

Spotlight

Brighter news on NPLs

The Bank of Italy's [monthly report on the banking industry](#) published on 12 September contains encouraging news on non-performing loans. The most recent figures show that total NPLs for Italian-resident firms, families and organisations stood at €173.6 billion at the end of July, against €192.0 billion at the end of June, continuing a downward trend that began in May when the figure was €203.3 billion. Providing a detailed breakdown by industrial sector, the Bank of Italy's report shows marked improvement in two areas that have been particularly hit by the financial and economic crisis and in which NPLs have been highest, construction, down from €42.5 billion in June to €37.9 billion in July, and retail, wholesale and the motor-repair trade down from €25.7 billion to €22.6 billion. Antonio Patuelli, chairman of [ABI](#) (the banking association), noted how the figures from the Bank of Italy, both the sharp fall in NPLs and an increase in lending to families and firms, increase confidence and strengthen the economic upturn. The figures provide evidence of considerable commitment on the part of Italy's banks, he said, looking forward to government measures in the forthcoming budget that will also boost growth and employment.

Catastrophic risk insurance

The severe weather that has hit Italy over recent weeks has highlighted yet again the low level of insurance against natural disasters in the Bel Paese. How to encourage Italians to take out disaster insurance and the form that this should take has been the subject of increasing attention on the part of the insurance industry and the insurance regulator, a major earthquake in Central Italy in August last year triggering recognition that a solution needs to be found. Subsequent tremors and severe weather have brought a sense of urgency. Early last month, Maria Bianca Farina, president of [ANIA](#) (the insurers' association), signed an agreement with the commissioner overseeing [reconstruction of the area affected by the earthquake](#) in August 2016 under which the association will donate €2 million to pay for building a new school. "It is necessary to act immediately after an earthquake to bring back a sense of security and faith in the future. This has been our commitment right from the day after the earthquake," said Ms Farina. But like the regulator, ANIA would prefer that Italians should have insurance cover against catastrophes that seem to occur with increasing frequency.

Banking on the move

In a [note published on 2 September](#), [ABI](#) (the banking association) gives details of the results of a study undertaken by ABI Lab-Doxa with the management school of Milan's Politecnico. The study, which focused on mobile banking by millennials aged 18 to 34, found that 28 per cent of them get out their smartphones and tablets for banking operations, more than any other age group, though only slightly more than Italians aged 35 to 54 with 25 per cent. Age is only one factor, however, as the study found that 50 per cent of mobile banking customers had high school diplomas and 38 per cent of them had university degrees. But whatever their age or education, most mobile users prefer home and its wi-fi, as well the privacy of the living room, for banking operations on the move. Unsurprisingly, the study found that millennials have a preference for the latest services, such as using smartphones rather than plastic cards at ATMs. They are also ahead of other age groups in using pre-paid cards. Just over 5.5 million Italians used mobile banking last year, an increase of 11 per cent on 2015, with the number of smartphone users 22 per cent higher. Apps

for smartphones with either iOS or Android operating systems allow users access to accounts in all Italian banks, while about one third of banks have systems that allow users with wearable devices to access their accounts. More mobile banking has meant more work for contact centres which last year dealt with 34 million incoming calls, said ABI in a recent note. The Salone dei Pagamenti, a three-day event dedicated to innovation in payments from 22 to 24 November that ABI is organising in Milan, will be open to the general public rather than limited to banking people. Digital opportunities and innovative solutions in payment systems affect the competitiveness of the country as a whole, remarked Giovanni Sabatini, ABI's director-general, and everyone should be involved "from families and students to professionals, businesses, the self-employed and academics".

The search for beneficiaries

Are there so many life policies risking to become dormant on the books of Italian insurers? And if so, what are they worth? Some answers have recently come from IVASS (the insurance regulator) which launched an [investigation](#) at the beginning of February. The regulator's 25-page report says that there are 4.1 million potentially dormant policies worth €190.2 billion, the rights to which lapse after ten years from the death of the insured or from the maturity of the contract. However, 3.9 million are term policies, worth €145.1 billion, for which the most likely thing happened is that none required the sum insured because the insured is alive at maturity and no sum insured has to be paid. IVASS sought information from 52 Italian insurers about what they are doing to ensure that would-be beneficiaries benefit from life policies, concluding the report with a five pieces of advice for the consumer. Insurers answer they have through the national association a free on-line service for potential beneficiaries to check the right to some benefit, but to solve the problem they should be put in the state to verify if insureds are alive or not through access to centralised death registers.

Sustainable Finance and Care

Green economy & finance, common good, solidarity and care. Leading experts, civil society representatives and industry players focused on these topics last 8th of September during the conference "The New Frontier. Sustainable Finance and Care - 2nd Rome Conference of Value Based Investors & Sustainable Development Goals" organized by "European Partners for Environment" and Cime in collaboration with FeBAF. H.E. Cardinal Peter Turkson ([VIDEO INTERVIEW](#)), prefect of the Dicastery for the Promotion of Integral Human Development of the Holy See, intervened as keynote speaker. In the world of finance - as pointed out by Mr. Garonna, Secretary General of FeBAF - there is a new awareness of the importance of the ethical dimension while, in the world of ethics, attention is growing on the possible role of finance for poverty reduction and the common good. These are at the core of the book "[Ethics in Finance. Finance in Ethics](#)", published by FeBAF. As a result of the seminar participants have confirmed their commitment to promote collaboration among financial industry and civil society to support sustainable financial practices and culture, following the United Nations Sustainable Development Goals foreseen by the UN 2030 Agenda. FeBAF has recently focused on sustainability, joining the national Dialogue on sustainable Finance launched by the Italian Ministry of Environment and [UNEP](#), and confirming its involvement into the [ASVIS](#) (Alleanza italiana per lo Sviluppo Sostenibile) to pursue the UN 2030 Agenda. At European level, FeBAF has just responded to the [High Level Group Consultation on Sustainable Finance](#) promoted by the European Commission in the framework of the Capital Markets Union.

In brief

** The economics and finance ministry approved in August the charge to insurers and insurance intermediaries to cover the costs of regulation, setting 8 September as the deadline for payment, except for intermediaries based in areas affected by earthquakes in 2016 and 2017 for whom the deadline is 30 November. Details are available on www.ivass.it.

** The Bank of Italy and Bocconi University in Milan have [called for papers](#) for the first biennial conference on financial stability and regulation that will take place in Rome on 5 & 6 April 2018. Among the topics are systemic risk measurement and modelling techniques for stress tests. The deadline for submissions is 1 December. (www.bancaditalia.it)

LOOKING AHEAD

27 September, Rome.

[Seminar on trends in reform of European regulatory system.](#)

28&29 September, Rome.

[Forum Bancassicurazione](#), wide-ranging banking and insurance conference offering networking opportunities.

7 October.

XVI edition of Invito a Palazzo. Open day at around 100 historic buildings owned by banks in [53 Italian towns and cities](#).



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