

**14 September - 15/2022**

## Bulletin of Italian Finance

# SPOTLIGHT



**Banche  
Assicurazioni  
Finanza**

Italian Banking Insurance and Finance Federation

### **1. FeBAF-ANIA webinar promotes stronger public-private partnerships for a new model of risk prevention**

In the light of increasing environmental disasters due to climate change around the world, a new partnership between the public and the private sector is necessary to improve the resilience and stability not only of the agricultural industry but also of finance. This is one of the main findings of a recent FeBAF-ANIA (the Italian Insurers' Association) webinar on how to bridge the existing protection and finance gaps in agriculture, particularly with regard to rising natural catastrophes such as droughts and flash floods. The need for a greater role of the financial sector in disaster risk reduction is particularly relevant for developing countries, "where the greater exposure to environmental disasters affects their socio-economic development", Luca Rossi (Africa Deputy Chief of the United Nations Office for Disaster Risk Reduction-UNDRR) highlighted. In lesser industrialised nations which rely heavily on the development of the agricultural industry, the capacity of the State to provide the investments necessary for risk prevention is limited. In this sense, a greater involvement of private stakeholders – and of the financial and insurance sector in particular - can help bridge the finance gap.

In Italy, the consequences of climate change are increasingly exacerbating the fragility of the Italian territory, 75% of which is already at risk of earthquakes and floods. ANIA's Co-Director General, Umberto Guidoni, noted how a cheap mandatory annual insurance policy would cover all existing earthquake risks in Italy. A public-private partnership



would indeed provide the investments necessary to guarantee the appropriate risk management, even where the public sector is limited in its capacity to act. Similarly, FeBAF's Secretary General, Paolo Garonna, highlighted that "a greater involvement of the financial sector is needed to bridge the financing and protection gap in agriculture. At the same time, the twin transition currently underway provides new innovative instruments for risk prevention and represents an opportunity for Italy to have a leadership role at the European level". With climate change still a threat to the stability of both financial and non-financial sectors, the need to strengthen the resilience, protection and prevention gaps in our economies will remain at the heart of FeBAF's activities also in the future.

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## 2. Italian insurers and banks well positioned

Interviewed last month by Market News International, Luigi Federico Signorini, chairman of insurance regulator IVASS and senior deputy governor of the Bank of Italy, expressed confidence in the solidity of the country's insurers and banks. With an average solvency ratio of just under 240 per cent at the end of June, Italy's insurers are well above the regulatory minimum of 100 per cent and are coping better with market volatility than European peers, he said. In order to strengthen consumer protection, Mr Signorini is urging tighter supervision for cross-border operations by insurers operating elsewhere in the EU. As regards Italian banking, he told MNI that the country's banks are fully capable of weathering episodes of financial turmoil, and this is a vindication of Basel reforms. Italian banks have increased capital levels significantly during the course of Basel III implementation and are well placed to take the remaining steps by 2025. Pointing to how banks have been of the solution to the latest crises (rather than being part of the problem),



Mr Signorini is confident that new rules on risk weights will not reduce credit flows to firms. As for wider issues,

Mr Signorini noted that the Italian economy is proving resilient to war in Ukraine, supply bottlenecks and rising commodity prices, and GDP should continue to grow into the first quarter 2023. He drew attention to how “actual figures have tended to surprise positively when compared with analysts' predictions”. Even so, he warned in his interview with MNI, uncertainty is extremely high, and the pandemic, a global slowdown and interruption to supplies of Russian gas offer serious threats to the economy.

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### 3. Banks to boost tourism



The summer break almost over, as children start returning to school and employees to offices and factories Italy's tourism industry is getting ready to take stock of its busy season. On 3 September, announcing new support for the country's tourism businesses, ABI (the banking association) noted that

the sector is a key driver of the Italian economy, making an important contribution both to growth and to employment. “It plays a central part in the national recovery and resilience plan (NRRP) and cuts across different objectives established for the plan,” said ABI. Encouragingly, figures for the first five months of the year show that the sector experienced a strong bounce-back from the two bleak years of the Covid-19 pandemic. The number of foreign visitors recorded in the period January to May 2022 amounted to 22 million. While this was still well short of the 33.5 million in the same period in 2019, it was a marked increase on 2020 (13.9 million) and 2021 (just 7 million). But crucially, visitors this year have spent more per capita and, as ABI points out, the total of €11.3 billion was not far off the €14.1 billion total in January to May 2019. The five-month totals were €5.2 billion in 2020 and €2.4 billion last year. ABI notes that the support banks provide the sector has increased. Loans to the hotels & restaurants segment of the hospitality industry amounted to €36.8 billion at the end of May and were 4.9 per cent of total business loans, against €32.9 billion at the end of May 2019 when they accounted for 4.4 per cent of lending to business. At the end of August, ABI joined the ministry of tourism and the Cassa Depositi e Prestiti (treasury-controlled investment bank) in announcing new, assisted financing for the sector under the NRRP that will provide overall resources of almost €1.4 billion. ABI draws attention to how, in a highly competitive sector like tourism, it is fundamental that firms have access to finance that will permit measures on energy saving, environmental sustainability and digital innovation. Working with the NRRP, Italy's banks are doing their part to ensure that the country's tourism industry is in good shape for the future.

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#### In brief

**Digital Banking.** One in two holders of bank accounts interviewed online earlier this year consider there is no difference in security between the use of smartphones and computers in handling banking operations. ABI (the banking association) communicated the key results of the survey undertaken by ABI Lab (the association's research and innovation centre) and Doxa (a market research consultancy) in a note on 20 August. Two-thirds of all respondents use smartphones when simply obtaining information about their accounts, a figure that rises to nearly 80 per cent of millennials interviewed. But there's greater caution where payments out of accounts are involved, with preferences split equally between smartphones and computers.

**ANIA's anti-fraud agreement.** ANIA (the insurers' association) continues to beef up efforts to combat insurance fraud. Just before the summer break it signed a protocol with the state prosecution service in Milan aimed at bringing closer coordination between insurers and prosecutors. Under the agreement, which will bring a more efficient and quicker transfer of information, ANIA will make its motor insurance data banks and other instruments available to prosecutors. ANIA notes that the cooperation protocol with the prosecution service in Milan, one of Italy's largest and its most important for financial crime, follows those with Rome in December last year and Naples at the end of May.

**Assofin half-year credit figures.** Consumer credit held up well in the first half of the year. According to data released by Assofin (the association of consumer credit and mortgage lenders) the flow of consumer credit was 15.6 per cent higher in first-half 2022 than the same period in 2021. However, although mortgages for home purchases continue their positive trend, a sharper fall in other types of mortgage borrowing brought an overall decline of 8.0 per cent.

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## SAVE THE DATE

FeBAF

organizes:

**The Czech Presidency of the EU: Priorities and Expected Outcomes**

with H.E. Amb. Hana Hubáčková, Ambassador of the Czech Republic to Italy and to Malta

22 September 2022, 10:00-11:00 a.m.

registration required at [events@febaf.it](mailto:events@febaf.it)

FeBAF

organizes:

**L'Uso dei Dati per la Finanza e la Politica Economica: le Iniziative Europee**

23 September 2022, 17:00-18:15

registration required at [events@febaf.it](mailto:events@febaf.it)

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