

Bulletin of Italian Finance

SPOTLIGHT



**Banche
Assicurazioni
Finanza**

Italian Banking Insurance and Finance Federation

1. Italian banks focus on ESG

Italian banks are increasingly committed to sustainable development, said ABI (the banking association) in a note issued on 8 May. The association follows what its members are doing on ESG issues through its BusinEsSG research section and the note refers to the section's latest report. The findings come from a survey of non-financial disclosure reports published in 2020 by banks representing 94 per cent of the banking system's total assets. In summary, they show that banks in the Bel Paese are heading in the right direction with “progressive, substantial integration of ESG factors in operations such that they are increasingly able to evaluate the opportunities and risks associated with counterparty sustainability, and to support those engaged in processes of sustainable transition.”

The research shows how Italian banks have adopted sustainable development strategies to help “Italy reach the United Nations' Agenda 2030 objectives.” However, it also reveals that ESG reporting has brought a significant administrative burden. Putting together non-financial disclosure reports is a task that involves almost every part of the organisation, from legal, risk management, HR and compliance to investor relations, planning & control, credit and purchasing & logistics. In gathering information for their reports, banks used numerous approaches, from one-to-one interviews and dedicated ESG surveys to meetings with single or multiple stakeholder groups. BusinEsSG found that, despite the extra workload, only a quarter of its survey used consultants to help prepare their non-financial disclosure reports.

2. ...and so do asset managers

“Mutual funds are being asked to be accelerators of global change towards a more sustainable economy,” Fabio Galli, the director-general of Assogestioni (the asset managers' association), told a hearing of [the economic policy commission of CNEL](#) (the national council for the economy and employment) earlier this month. While ESG issues have recently risen on corporate agendas, almost a decade ago

December 2019. Underlining the commitment to ESG criteria, Mr Galli noted the growing awareness of Italian asset managers and their clients, with the former offering an increasing number of appropriate products and the latter wanting them. However, a structural problem faces fund managers in the Bel Paese. There is a shortage of what Mr Galli described as “sustainable-investment-ready”

Assogestioni joined FeBAF, ABI (the banking association) and ANIA (the insurer's association) in signing the 2012 charter for sustainable and responsible investment in Italian finance. Mr Galli drew the commission's attention to how the charter foresaw that managing climate risk is important for reputational, legal and financial reasons, and that transparency is central to the proper functioning of financial markets and to win savers' trust. The associations were ahead of the game in signing up to a business philosophy long predating objectives in the EU Sustainability Plan of 2018 and the European Green Deal of

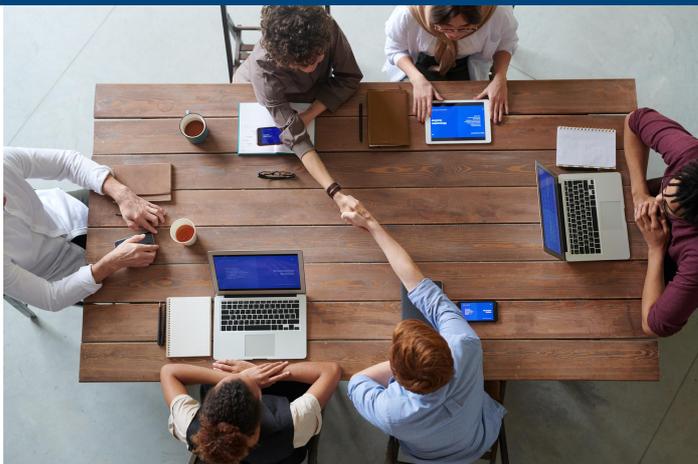
opportunities among Italian firms, which are typically SMEs. He called for support that will help firms satisfy green criteria and thereby become suitable beneficiaries for finance aimed at sustainable transition. Assogestioni's director-general dwelt at length on governance, particularly on the Shareholder Rights Directive II and expressed concern about how a shift away from the principle of one share-one vote would deter asset managers and foreign investors. Private capital, sustainability and governance are Assogestioni's priorities, said Mr Galli, and commitment to strengthen these will bring "positive results for all."

3. Meanwhile the Bank of Italy focuses on climate

"When Italy assumed the G20 presidency it chose climate change as one of its key priorities, noted Luigi Signorini, senior deputy governor of the central bank, when opening a private sector roundtable of the G20's sustainable finance working group on 17 May. He warned that that there can be no transition without general awareness of the need for it and readiness to finance it. While Mr Signorini sees encouraging signs in a fast-growing appetite for green investment, he pointed to the risks of greenwashing and how "good data, an agreed taxonomy and adequate company disclosure are necessary" to avoid this. Definitions and standards must be clear and worldwide consistency is needed to avoid confusing investors and raising costs for companies.



4. Insurers look to the future



Where will tomorrow's managers of Italy's insurance companies need to focus their attention? How are aspiring managers being prepared for their future roles and responsibilities? Some answers arrived on 13 May in an [open lecture](#) on the subject of innovation, sustainability and skills for transforming the insurance industry. The lecture was part of the first edition of a post-graduate master's course in insurance management offered by CeTIF, the research centre for technology, innovation and financial services at Milan's Università Cattolica, in conjunction with ANIA Academy, an arm of the insurers' association. Introduced and concluded by Chiara Frigerio, who heads the course, the lecture was a two-

Mr Doni underlined how climate change is high among the challenges the industry faces and noted that ANIA is studying how Italian insurers are de-carbonising their investment portfolios. On the question of cyber attacks, another major challenge, Mr Doni noted that, while remote working during the pandemic has been accompanied by a welcome simplification of paperwork, "It has also highlighted the question of digital security." For Mr Guidoni, a high level of digital competence is now essential for people working in insurance. So it's unsurprising that the weightiest of the nine modules that comprise the course is an advanced module dedicated to digital innovation, technology and data analysis for the insurance industry. With a strong emphasis on practical experience, which includes stages and tutoring with firms and institutions, the course seeks to marry employment opportunities for its students to the real needs of employers. As Mr Guidoni observed, "Those who complete the course provide a pool in which ANIA's members can fish for new talent." New graduates and undergraduates preparing dissertations have been invited to present original papers on current insurance issues to a prize competition organised by AIDA Emilia Romagna, a regional branch of the international insurance law association. Closing date for entries is 31 July.

In Brief

A Private Equity Mid Market Marathon. AIFI (the private equity, venture capital and private debt association) continues its programme of communication with Italy's financial and business communities on 19 May. Introducing a webinar dedicated to mid cap private equity, Innocenzo Cipolletta, AIFI's chairman, drew attention to private equity's dual role of managing investors' savings and contributing to the health of the real economy. Figures presented in a report by KPMG show Italian PE operations achieved an encouraging average IRR of 32 per cent last year, described by one speaker as "hard to repeat". For Mr Cipolletta, recently appointed FeBAF's chairman, the pandemic, which has had an unequal impact on firms, has highlighted PE's role of supporting the economy. "After the pandemic we now have a greater responsibility," he said.

Assoreti's first quarter. The year began well for the 25 members of Assoreti (the association of investment advisory firms with networks of tied agents). Figures released on 17 May show that their clients' total assets at 31 March amounted to a record €693.6 billion, an increase of 3.9 per cent on year-end 2020. Funds and insurance/pension products accounted for €490.4 billion (up 4.3 per cent) while administered savings (securities and liquidity) were 3.1 per cent higher at €203.3 billion. Assoreti's note provides details by product type and a breakdown of data for 16 of its members.

Assoimmobiliare urges extension to tax break. Italy's property investors and managers welcomed the 110 per cent tax deductibility for building improvements aimed at energy saving, earthquake mitigation and solar panel installation introduced by an economic recovery decree in May last year. But, according to Silvia Rovere, Assoimmobiliare's president, the decree needs updating. Among her proposals, given in evidence to a parliamentary commission on 17 May, are an extension to include hotels, offices and property funds as well as residential owners, an extension to the cut-off date and a reduction in red tape. Giovanni Sabatini, director-general of ABI, urged similar changes at a hearing on 13 May.

SAVE THE DATE

PINN organizes

Primavera dell'Innovazione

Speakers include Paolo Garonna (Secretary General of FeBAF)

Digital version

28 May 2021 - 9.00

FeBAF organizes

Il ruolo internazionale dell'Euro

Zoom webinar

4 June 2021 - 17:30

FeBAF organizes

Trieste Eastern Europe Investment Forum 2021

Zoom webinar- register [here](#)

8 June 2021 - from 9:30

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