

SPOTLIGHT



Banche
Assicurazioni
Finanza

Italian Banking Insurance and Finance Federation

1. FeBAF's new president

Meeting on 29 April, FeBAF's executive council unanimously elected Innocenzo Cipolletta as chairman for 2021-2022. He takes over from Luigi Abete who had been in office since 2014. Chairman of AIFI (the private equity, venture capital and private debt association), Mr Cipolletta had been the federation's deputy chairman since 2013. Mr Cipolletta was director-general of Confindustria (the industrial employers' association) from 1990 to 2000, president of the Trent and Rovereto university from 2003 to 2018 and currently holds board directorships in manufacturing, service and financial firms. He said that FeBAF would continue to focus on European issues and the national plan for recovery and resilience, as well as on "the role that the financial sector will increasingly be called to play alongside firms in contributing to the real economy and to growth." In recognition of his work in establishing FeBAF as an important voice in Italian finance, the executive council designated Mr Abete honorary chairman.



Abete e Cipolletta at the time of Confindustria
(Archivio Confindustria)

2. Bank customers change their habits

The Covid-19 pandemic has brought a radical change in how Italians do their banking. Just over one-in-five relied entirely on face-to-face business with staff in branches in 2008, and only 6 per cent completely on do-it-yourself banking, through ATMs, internet and mobile operations. The figures last year were 3 per cent face-to-face and 16 per cent do-it-yourself. This shift in behaviour, uncovered by a survey by market research consultancy Ipsos, was revealed by ABI (the banking association) on 24 April, ahead of its two-day annual conference on bank-customer relations, #ilCliente.

The telephone has also gained ground, even as a way for obtaining assistance in making complex investment decisions. The survey revealed that last year 16 per cent of customers used telephones to discuss alternatives with their financial advisers, against just 4 per cent in 2012. Far from alienating customers, digitalisation has been welcomed and the bank-customer relationship has been strengthened. The survey found that 80 per cent of customers would now recommend their banks to friends and acquaintances, against 64 per cent in 2012.

3. ESG and climate risk

Italian firms have to bridge gaps in publishing non-financial disclosure reports, said Cristina Brancaloni of Consob, the market regulator. She was speaking to the annual conference on climate change finance organised by the management school of Milan's Polytechnic university on 27 April. Expected soon, the publication of a survey by Consob should shed light on the reasons. For Michele Lanotte of the Bank of Italy's supervisory service, major problems are metrics and standardisation of data. This has a knock-on effect for banks who need to evaluate customer risk. Annalisa Croce of the management school presented results

of research into the impact of climate change on the Italian economy. Overall an increase of one degree in temperature reduces turnover by 5.8 per cent and EBITDA by 3.4 per cent on average, with construction and finance hit worst and retail and manufacturing least, and central Italy the most damaged. The cost of the increase in temperature in 2018 was estimated at €133 billion. The research also estimated the costs associated with extreme weather events. Like the temperature, emphasis on ESG reporting looks set to increase.

4. Assoreti celebrates a record year and looks to the future

“An expression of trust by savers,” said Paolo Molesini, chairman of Assoreti (the association of investment advisory firms with networks of tied agents). Speaking to a webinar on Assoreti’s New Generation Plan on 27 April, he was referring to figures in the association annual report for 2020, published the same day. Despite the Covid-19 pandemic, Assoreti’s 25 members enjoyed a net inflow of €43.4 billion during the year (up 24 per cent on 2019), and at year-end they managed a total of €667.4 billion of financial assets (an increase of 7.7 per cent on year-end 2019). And Mr Molesini expects the future will be even brighter. He forecasts that Assoreti’s members will be managing €1,000 billion of savers’ financial assets in 2025. The association’s 64-page report gives information on the sectors and product groups in which the assets of 4.63 million clients (4.49 million at year-end 2019) are invested. Assoreti’s members had just over 24,600 financial advisers in their networks at the end of last year. Each adviser served an average of 202 clients, brought in new savings of €1.89 million (up 23.8 per cent on 2019) and advised on a portfolio of €29.1 million of assets (up 7.0 per cent). Research undertaken by Eumetra, a marketing consultancy,

and presented to the webinar, showed a high level of client satisfaction. It also showed that clients expect a wide range of services from advisers, with savings and pensions planning, and investment management being at the head of a long list that includes financial education and property management. Mr Molesini drew attention to the personal touch that goes with financial advisory work. “We’re not in the business of finance but in the business of trust,” he said. Yet despite offering variety, human interest and the prospects that accompany a growth business, financial advisory work has encountered difficulties in attracting young recruits. Over the next five years around 2,100 advisers over 65, and managing portfolios averaging about €30 million, will retire. Mr Molesini wants 3,000 Italians under 30 to step forward, begin careers as financial advisers and take on the task of managing these assets. For Assoreti’s chairman, newcomers will not only have the job of accelerating the digitalisation of relations with clients but will also have the responsibility of being “the link between the financial assets of Italian families and the country’s young generation.”

5. Febaf and ParisEuroplace join forces on regulatory harmonization and welfare

Accelerate joint initiatives at national and European level to restore momentum to the post-pandemic economy; harmonize standards on “green” finance to avoid regulatory fragmentation and review some aspects of the current Solvency II revisions for the insurance and Basel III + for the banking sector to take the current negative impact of the health crisis on finance and businesses into account. These are some of the most relevant points discussed during the last round of the Italian-French Dialogue on Financial Services which was held on 6 May by videoconference and which was attended by representatives of both Febaf and ParisEuroplace, the French association that brings together the main financial players. The two heads of delegation, Innocenzo Cipolletta - newly elected President of Febaf - and Florence Lustman, President and CEO of the association of French insurers (FFA), also underlined the need to implement a framework of measures that stimulate long-term investments and help finalize the Capital Markets Union (CMU) to the benefit of SMEs in particular. In addition, the participants discussed

how to achieve adequate financial and accounting regulation for banks (consolidating the Banking Union and streamlining the current Mifid II regulation) and insurance companies (with a more efficient Solvency II calibration) and how to strengthen the competitiveness and attractiveness of the continental financial industry from a post-Brexit perspective. Moreover, reference was also made to the current developments of the G20 under the Italian presidency on which Elisabetta Cervone, Senior Adviser in the G20 Team of the Italian Ministry of Economy and Finance, intervened underlining the importance of the private financial sector in the adaptation and resilience processes to climate change. Finally, and in view of the upcoming G20 Global Health Summit on 21st May in Rome, the participants agreed on the importance of the collection and use of private savings, especially in strengthening private health and pension systems. The Dialogue will continue in the autumn with a meeting of the two delegations in Paris.

In Brief

Insurance premiums under a microscope. On 3 May, ANIA (the insurers’ association) published a 170-page report on last year’s direct written premiums. The report provides a comprehensive listing of mergers between insurers, portfolio transfers, name changes and group composition in 2020, as well as providing details of premiums, insurer-by-insurer, by sector for non-life and life business, and by distribution channel.

A positive first quarter. Italians continue to save. Reporting the first quarter’s outcome on 28 April, Assogestioni (the asset managers’ association) recorded a net inflow of €23.5 billion between January and March, with equity funds the main attraction. Assogestioni’s members had a record €2,445 billion of assets under management at 31 March. And, unsurprisingly, Assoreti reported on 4 May that the networks of financial advisers of its members had recorded an aggregate net inflow of €13 billion, with 93 per cent of this being channelled into asset management products.

Digital competence. Riccardo Cesare, a director of IVASS (the insurance regulator) has no doubts. Italy must do more in getting digitally competent, and insurance brokers have a role to play. Addressing the annual conference of AIBA (the insurance and re-assurance brokers’ association) on 28 April, he pointed to how Italy lies fifth from bottom in the European commission’s composite ranking. While it almost enjoys mid-ranking on broadband connectivity, the Bel Paese ranks last in term of human capital with digital skills. “The question of customer relations, in a world that is increasingly digitalised, is crucial for intermediaries,” said Mr Cesare.

Property for the future. Confindustria Assoimmobiliare (the association of real estate operators and investors) has agreed a two-year cooperation project with AssoFintech (the association of firms working in Fintech and Insurtech) aimed at technological cross-fertilisation between the two sectors. Announcing the agreement on 23 April, Silvia Maria Rovere, Assoimmobiliare’s president, said that technological and process innovation is a priority for the sector. “In order to encourage growth and boost productivity, it’s a challenge that must be grasped with determination.” Also on 23 April, Ms Rovere welcomed the government’s announcement of an acceleration of interventions aimed at increasing the energy efficiency of buildings. Ms Rovere was particularly pleased that the government intends to digitalise procedures for obtaining incentives.

A consultation on payment systems and technological infrastructure. Pointing to the tightening of international standards (the Principles for Financial Market Infrastructures) since publication of its rulebook in 2012, the Bank of Italy has announced a consultation on the supervision of payment systems and technological infrastructure and networks. Planned changes will take account of risk evolution in a sector of heavy digitalisation and aim to strengthen cyber security. The consultation, which the central bank announced on 29 April and will close on 30 June, is open to payment system operators and suppliers of technical services. Speaking to a webinar on digital transition the preceding week, Ignazio Visco, the Bank of Italy’s governor, had underlined the challenges posed by cyber risk. Finance can enjoy digitalisation’s benefits only if “we know how to manage the risks”, he said.

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FeBAF organizes

The Trieste Eastern Europe Investment Forum

Event

8 June 2021 - Fifth Edition

Program and registration available soon

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