

## Bulletin of Italian Finance - N. 21/2020 - 11 December



### 1. Three days left to the Rome Investment Forum #RIF2020

Three days left to the seventh edition - this year in a digital format - of the Rome Investment Forum organized by FeBAF. "On screen", on 14th and 15th December, we will air the hot topics of the European and Italian economic and financial agenda, following a decisive European Council that will take account of the national responses to the COVID-19 pandemic and the progress of the banking union and capital markets union. The forum will focus on the European relief program, "Next Gen EU", European and national strategies for resilience and recovery, the state of play concerning the banking union and the capital markets union, sustainable finance and innovation, transatlantic relations at the dawn of the new US Presidency. Traditionally, the opening - following the introduction by FeBAF President Luigi Abete - will be dedicated to political and institutional issues, with speeches given by the Italian Prime Minister, Giuseppe Conte, the European Commissioner for Economy, Paolo Gentiloni, the Italian Minister of Economy and Finance, Roberto Gualtieri and two of his European counterparts, specifically Nadia Calviño, Spanish Vice-President and Minister for Economy and Digitalization and Pierre Gramegna, Luxembourg Minister of Finance. In addition, We will also have a contribution by Fabio Panetta, member of the Executive Board of the European Central Bank. According to the [program](#) of the event, more than 40 Italian and international speakers from the banking and insurance sectors, funds, international institutions and think tanks will take part in the conference. The Secretary General, Paolo Garonna, will conclude the event. This year the #RIF2020 - this is the hashtag of the forum - is realized in cooperation with [AFME](#) and [Bloomberg](#), the patronage of the [European Commission Representation in Italy](#) and the [European Parliament](#) and the partnership of [ABIFormazione](#), [ANSPC](#), [The Bretton Woods Committee](#), [European Movement Italy](#), and [FASI](#). Please, [register here](#).

## 2. FeBAF focuses on investment

Early to recognise the need for large-scale investment in Italy's SMEs, FeBAF continues with its efforts to raise awareness of the need for action. Introducing the IV Institutional Investor Day on 1 December, Luigi Abete, FeBAF's chairman, emphasised that investment by institutional investors in the Bel Paese's manufacturing sectors "is no longer optional, but necessary and urgent to kick-start the economy, and it's a strategic issue for the country." Mr Abete noted that such investment fits well with the long-term nature of savings in pension schemes and insurance products. Speakers at the well-attended webinar included senior figures from principal associations of institutional investors (banking, insurance, pension funds, private banking, real estate, private equity & venture capital), as well as from Confindustria, the industrial employers' association. Noting that the situation continues to be that of "full emergency", Emanuele Orsini, Confindustria's deputy chairman for credit and finance, spoke of the marathon challenge facing firms. Debt figures are "scary", and the question of credit central to putting the economy back on its feet. For Mr Orsini, the recovery would be greatly assisted by greater financial literacy in the ownership and management of SMEs. Business continues to rely on bank loans but it should also be open to other sources of finance. This point was taken up by Giovanni Sabatini, director-general of ABI (the banking association). Firms will have to reduce debt and they can do so more quickly by turning to the market for capital. An important issue regards the role of savings which, in today's uncertainty and with fears about the future, have continued to increase. For Dario Focarelli, director-general of ANIA (the insurers' association), savings hypothecation for investment is a non-runner. "Italians want security," he said. Nevertheless, fiscal breaks and regulatory changes could allow insurers and pension funds to direct more of the resources they manage towards the real economy. And, as Mr Sabatini remarked, there is a place for business angels.

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## 3. Budgeting for 2021

Banks have been in the front-line of defending the Italian economy during this difficult year. It was therefore unsurprising that ABI's Giovanni Sabatini presented a sober analysis when giving evidence to a parliamentary commission examining the budget for 2021. Despite progress in the treatment and prevention of Covid-19, said Mr Sabatini, the situation remains extremely challenging. "The margins of uncertainty over the time needed for recovery are high and it is hard to forecast what will be the long-term impact of the crisis on consumer and investment choices." The financial stress that many firms are feeling has given rise to critical issues for banks, including calendar provisioning, debt recovery procedures and the need for rules covering national bad banks (asset management companies). Mr Sabatini is also concerned that labelling a large swath of firms in temporary difficult as bad payers will compromise their access to credit, thereby further damaging prospects of recovery. ABI's director-general is, however, pleased that emergency measures introduced by the government this year will be extended to 30 June 2021, although he proposed ways that these could be improved. Concluding his session with the commission, Mr Sabatini urged changes to the taxation of financial assets in order to encourage the movement of savings into investment in the economy. The commission also heard from Anna Bianca Farina, president of ANIA (the insurers' association). She would welcome state reinsurance guarantees and a fund for performance bonds, which are a fundamental part of business for many firms and "an important support for construction, traditionally the flywheel of the economy in Italy". And ANIA's members would look favourably on the proposal that insurers should be permitted to invest in individual savings plans, currently allowed only to pensions schemes. Ms Farina put forward three ideas for using Next Generation EU resources: (a) the continuation for at least two years of tax breaks for building improvements and for energy-saving and anti-seismic measures (b) Green Deal environmental and epidemiological safety measures (c) tax incentives to encourage private health insurance and a fund for the provision of long term care.

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## 4. Private bankers take stock

Participants at the XVI private banking forum, organised by AIPB (the private banking association) on 23 November, heard the association's chairman, Paolo Langé, paint a rosy picture of prospects for its members in the post-pandemic, vaccinated world. Although assets under the management of private bankers were hit in the first quarter this year, they have bounced back and Mr Langé forecasts that they will stand at €908 billion at year-end, an increase of 2.7 per cent over year-end 2019. Mr Langé explained that private banking clients, with their portfolio exposure to financial markets, had been more adversely affected by the shock at the beginning of the year than retail/household savers who hold more than half their assets in bank deposits. Escape from the worries of Covid-19 will take time. Consumption will not grow in line with GDP until 2022, and savings will increase by more than €200 billion over the next two years, lifting assets under management in private banking to €986 billion at the end of 2022. Mr Langé highlighted two challenges faced by asset

managers, whether in private banking or serving the retail/household sector. The first is the need to boost financial literacy and encourage clients to make medium- and long-term decisions. With regard to this, AIPB's chairman noted, "Only 20 per cent of private banking clients are too worried about the present to think about the future." The second challenge is that of exploiting the opportunities brought by digitalisation. Underlining that the assets managed by Italian private banking represent a third of investible wealth of families in the Bel Paese, Mr Langé urged that the private bankers should not be forgotten in discussions on Next Generation EU and the Capital Markets Union.

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