

Bulletin of Italian Finance - N. 03/2020 - 19 February



1. Italian banks solidity highlighted

The health of Italian banks continues to improve, Ignazio Visco, governor of the Bank of Italy, told the Assiom Forex conference on 8 February. He noted how, despite the weak economy, the flow of new problem loans had fallen from 9.8 per cent of total lending at the end of 2015 to 3.7 per cent at the end of September last year. Moreover, against market trends, banks have been able to reduce their stock of treasury securities from a peak of €403 billion at the start of 2015 to €313 billion at the end of last year. In addition, figures for the first nine months of 2019 show that these improvements have been accompanied by healthier ROE and CET 1, the former increasing on average from 5.8 to 6.6 per cent and the latter from 13.3 to 13.6 per cent.

2. Insurers launch infrastructure fund

Italian insurers are setting an example for financing infrastructure in the Bel Paese. On 6 February, the insurers' association (ANIA) announced that it has launched a closed investment fund whose aim is that of investing in Italian infrastructure through non-listed securities chosen using ESG criteria of sustainability. ANIA noted that a group of its members had participated in the first closing for over €320 million and that a second closing is planned this year to bring the total to about €500 million. ANIA and the fund's main investors will sit alongside

F2i SGR, Italy's principal independent manager of infrastructure funds, in evaluating investments. In announcing the fund's launch, Maria Bianca Farina, ANIA's president, said that the fund will aim to increase national competitiveness in strategic sectors like renewable energy, transport, telecommunications and health. "This is a market-based initiative and confirms yet again the primary and active role of the insurance industry in supporting the country's economy," said Ms Farina.

3. Boosting diversity in fund management

With new rules coming into effect this year, diversity will no longer be an optional for Italian fund managers, a note published by the fund managers' association (Assogestioni) on 3 February underlines. The note reminds the association's members that the Bank of Italy has recently confirmed that fund managers' corporate boards must be properly diversified in terms of competences, experience, age and gender. To help the human resources managers of its members, Assogestioni intends to set up a "Diversity and Inclusion" website, and it will organise meetings on the subject of "Gender Equality Certification". Meanwhile it has published guidelines for diversity and inclusion, and for promoting best practice. The appointment of diversity managers, and measurement and monitoring should be a primary concern, advises Assogestioni. Its members will have to keep their eyes on a wide range of issues among them recruitment procedures and career development (including performance evaluation and pay gaps), and they shouldn't forget the use of flexible working

4. Financial guarantees for waste management

The worlds of finance and waste management may seem far apart yet hearings of a parliamentary commission have shown the two have an area of common ground. On 3 February the commission heard evidence from Stefano De Polis, secretary-general of the insurance regulator (IVASS) and Fabio Bernasconi, an officer of the Bank of Italy. The requirement for two financial guarantees (or insurance policies), the first to cover waste-site operations and the second post-closure management, are part of 2003 legislation setting rules for waste disposal sites and aiming to prevent environmental damage from them. Following regional government's approval for a site's closure, the first guarantee is held for at least two years, the second for at least thirty. However, waste management operators have encountered difficulties in obtaining such long-term guarantees or insurance policies. Moreover, high costs of legitimate guarantees are a major issue, attracting dodgy financial operators who offer them at cut-price. Since 2008, the Bank of Italy has recommended the expulsion of more than 60 operators from its roll of those approved for providing guarantees. And the central bank publishes a black list on its website. Where waste management businesses opt for insurance, foreign insurers working in Italy under rules allowing the freedom to provide services often offer very favourable premiums. "However, in numerous cases these companies have proved unreliable," Mr De Polis told the commission. IVASS has found cases in which companies have exploited EU rules to establish insurance businesses abroad and then offer guarantee policies in Italy under the single passport system. Over recent years a few foreign insurers operating in Italy in the underwriting of guarantee policies have failed or been placed in liquidation. And false policies are also a headache, particularly those issued in the names of foreign insurers.

5. FeBAF supports the three UN sustainable finance "principles"

After adhering to the "Principles for Responsible Investments" (PRI) and the "Principles of Sustainable Insurance" (PSI) in 2013, FeBAF inaugurates 2020 by embracing the "Principles for responsible 'banking'" (<https://www.unepfi.org/banking/bankingprinciples/endorsing/>) developed by the United Nations. Indeed, FeBAF became last week an official supporter of the "Principles for Responsible Banking" (PRB) which were promoted within the partnership between the UN and the global financial sector (United Nations Environment Program Finance Initiative - UNEP FI). The UN initiative, in line with the Paris Climate Agreements of 2015 and the 2030 Agenda for Sustainable Development, aims to involve the international financial sector to promote sustainable

development. To this day, more than 130 banks that hold total assets worth 47 trillion dollars - or a third of the world-banking sector - have joined the initiative involving international banking institutions to develop methodologies, strategies and internal operations that are respectful of the UN climate objectives. FeBAF, together with the Italian Banking Association (ABI) which joined in 2019, promotes the UN initiative among its associates and in the financial world. With the accession in January, FeBAF is the only Italian organization supporting all three areas of the United Nations dedicated to sustainable and responsible finance: investment, insurance and banks.

In brief

PRIVATE PENSIONS IN 2019. The number of Italians paying into private pension schemes increased by 4.5 per cent last year to just over 9.1 million, the pensions regulator (Covip) has revealed. There were 3.2 million members of occupational schemes at the end of 2019, while 3.4 million Italians contributed to private pension funds and 1.6 million paid into open pension funds. After disappointing results in recent years, last year was much better, occupational schemes recording an average net yield of 7.2 per cent and open pension funds 8.3 per cent. Total private pension resources amounted to €184.2 billion at year-end.



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Fondazione E.Amaldi and Italian Space Agency-Rome organize
Primavera dell'innovazione 2020: space and technology transfer
March 25th-26th
Agenzia Spaziale Italiana, Via del Politecnico - Roma

Assogestioni organizes
Salone del Risparmio 2020 Edition
March 31st - April 2nd
MiCo - Milano Congressi, Via Gattamelata, 5 - Milano

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