

PRESS RELEASE

Banks and enterprises: cooperation initiatives between ABI and Confindustria against the crisis will impact every Italian province

The banking and industry sectors keep working together over the entire national territory, town after town, to further strengthen their mutual cooperation and launch a series of proposals to fight the difficult economic situation. On the agenda, the Mutual Credit Guarantee Consortia, the guarantee fund for SMEs that to date has paid out 11 billion euros, the Public Administration payments delay that amount to 50/60 billion euros

Local meetings between ABI and Confindustria's provincial delegations have occurred in 7 regions (Abruzzo, Basilicata, Calabria, Campania, Lazio, Piemonte, and Umbria) and 23 provinces thus far. The goal is to launch a series of proposals to further strengthen mutual cooperation and successfully fight the economic crisis. This initiative is in line with the working table that was set up by ABI and Confindustria at the national level in the past months. On the agenda: relations between banks and enterprises to face the challenge of national and international markets; the consolidation process of the Mutual Credit Guarantee Consortia; a new injection of resources for public guarantee funds; the strengthening of the guarantee fund for SMEs; and the delays in Public Administration payments.

Banks and enterprises

The relationship between banks and enterprises plays a key role in defining the strategic plans of banks. This is not only limited to the granting of credit, but tends to amount to a global financial assistance. Figures show that Italian banks are performing their task every day in support of enterprises, both with respect to credit, as well as to services and consultancy. In recent years, the ratio between bank loans and GDP has registered a constant rising trend. At the end of 2008, it was equal to approximately 100%, with an increase of over 30 percentage points compared with the 1995 level. In particular, the end of year ratio between bank loans to non-financial enterprises and GDP in Italy reached 56%, which is higher than the Euro Area (49.1% in 2007). Credit availability for enterprises has not decreased notwithstanding the current crisis, but an inevitable drop in investments and loan demand is probable. As a matter of fact, Italian banks allocate 65% of the total amount of loans to enterprises, against a European average of 49.5%. In the month of November 2008 alone, the growth rate of loans to non-financial enterprises was equal to +6%, a figure that is clearly higher than the level of GDP and the total amount of investments.

The Mutual Credit Guarantee Consortia

The Mutual Credit Guarantee Consortia fall under the initiatives of daily cooperation between banks and enterprises over the national territory, given that they function as a "transmission belt" between the two sectors, for example with respect to guaranteeing requirements or to performing structured finance transactions (such as district bonds). In this regard, an intense and positive process of consolidation and restructuring of the Mutual Credit Guarantee Consortia is taking place, so as to continue operating with increasingly more efficiency, owing to a greater capitalisation and lesser fragmentation. This process should be encouraged, since streamlining these instruments could result in a critical mass sufficient for strengthening their role as

“facilitators” of relations between banks and enterprises. An important step to be taken towards reaching this goal would be providing specific state contributions to integrate the initial equity of the Mutual Credit Guarantee Consortia.

The guarantee fund for SMEs

In addition to the strengthening of Mutual Credit Guarantee Consortia, another request put forth by ABI and Confindustria was met with a favourable response: a substantial 450 million euros refinancing of the guarantee fund for SMEs to further facilitate credit access for enterprises. In 9 years of operation, the fund has granted guarantees for a total of over 56,000 SMEs (of which, over 13,000 in the past year alone) for a total amount of 11 billion euros in guaranteed loans. Until the month of November, guaranteed transactions with respect to enterprises with a predominant participation of women are equal to 7,580, for a total amount of guaranteed loans equal to almost 600 million euros. Owing to the fund, it will be possible to benefit from streamlined and simple procedures: at present, 90% of requests are presented online, and the average timing for guarantee application and processing is within a maximum of 15/20 working days; a guarantee valid for any financial transaction, provided that it is to be performed for reasons of corporate endeavours; the cumulation of the investment with other subsidy schemes.

Public Administration

The exposure of enterprises to Public Administration can be estimated at approximately 50/60 billion euros. The Court of Auditors calculated that, at the end of 2006, the credit claimed by suppliers with respect to health service agencies and hospitals alone amounted to over 33 billion euros. The Public Administration delays in payments are one of the factors that greatly weaken the financial equilibrium of Italian enterprises, their competitiveness and investment capacity, as well as representing an additional cost for Public Administration. So as to urge the Public Administration to observe obligations and payment terms, it would be necessary, first of all, to provide the possibility for creditors to obtain bank advances or the discount of such claims at favourable conditions, secured by unquestionable, liquidated, and payable claims.

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