that the firms of businessmen who were more equipped with financial skills were more able to withstand the pandemic's impact on liquidity and profits. Financial competence improves firms' management. And more challenges and opportunities lie ahead, technological innovation going hand-in-hand with new platforms for financing, like equity crowdfunding and peer-to-peer lending. "More advanced financial and digital skills are needed to exploit potential advantages and avoid risks," said Mr Signorini.



## 4. Banks' commitment to combating climate change

Despite Russia's invasion and ongoing aggression in Ukraine, measures to fight global warming are not being put on hold by Italian finance. Indeed, on 23 April ABI (the banking association) issued a statement which underlines the increasing efforts of Italian banks to play their part in tackling the greatest challenge of our times. ABI referred to its recent research, *BusinEsSG 2021*, that investigated the extent to which banking procedures and valuation processes account for ESG factors.

The research found that banks focused most attention on climate change and on the encouragement of business investments that are sustainable and tied to environmental transition. "The research showed the banking sector's commitment to the promotion of the best management that the risks of climate change pose for business," ABI noted. Moreover, action on climate change is playing an increasingly important role in banks' own strategic planning and reporting. ABI drew attention to how regulatory forces are having an impact, not least in the publication of non-financial statements.

In the week before its statement, ABI had sent a circular to its members drawing their attention to a document that the Bank of Italy had just published on the supervisory aspects of climate and environmental risks. The document contains a set of indications for integrating them into banks' strategies and management and control systems, into risk management and into the provision of information to the market. The central bank will update their document in the



light of developments in best practices and changes in the regulatory framework.

## 5. Understanding Italy's family offices

Wealthy Italian families are increasingly turning to outside experts to help manage assets accumulated from their businesses. Such was one of the points made during a workshop, the first of a series, organised on 26 April by the management school of Milan's polytechnic university.

The online event was titled, "From family business to family office: backstage in the evolution of a family business". Appropriately, one of the sponsors of the ongoing research is AIPB, the private banking association. The project was conceived in February, got underway in March and is expected to end in September.

Introducing the workshop, Josip Kotlar, its co-director, drew attention to the strong growth of family offices. Data collected and analysed so far shows that family offices in Italy now number 206, an increase of 34 since the university's analysis last year. The total breaks down into 94 single family offices, 92 multi-family offices and 20 with banking origins, though Mr Kotlar expects expansion of this last category thanks to advanced private banking and wealth management services. Mr Kotlar gave more details on single family offices. Unsurprisingly, 59 per cent of them are in Lombardy, historically Italy's main region for finance and industry. In the coming months, the research team will be examining five areas of this corner of the Bel Paese's financial system, including governance and inter-generational issues.



### In Brief



Assoreti (the association of investment advisory firms with networks of tied agents) continues with its mission of encouraging bright university students to see its members as offering interesting work and excellent career opportunities. Last month (April) it awarded two new scholarships to students studying business management at Milan's Cattolica university. It also announced the names of the four students who successfully applied last December for four-month placements with Assoreti members. Since 2015, the partnership between Assoreti and the university has allocated 24 placements, 13 scholarships and two research grants. Marco Tofanelli, Assoreti's secretary-general, pointed to the challenges that the sector faces and how the need for new skills continues to grow. "Our initiatives aim at strengthening professional skills and helping young people acquire the competences needed for efficient and effective generational change (in investment advisory services)," he said.

# Ania

Associazione Nazionale  
fra le Imprese Assicuratrici

ANIA (the insurers' association) has launched a series of newsletters, *ANIA Exploring Digital Transformation*, which like its companion series on sustainability, is in English. The first in the new series focuses on the European strategy on AI and the coordinated plan on artificial intelligence

## SAVE THE DATE

EU Commission organizes:

[Capital Markets Union: investing for a stronger, prosperous and sustainable European Union](#)

June 1<sup>st</sup> 2022

Assogestioni organizes:

["Il Salone del Risparmio"](#)

10-11-12 May 2022

Partner Organizations include FeBAF

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