

Spotlight

An upbeat message to America on the occasion of the IMF Spring Meetings

Italian bankers and businessmen were in Washington on 21 April, to speak at a conference aimed at bringing America up to date on what's been happening in the Bel Paese and its prospects in the face of new global challenges. Among the speakers was Salvatore Rossi, the senior deputy governor of the [Bank of Italy](#), who used the occasion to paint a picture that was both down-to-earth and upbeat. "Between 2008 and 2013 Italian economy suffered the worst slump of its history," he noted. But the economy is on a positive trend with business investment "now approaching the average of the ten years preceding the global financial crisis." Moreover, while much still needs doing, important structural policies have been put in place. And not only has business benefited from legislative changes, so also have banks, with reforms that both improve corporate governance in cooperative banks and also help tackle the overhang of non-performing loans, for which €20 billion have been budgeted for precautionary public recapitalisation. Presenting his American audience with the figures on NPLs, Mr Rossi noted that while an NPL market is struggling to develop in Italy, most of these loans "are held by banks whose financial position is such that they do not need to sell them quickly." Among the speakers: Pier Carlo Padoan (Italian Ministry of Economy and Finance); Armando Varricchio (Ambassador of Italy to the United States); Fabio Gallia (Chief Executive Officer and General Manager, Cassa Depositi e Prestiti); Vincenzo Boccia (Chairman, Confindustria); Giovanni Sabatini (General Manager of ABI and Chairman of the Executive Committee of the European Banking Federation); Marcella Panucci (General Manager, Confindustria); Camillo Venesio (Vice President, ABI); Giuseppe Scognamiglio (Chairman of ABI's Institutional communication committee); Timothy D. Adams (President and CEO, Institute of International Finance); Wim Mijs (Chief Executive, European Banking Federation); Andrea Montanino (Director Global Business and Economics Program, The Atlantic Council).

AIFI gives an encouraging hand

New business ideas are being given another encouraging boost by [AIFI](#) (the private equity and venture capital association), which together with the Italian investment fund (FII) is actively seeking them out. Operational since September 2014, the FII was launched by the economics and finance ministry, ABI, the industrialists' association (Confindustria) and a sponsoring group of major banks, the aim being to build a wider band of medium sized firms able to compete better in international markets. The initiative that sees AIFI and the FII teamed up will get underway in Rome on 16 May, when Innocenzo Cipolletta, president of both AIFI and the FII, will be joined by senior figures from the worlds of finance and industry to meet people with new ideas they want to develop. Start-ups are invited to contact [Lazio Innova](#).

The changing face of bank branches

Returning after a two-decade absence from Italy, a visitor to a bank branch would be faced with an almost unrecognisable scene. A large number of the branches that remain following cutbacks in networks have been radically restructured. The counters where staff once served customers who had queued patiently to draw cash or pay cash in, or give instructions for bills to be paid, have often disappeared, to be replaced by cubicles where staff provide other services. In a note on 22 April [ABI](#) (the Italian banking association) drew attention to the revolution that continues to alter retail banking in the Bel Paese. "In bank branches, the future is today," says ABI. The number of visits by customers fell by 3 per cent last year. Some 95 per cent of them are partly Do-It-Yourself customers who use one or

more of the various options open, from ATMs to internet banking, mobile banking and contact centres, while 17 per cent use only these. Nevertheless, while liking the new ways of banking, even tech-savvy customers use branches, some 87 per cent visiting two or three times a month to talk to staff, many of whom have changed their counter-skills to those of giving advice on personal finance and other services their banks offer.

Black box enthusiasm, particularly in the South of Italy

The use of black boxes in cars in Italy is booming. Installation of these devices, which allows insurers to check on how drivers behave behind the wheel, has increased by 300 per cent over the past five years, notes [ANIA](#) (the insurers' association). In the closing quarter last year some 19 per cent of motor insurance contracts contained clauses that required black boxes to be fitted, against 16 per cent in the preceding year. Black box installation is far from uniform, however, Sicily and mainland southern Italy leading the way. In fact one car in two in the region of Campania is fitted with a black box, the provinces of Caserta, neighbouring Naples to the north, and Naples itself holding the top places for black box installation. "The black box is a device that deters risky behaviour and encourages better driving and the avoidance of accidents," Umberto Guidoni, the head of the automobile sector at ANIA told Asknews at a conference in Naples on 22 April. In addition, said Mr Guidoni, black boxes may help in evaluating accidents and identifying the driver responsible. Figures seem to confirm that black boxes work in making drivers less risk-disposed, with accident frequency 20 per cent lower where cars have devices installed. And even better figures come from Naples and Caserta, provinces notorious for bad driving, accidents and insurance fraud, with accident frequency around one third lower where cars have black boxes.

Brexit impact in Italy

Italy's economy and banking system will not be directly or immediately affected by Britain's leaving the European Union, Luigi Federico Signorini, deputy director-general of the [Bank of Italy](#) told the foreign and EU affairs commission of the lower house on 26 April. Even a severe recession in Britain would only have a minor impact on the Italian GDP, less than a quarter of a percentage point, according to the Bank of Italy's estimates. Neither will Italy's financial institutions be much affected, albeit Mr Signorini foresees problems for the City of London, not least with the loss of the single passport. Moreover, clearing "poses a question of relevance". Mr Signorini does not exclude the possibility that difficult negotiations might lead to market turbulence.

FeBAF launches the first Italian-German Dialogue for financial services in Rome

On 27-28th April FeBAF launched in Rome the first Italian-German Dialogue meeting on financial services, with the participation of the Italian and German Associations of Savings Banks (DSGV and Acri), the Italian Banking Association (ABI) and the German and Italian Associations of Popular and Cooperative Banks (BVR and Federcasse/BCC). The German delegation was headed by the member of the Executive Board of DSGV, Karl-Peter Schackmann-Fallis, while the Italian delegation was presided over by the Vice President of FeBAF, Innocenzo Cipolletta. By exploiting the many communalities between Germany and Italy in the field of local banks, SME structure and the overall economic fabric, the meeting focused on exchanging views on regulatory priorities at both European and national level, including on issues such as the lack of adequate levels of proportionality for smaller banks, reform of the ongoing review of the banking reform package (CRR & CRDIV) proposed by the European Commission, and the completion of both the capital markets union (CMU) and the banking union. Furthermore, both parties analysed the pending question of how to deal with non-performing loans (Npls), particularly as the Bank of Italy had just published a new report stating that the levels of provisions for Npls in Italian banks rank among the highest in Europe (net value of Npls). Delegations agreed to meet again in the upcoming future in order to continue their dialogue. The "new-born" Italian-German Dialogue on financial services follows the French-Italian and the Anglo-Italian ones that FeBAF has been implementing with Paris Europlace and TheCityUK, respectively.

In brief

Interest rates on loans continue to hit historic lows, with an average of 2.82 per cent in March, against 2.85 per cent in February and 6.18 per cent before the crisis, at the end of 2007. And while the interest rate fell, loans to households rose by 1.4 per cent. The monthly report from [ABI](#) gives the key numbers of what happened in the banking system in March.

LOOKING AHEAD

8 May, Milan.

Private equity monitor 2016. Presentation of annual report organised by [Carlo Cattaneo University](#).

10 May, Rome.

Alternative strategies for reducing the public debt. Seminar with Jean-Paul Fitoussi, Part of series organised by [LUISS](#) and followed by "Globalisation after Trump and Brexit" (12 May) and "The future of work" (16 May).

11 May, Milan.

Implementation of IV Directive. Anti-money-laundering: preparing for the changes. Course organised by [AIFI](#).

18 & 19 May, Rimini.

[IT Forum](#) - Investment and Trading Forum.

23 & 24 May, Milan.

Security in the financial sector. Conference organised by [ABI](#).



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