Associazione Italiana Banche Estere

FOREIGN BANKS AND FINANCIAL INTERMEDIARIES IN ITALY

SUPPORT TO THE ITALIAN ECONOMY IN 2024

July 2025

In collaboration with

CONSILIA Business Management

Highlights

76	Number of foreign banks operating in Italy (end-2024)
31.1%	Domestic public debt owned by nonresidents (end-2024)
71%	Syndicated loans (market share held by foreign bookrunners, 2024)
81%	Debt capital markets (market share held by foreign bookrunners, 2024)
93%	Equity capital markets (market share held by foreign bookrunners, 2024)
18%	Foreign banks' market share of firms' lending (2024)
55%	Financial guarantees to support exports and internationalization of Italian companies (market share held by foreign intermediaries, 2024)

34%	Independent raising in Italian market of private equity and venture capital (market share held by foreign intermediaries, 2024)
80%	Total value of investments in Italian private debt market (market share held by international investors, 2024)
48%	Incoming cross-border deals in Italian M&A market (% total deal value, 2024)
17%	Share of foreign banks and intermediaries in Italian factoring market (annual turnover, 2024)
30%	Share of foreign banks and intermediaries in Italian leasing market (value of leasing contracts, 2024)
56%	Share of foreign banks and intermediaries in Italian consumer credit market (cumulative flows, 2024)

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Introduction

The AIBE Report, now in its 15th edition, offers an overview of the presence and relevance of foreign banks and financial intermediaries in Italy's economic and financial system. The latest available data confirm their considerable market shares in several business lines, and highlight further growth in certain areas of activity. The share of public debt issuances held by foreign entities, for instance, has reached 31%, growing considerably following the pandemic. The share of international syndicates of bookrunners helping Italian issuers to raise both debt and equity capital has also risen, particularly in strategic sectors of the Italian economy.

In a macroeconomic context marked by heightened geopolitical risks, commercial fragmentation, and weak economic growth, both Italy and Europe as a whole are confronted with multiple challenges, including the urgent need to once again appeal to foreign investors and raise competitiveness on a global scale.

For the European banking system as a whole, stability and competitiveness in an increasingly dynamic global environment are crucial challenges. The complexity of regulatory frameworks needs to be reduced, and consolidation processes in the sector need to be developed to narrow the "size gap" with American banks. Larger, more resilient banking groups will then be better positioned to face growing global competition and play a more decisive role in supporting the real economy, innovation, green and sustainable transition, and large-scale investments.

The role of AIBE and of foreign banking institutions operating in Italy continues to be of strategic relevance for the domestic financial system, a privileged channel through which financial funds from international markets flow to Italian institutions, firms, and households. The Association is continuing to nurture interconnections with domestic institutions, in order to facilitate dialogue between global actors and the country's economic and financial system.

Guido Rosa
AIBE President

Chapter 1

The internationalization of Italy's economic and productive system

Global economic activity has undergone a slowdown amid heightened geopolitical uncertainty and a shift toward protectionist trade policies.

The recent announcement by the Trump Administration of steep tariff hikes targeting selected countries has resulted in a significant deterioration of the global growth outlook, with a negative reaction of financial markets, higher volatility and falling energy prices. The subsequent partial suspension of higher tariffs only slightly mitigated market tensions.

Leading macroeconomic analysts (among others, IMF and OECD) observed a resilient global economy in 2024, posting an annualized growth rate of 3.2% in the second half of the year. More recent economic indicators suggest a lower figure, as business and consumer confidence has dipped in several economies, and inflationary pressures persist despite previous monetary tightening decisions. At this moment, uncertainty remains high, while downside risks are significant. Concerns contained in the latest economic reports refer to geopolitical crises and economic fragmentation, possibly affecting GDP growth. As inflation might exceed expectations, monetary authorities may be compelled to continue tinkering with official interest rates, which might trigger further volatility in financial markets.

According to the IMF, forecasts for global growth have been marked down compared with the January 2025 World Economic Outlook (WEO) Update, due mainly to new tariff rates and a highly unpredictable state of affairs. Global economic growth is expected to gradually slow over the next two years, to 3.0% in 2026, with G20 economies hit hardest. Estimated growth for the United States is 1.6% in 2026, and for the Euro Area 1.0% in 2025 and 1.2% in 2026.

In the Eurozone, in the early months of this year GDP growth was bolstered by consumption and services, while investments remained weak. The inflation rate fell to just above 2%, and the ECB reduced its key interest rates by 50 basis points (to 2.5%), with markets expecting further easing.

Italy's economic performance remained quite weak, with a GDP growth of about 0.7% in both 2023 and 2024, below the Euro Area average. Nevertheless, it has shown some resilience after the Covid pandemic, thanks to its strong industrial and export base, stable job levels and rising wages. Current weaknesses relate to low investments and tight credit conditions, and downside risks from escalating trade tensions, which might affect manufacturing and exports.

According to ISTAT ("*Note on the Italian economy*", May 2025), while the outlook for the Euro Area is deteriorating, economic prospects for Italy are more mixed. While industrial output rose in the first quarter of 2025, construction and services sectors saw a slowdown in activity, and business confidence continued to ebb. Consumer confidence fell too in March and April, as a consequence of more pessimistic expectations about Italy's economic situation, future savings, job levels and inflation rate.

In its latest "Economic Bulletin" (April 2025), the Bank of Italy updated its macroeconomic projections for the Italian economy over the period 2025-2027. Growth is expected to be modest, below 1% per year, mainly driven by household consumption and, to a lesser extent, investments, aided by NRRP funds and public incentive programs. The effect of US tariff increases on Italian exports is expected to be more severe this year, with substantial stagnation (–0.1% *YoY*) and gradual growth in 2026 and 2027, though lower than estimates given in the previous update in December 2024.

The inflation rate (consumer prices) is forecast at 1.6% in 2025 and 2% in 2027, due to rising energy costs, while core inflation – excluding food and energy – is expected to be more stable, around 2%, over the 3y-horizon. Analysts confirm that current scenarios are subject to uncertainty, relating mainly to trade policies and geopolitical risks, which can deeply affect financial markets' volatility.

The "In-Depth Review 2025" released by the European Commission last May highlights four major macroeconomic imbalances: public finance, competitiveness, labor market, and financial sector. With regard to the Government sector, the EU Commission highlights the fact that the public debt-to-GDP ratio is projected to increase in 2025 and 2026 (139.3%), while the government deficit should reach 2.9% by 2026, close to but lower than the 3% benchmark. Structural trends, in particular the costs involved with an ageing population, are expected to negatively weigh on public finances, as they can constrain fiscal flexibility.

Some structural reforms are under way, especially under the NRRP (recovery and resilience plan), but they require continued and effective implementation: tax expenditures, incentives for innovation and R&D expenditures, and the enhancement of non-bank finance access – among others – are some key points on which the Italian government will have to focus its economic policies in the next few years to improve economic resilience and sustainability. Moody's has upgraded the Italian outlook from "stable" to "positive", while confirming the 2018 rating of Baa3, about one month after S&P's judgement pushing Italy up from BBB to BBB+ with a stable outlook. Despite these encouraging signs, the general context remains weak, with a high public debt and low growth rate.

According to the latest Global Attractiveness Index 2024 (The European House – Ambrosetti and TEHA Group), Italy gained one position, ranking 17th out of 146 countries. The evaluation is based on a large set of dimensions centering on attractiveness, including – among others – openness, innovation, sustainability, and growth expectations.

Among the factors that are best able to attract foreign investments to Italy, the report mentions improvements in the digital field, a high sustainability index, in particular for CO_2 emissions, social safety, and greater independence from Russian gas, to reduce price volatility caused by war and geopolitical tensions. Italy ranks 4th in terms of exports around the world. One negative factor from foreign investors' perspective is the limited openness of Italy's regulatory system.

The Foreign Direct Investments (FDI) dimension is useful in appreciating the attractiveness of a country. The latest EY Attractiveness Survey Italy (November 2024) highlighted a decline in FDI projects in Europe and Italy, with a drop of about 4% *YoY* for Europe as a whole and 12% for Italy. Nevertheless, FDI inflows to Italy in 2023 were about double pre-pandemic levels, enhancing its attractiveness. EY analysts pointed out that a new and strategic approach is required in the new global context to reach a leading position for FDI, involving greater coordination among government, institutions, and the private sector.

Italy ranks 9th in the European FDI ranking (7th in 2022), capturing about 4% of FDI in Europe, a low share compared with the size and importance of the country's economy (4th largest economy in Europe).

Transport, logistics, and IT services were the most attractive sectors for foreign investors in Italy in 2023, while – in terms of country of origin – investors came primarily from the United States (19%), France (12%), the United Kingdom (9%), and China (5%).

According to the survey conducted in 2024 (EY European Investment Monitor 2025), the number of FDI projects grew in Italy from 214 to 224, moving the country up to 7th spot in the European ranking. The number of jobs created went up by about 12% *YoY*, to 15,731.

Below is a summary of the most relevant data collected by ISTAT (Italian National Statistics Institute) on foreign affiliates in Italy. From the latest available data, referring to the end of 2022, multinational enterprises (MNEs) based in Italy numbered 18,434 (Table 1), an annual rise of 793, coming from 106 foreign countries. There was a growth in the economic contribution of MNEs operating in Italy, with turnover up by 26.9% and value added up 13.4%, standing respectively at about €908 billion and €173 billion. The growth in presence and economic contribution is evident in the long-term comparison (Figure 1). In 2022 investments in R&D (€6 billion) rose by about 5% *YoY*, while R&D expenditures per capita for foreign-controlled enterprises were 5.6 times higher than those recorded for domestic companies.

At the end of 2022, foreign MNEs employed over 1.7 million workers.

Sectors where the presence of foreign MNEs is particularly high in terms of value added include motor vehicle, trailer, and semi-trailer manufacturing, pharmaceutical products manufacturing and chemicals manufacturing.

Foreign MNEs make up only 0.4% of the total number of legal entities in the industry and services sectors in Italy, but their contribution is significant and growing, both for Industry and Services. ISTAT's data highlight the fact that foreign MNEs continue to play a significant and growing role in the national economy, accounting for about 9.7% of total employment (+0.3 p.p. *YoY*), 21% of total turnover (+0.7 p.p.), and 17.4% of total value added (+0.3 p.p.). Moreover, in 2022 MNEs accounted for 37.6% of total research and development expenditure, a rise of about 5 p.p. *YoY* and about 11.6 p.p. higher than pre-pandemic levels.

The average size of foreign MNEs compared to Italian-controlled firms remained high (95.5 *versus* 3.5 employees), and there was a continuing gap in productivity, measured as value added per employee: €103,000 for MNEs *versus* €62,500 for domestically controlled firms.

The "top 10" countries of origin of MNEs make up about 82.2% of the total in terms of number, 88% by employees, and 82% by turnover. The leading countries were the United States by employees (23%) and Germany by number of MNEs (19%). The "Top 3" countries in terms of turnover and value added were the United States, Germany, and France, together accounting for about 50.2% of the total for both indicators.

Based on ISTAT's data, the 7th Report of the "Osservatorio Imprese Estere" (OIE) from Confindustria and Luiss confirms the pivotal role played by MNEs in the Italian economy. In greater detail, foreign enterprises are leading actors in research, innovation, digitalization, and exports. Between 2020 and 2022, more than 70% of these companies introduced innovations, while the national average was under 60%. MNEs had about 35% of total exports, with an increase of about 3 p.p. compared with pre-pandemic levels and about 10 p.p. considering the last decade. The study stresses the importance of a number of systemic reforms to enhance the system's attractiveness: including bureaucracy simplification, the promotion of Italy's international image, with regard to Made in Italy and Italian excellence, and the establishment of the Single Special Economic Zone (SEZ) to attract more investments to southern Italy.

	2015		2019		2022	
	Value	%	Value	%	Value	%
Number of foreign-controlled firms	**14.007**	**100**	**15.779**	**100**	**18.434**	**100**
Industry	4.032	28,8	4.548	28,8	5.284	28,7
Services	9.975	71,2	11.231	71,2	13.150	71,3
of which: financial and insurance activities	*562*	*4,0*	*878*	*5,6*	*1.319*	*7,2*
Number of employees	**1.257.209**	**100**	**1.511.190**	**100**	**1.760.567**	**100**
Industry	450.023	35,8	525.255	34,8	612.512	34,8
Services	807.186	64,2	985.935	65,2	1.148.055	65,2
of which: financial and insurance activities	*64.145*	*5,1*	*68.432*	*4,5*	*73.520*	*4,2*
Turnover	**529.574**	**100**	**624.167**	**100**	**908.300**	**100**
Industry	223.325	42,2	246.096	39,4	423.832	46,7
Services	306.249	57,8	378.071	60,6	484.468	53,3
Value Added	**104.093**	**100**	**134.199**	**100**	**173.801**	**100**
Industry	43.596	41,9	51.621	38,5	69.965	40,3
Services	60.497	58,1	82.578	61,5	103.836	59,7

Tab. 1 Main data relating to foreign-controlled enterprises operating in Italy (end-year data, monetary values in €million)

Source: elaboration of ISTAT data

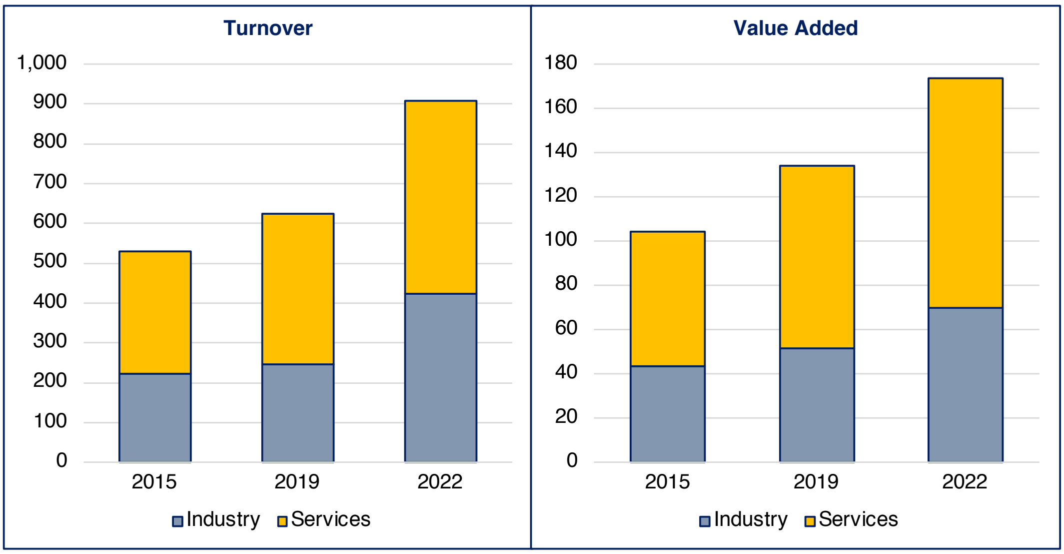


Fig. 1 Turnover and Value Added of MNEs in Italy (€billion)

Source: elaboration of Istat data

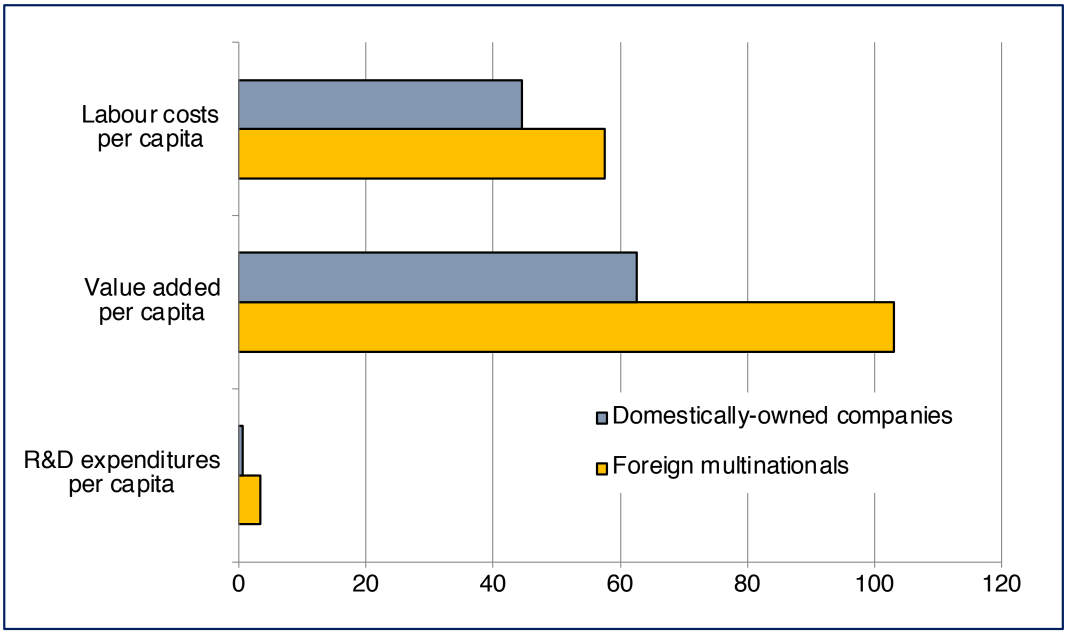


Fig. 2 *Domestically-owned firms and foreign multinational firms in Italy: comparison of performance data (amounts in €thousands, 2022)*

Source: elaboration of ISTAT data

Chapter 2

Italian public debt and external debt

According to the Bank of Italy's Statistical Database (BDS), Italian gross public debt stood at €2,967 billion at the end of 2024, 3.4% higher than at the end of 2023. The increase was concentrated in the first half of the year (+€84.5 billion). The most recent data, referring to end-March, show gross public debt reaching a new peak, of about €3,034 billion, 2.3% up on the first quarter of the current year.

According to the European Commission's report, a high public debt exposes Italy to some vulnerabilities, with the public debt/GDP ratio returning to pre-pandemic levels (134.8%) and debt servicing costs projected to be constant at about 4% of GDP.

The portion of debt represented by public securities amounted to about €2,487 billion (+4.6% *YoY*), with a larger increase in the first half of 2024 (+€96.2 billion). In 2024 there was a significant rise in the share of public debt held by nonresidents: during the last year foreign investors increased their Italian public debt exposure by about €130 billion, from €793.7 to €923.8 billion (+16.4% *YoY*), while the total stock of public securities held by nonresidents grew by even more over the year (+18.3%), with an absolute change of about €119.4 billion, standing at €771.2 billion end-2024. Growth continued in January and February 2025, the figures rising to €965 and €802.9 billion respectively.

As shown in Figure 3, in 2024 the share of debt held by nonresidents climbed from 27.7% to 31.1%, while the share of public securities in foreign investors' portfolios rose by about 3.6 percentage points, from 27.4% to 31%. While in the previous two years there was a reduced presence (in terms of market share) of foreign investors, data referring to 2024 showed a reverse trend, which continued in the first part of this year. At the end of February, the share of foreign investors holding domestic public debt went up to 31.9%, while the portion of public securities they invested in grew to 31.6% of the total outstanding.

According to the Bank of Italy, in 2024 nonresident investors made large net purchases of Italian portfolio securities (€167 million, the highest value of the past 20 years), boosted by competitive yields and relative financial stability in the domestic market. The majority of these purchases were in the form of Government bonds (€125 billion, 75% of the total). This demand helped to offset the gradual downsizing of the securities portfolio previously underwritten by the Eurosystem under the Public Sector Purchase Program (PSPP) and the Pandemic Emergency Purchase Program (PEPP).

Overseas demand was supported by investment funds and international banks, inside and outside the Euro Area.

Further to the most recent estimates, the Bank of Italy states that the share of Italian Government securities held by households rose to 12.5% at the end of 2024 (+1 p.p. *YoY*), as did the market share of foreign investors. If we consider the positions held by the Eurosystem, foreign mutual funds and asset management companies referable to Italian investors, the market share of foreign investors rose by about 4 percentage points, from 20.8% to 24.8%.

On the basis of information released by the Italian Ministry of Economy and Finance (MEF) syndicated issuances of Italian BTPs attracted a diversified and international public from about 35 countries. The new benchmark 10-year BTP, due 1st August 2035, and the new 20-year BTP Green, due at end-April 2046 were purchased by overseas investors to the extents of 77% and 80% respectively. Among foreign investors, the highest share was held by Europeans, mainly from the United Kingdom (27%), France, Spain and Portugal, and Nordic countries. Asian investors purchased about 7% of the 10-year BTP.

Similar results were seen for issuances of the new benchmark 7y-BTP July 2032 and 30y-BTP€i May 2056. Foreign investors purchased about 69% (7y-BTP) and 83% (30y-BTP€i) of these bonds, coming mainly from the United Kingdom, Iberian Peninsula, and France.

The Bank for International Settlements (BIS) collects regular statistics on international banking, based on a sample of 25 reporting countries, on a quarterly basis. Recent trends are summarized in Figure 4.

Between 2017 and 2024, Italy's external debt underwent notable fluctuations, influenced by domestic macroeconomic policies, global financial conditions, and sectoral borrowing dynamics. After a gradual increase from $657 billion in 2017 to a peak of $863 billion in 2023, external debt declined slightly in 2024 to $853 billion, corresponding to a –1.2% *YoY* variation (–$10.3 billion). This small fall reflects different trends across institutional components: the public sector increased its external liabilities by 2% over the past year, from $316 to $322.8 billion, continuing the upward trend started in 2020, likely driven by sovereign issuances needed in the post-pandemic phase. On the other hand, the banking sector experienced a slight decline (–1.1%), while the long-term trend between 2018 and 2024 showed a sizeable expansion, from $67 to $120 billion. The non-bank private sector, whose external debt declined by 3.9% (from $419 to $402 billion), made up 47% of all foreign claims (49% end-2023).

The moderate realignment suggested by 2024 data shows a greater reliance on public sector borrowing, accompanied by a significant decrease in private sector liabilities, especially with regard to the non-financial sector. Financial decisions about external borrowing can be explained as a combination of several drivers: the impact of monetary policies, changes in investors' appetites and Italy's attractiveness, as well as geopolitical uncertainty.

The geographic distribution of Italy's external debt to financial institutions at the end of December 2024 showed external debt held by European banks standing at $715 billion, a 1.5% *YoY* decline (–$11 billion). Despite this fall, European banks continue to hold the major share of Italy's external debt, with a substantial increase in absolute values over the period 2018/2024 (+$155 billion). Conversely, external debt owed to non-European banks rose to $136 billion, a 1.7% rise over the previous year (+$2.2 billion).

The breakdown of Italy's official external debt by creditor country reveals both consolidation and diversification trends as regards the country's international public financing sources. France has consistently been the leading creditor, its share of total public external debt peaking at 32.2% in 2022 before falling slightly to 29.4% in 2024 (Table 2). Spanish reporting banks emerged as a notable creditor, increasing their share from 15.6% in 2015 to 24.0% in 2024. Other relevant counterparties are from Japan, Germany, and the United States. Among smaller creditors, Greece and Portugal have posted notable increases, with a rise in connections of southern European public issuances and evolving patterns in post-crisis sovereign debt investments.

As shown in Table 3, over the same decade the dynamics of Italy's external private debt reflect both cyclical shifts in external financing needs and structural changes in the composition of private-sector liabilities toward foreign creditors. As of December 2024, total external private debt stood at $522 billion, a significant +30% over 2015 ($399 billion), despite a slight fall (–3.3%) in the last year. The largest share is represented by the non-bank private sector (77% of the total).

The external debt has grown substantially over the decade, driven by capital integration. Within this group, European banks hold a significant and relatively stable share, even though this has recently declined slightly in favor of non-European creditors, whose exposure rose from \$25.6 billion in 2015 to \$41.2 billion in 2024 (+61%).

The external debt of the banking sector increased from \$87.6 billion in 2015 to a high of \$121.3 billion in 2023, before falling slightly to \$120 billion in 2024. Notably, European banks remain the dominant creditors, accounting for about 78% of banking sector external exposure. Although non-European banks have a smaller share, they have increased their exposure to Italian banks, by about \$5 billion over the decade.

In conclusion, we have observed an increase in Italy's external private debt, driven by both European and non-European creditors, suggesting a broader range of foreign investors and more globally driven financial cycles and international flows.

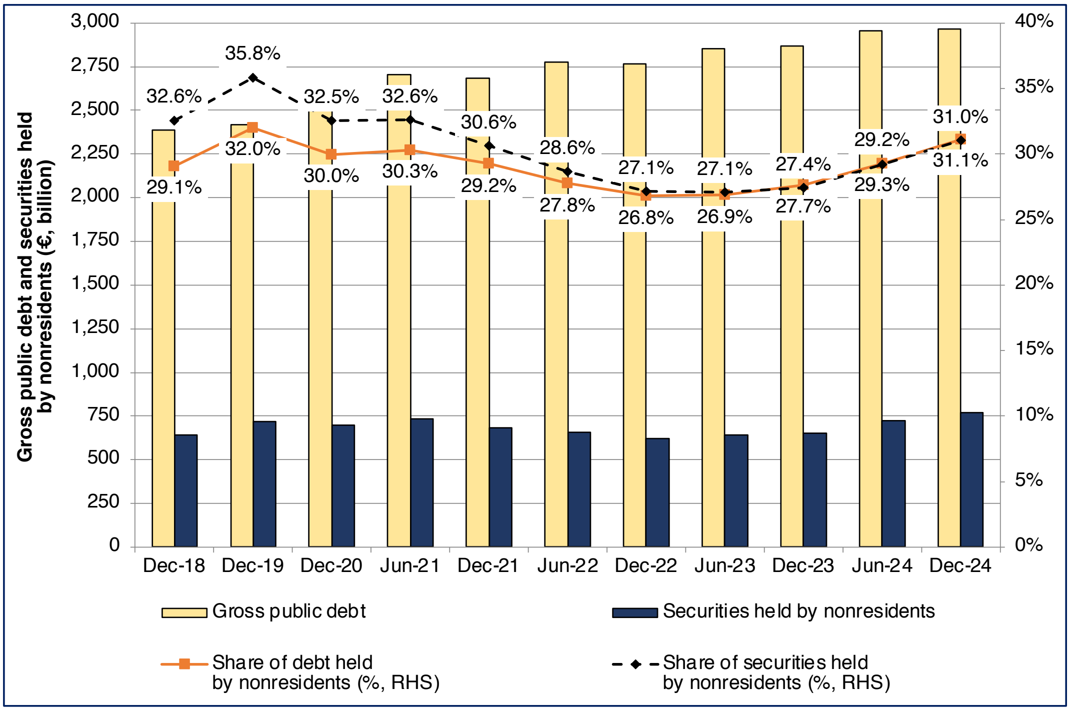
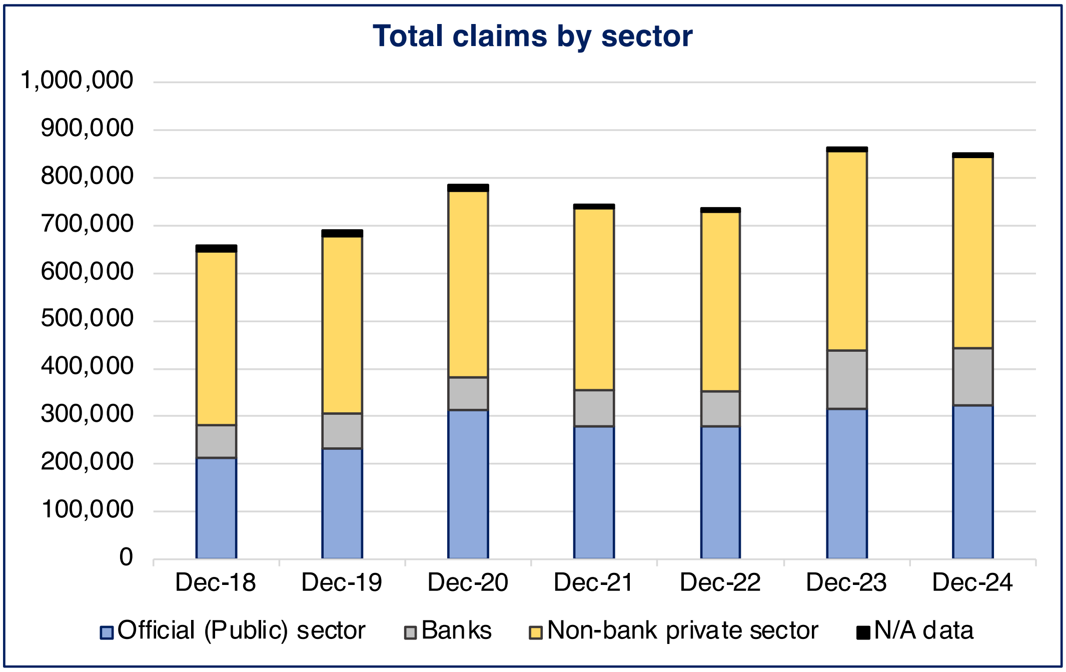


Fig. 3 *Recent Italian public debt trends and shares held by nonresidents (amounts in €billion, % on right-hand scale, RHS)*

Source: elaboration of Bank of Italy data, Statistical Database (BDS)



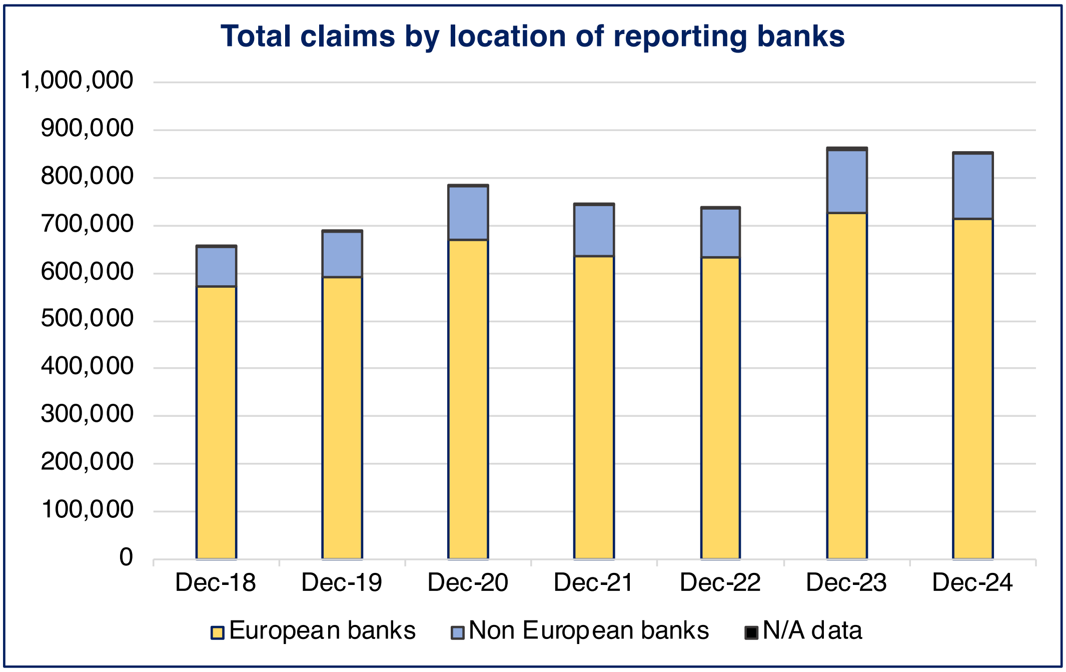


Fig. 4 *Public and private debt held by foreign countries ($million)*
Source: elaboration of BIS Consolidated Banking Statistics

Countries	Dec-15		Dec-19		Dec-22		dic-23		dic-24	
	Value	%	Value	%	Value	%	Value	%	Value	%
France	57.665	28,7	65.590	28,1	89.947	32,2	99.946	31,6	94.948	29,4
Spain	31.340	15,6	51.179	21,9	65.052	23,3	68.002	21,5	77.620	24,0
Japan	22.089	11,0	26.447	11,3	33.684	12,0	49.596	15,7	48.370	15,0
Germany	36.555	18,2	36.349	15,6	42.634	15,2	43.037	13,6	41.729	12,9
United States	16.239	8,1	24.065	10,3	22.269	8,0	24.198	7,7	25.155	7,8
Greece	109	0,1	2.849	1,2	6.980	2,5	8.555	2,7	10.559	3,3
Portugal	n.a.	-	8.955	3,8	5.201	1,9	5.436	1,7	7.372	2,3
United Kingdom	4.225	2,1	4.247	1,8	1.320	0,5	6.234	2,0	4.658	1,4
Belgium	7.094	3,5	5.138	2,2	2.121	0,8	3.159	1,0	2.572	0,8
Switzerland	7.244	3,6	4.117	1,8	4.840	1,7	2.567	0,8	2.319	0,7
Other countries	18.106	9,0	4.685	2,0	5.627	2,0	5.378	1,7	7.519	2,3
Total	**200.667**	**100**	**233.620**	**100**	**279.675**	**100**	**316.108**	**100**	**322.820**	**100**

Tab. 2 Total amount of external public debt by holder ($million and %, outstanding debt)

Source: elaboration of BIS Consolidated Banking Statistics

External private debt	Dec-15	Dec-19	Dec-22	Dec-23	Dec-24
European banks	68.787	57.927	56.907	93.263	93.105
Non European banks	15.559	12.222	13.323	22.028	20.433
N/A data	3.262	1.976	2.147	5.977	6.442
Total banking sector	**87.608**	**72.125**	**72.377**	**121.268**	**119.980**
European banks	265.385	319.003	324.901	359.235	337.288
Non European banks	25.632	32.264	32.478	37.624	41.212
N/A data	20.154	22.120	19.636	21.845	23.691
Total non-bank private sector	**311.170**	**373.387**	**377.014**	**418.703**	**402.191**

Tab. 3 Composition of external private debt (banking sector and non-banking private sector outstanding debt, $million)

Source: elaboration of BIS data, Consolidated Banking Statistics

Chapter 3
Structural data on foreign banks in Italy

3.1 At a glance: number of banks, branches, assets composition and economic performance

According to the Bank of Italy's Statistical Database, at the end of 2024 420 banks were operating in Italy (428 at the end of 2023, –8 *YoY*), 76 of which based overseas, a decline of 3 units.

Table 4 provides a summary of structural trends in the Italian banking sector over the last decade with regard to the total number of banks and the number of foreign intermediaries. A long-term consolidation process can be seen, and recent rumors point to a new wave of mergers and acquisitions involving both large and mid-sized Italian banks.

In the last 10 years the percentage of foreign entities operating in the banking sector in Italy rose from 12% to 18% of the total, while the number of banks operating in Italy fell by about 37% (Italian banks –41%). The number of branches followed a similar trend, with a global fall in excess of 11,000 (–36%), with the percentages for Italian and foreign banks equal to –36% and –54% respectively. At the end of 2024 foreign banks accounted for about 0.6% of the total number of branches.

At the end of 2024 63 out of 76 foreign banks were in Lombardy, all of them in the Metropolitan City of Milan, where 72 out of the 117 branches were located (62% of the total). Other branches are located in the North-West of Italy (Piedmont and Emilia-Romagna, 17), North-East (Veneto and Trentino Alto-Adige, 11), and Centre (Lazio and Tuscany, 15). The 2 remaining foreign bank branches are located in the South of Italy (Campania).

According to the Bank of Italy and based on the harmonized statistics of the European System of Central Banks (ESCB), at the end of 2024 the branches of foreign banks operating in Italy had granted about €126.4 billion of loans to domestic counterparties, consisting of banks, public administrations and other non-financial residents, with a share of about 6.5% of the overall banking system (6.6% at the end of 2023). The market share was larger with regard to outstanding credit towards banks (9.6%) and slightly lower for lending deals with other domestic counterparties (6.1%).

Compared to the pre-Covid period (end-2019), total outstanding credit in foreign branches' portfolios rose by about €2.5 billion (+2%), while the overall banking system's exposure went the other way, with a fall of about €211 billion (–9.9%).

At the end of 2024, foreign bank branches held in their portfolios €12.5 billion of public and private securities issued by domestic counterparties (Government securities, private corporate bonds, stocks, shares and equity holdings issued by residents), accounting for about 1.9% of total securities, stable over the previous year, but with falls of about €8.5 billion and 1 percentage point compared with end-2019 data.

With regard to liabilities and based on data contained in the Bank of Italy's Annual Report, we can observe that the stock of residents' deposits held by foreign bank branches rose from €97.4 to €105.1 billion. Compared to end-2019, foreign branches saw an increase in deposits (+€17.3 billion, +19.6%), while the banking system as a whole saw a fall in the funding stock, with a negative change of about €129 billion (–5.3%), mainly due to funding from other banks and from the Central Bank, which more than halved, from €599 to €273 billion. Looking at the various components of foreign branches, checking accounts and deposits with an agreed maturity are the most important, making up about 73.5% of the total.

Year	Banks and branch networks in Italy					
	Banks operating in Italy		Foreign banks			
	Number of banks	Number of branches	Number of banks	Number of branches	% on number of banks (RHS)	% on number of branches
2014	664	30.740	80	252	12,0	0,8
2015	643	30.258	81	254	12,6	0,8
2016	604	29.027	83	171	13,7	0,6
2017	538	27.374	79	165	14,7	0,6
2018	505	25.404	79	159	15,6	0,6
2019	485	24.311	78	134	16,1	0,6
2020	474	23.481	82	135	17,3	0,6
2021	456	21.650	81	126	17,8	0,6
2022	438	20.985	79	124	18,0	0,6
2023	428	20.160	79	123	18,5	0,6
2024	420	19.654	76	117	18,1	0,6

Tab. 4 The branch networks of domestic and foreign banks in Italy (2014/24, end-year data)
Source: elaboration of Bank of Italy data, Statistical Database (BDS)

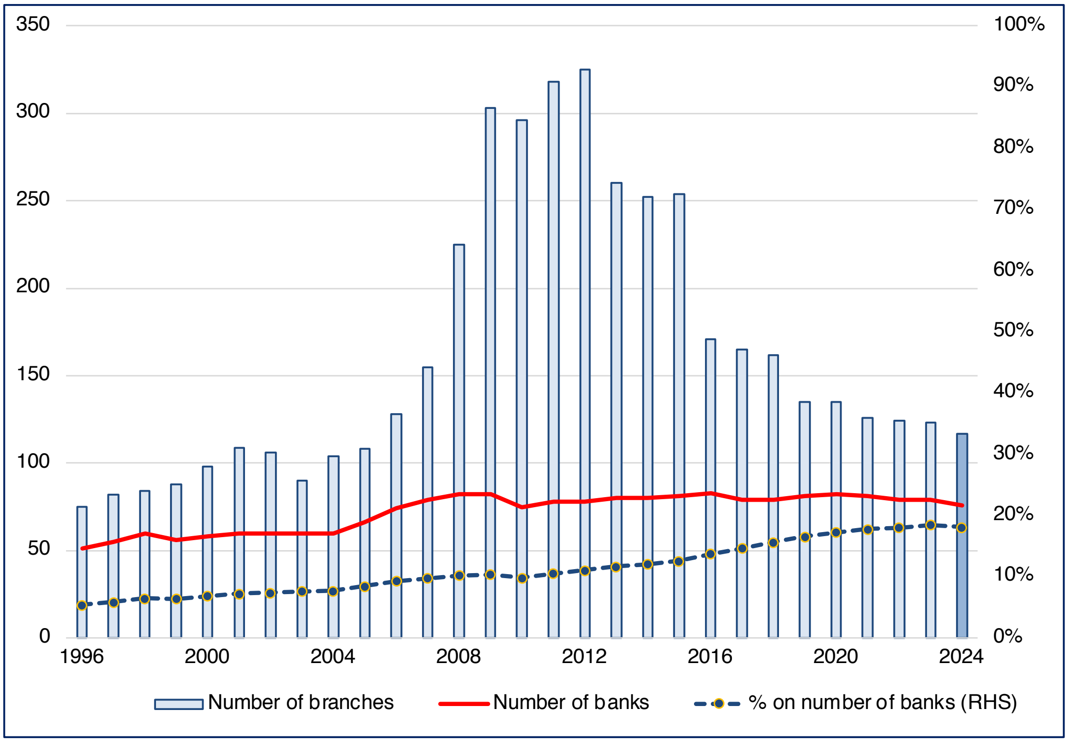


Fig. 5 The presence of foreign banks in Italy (1996/2024, end-year data)
Source: elaboration of Bank of Italy data, Statistical Database (BDS)

3.2 Foreign Banks in Italy: Organization Choices and Risk Profile[1]

Introduction

We are currently experiencing a time of significant uncertainty, driven largely by unexpected developments in the geopolitical landscape, which are significantly impacting the financial system, already undergoing far-reaching transformations such as the climate and digital transitions.

The current conjunctural phase is marked by overall resilience in the banking sector (positive profitability, sound capitalization, and still-contained levels of risk). However, this situation may evolve - potentially swiftly - should broader conditions take a negative turn.

In this context, digital innovation enables financial institutions to offer services without a physical presence, increasing the speed, accessibility, and availability of financial services, and enhancing the international reach of intermediaries. At the same time, it creates new channels for criminal infiltration and amplifies cyber and fraud-related risks, increases their interconnectedness and raises concerns over financial exclusion among segments of the population with lower levels of digital literacy.

Today, I would like to (i) briefly describe the operations of foreign banks in Italy, (ii) summarize recent regulatory developments, and (iii) highlight the main issues relevant to our activity of prudential supervision, protection, and anti-money laundering.

[1] This section was written by Giuseppe Siani, Head of the Directorate General for Financial Supervision and Regulation of the Bank of Italy. The paragraph is a summary of his address “Le banche estere in Italia: scelte organizzative e profili di rischio” (only available in Italian), to the AIBE General Council on 3rd April 2025. The English version of this document is a courtesy automatic translation operated by AIBE.

Market Developments

Italy remains an attractive market for foreign operators, although some signs of rationalization in distribution channels have emerged. In 2024, the number of foreign banks with a branch in Italy declined slightly (from 79 to 76)[2]. No changes occurred in the number of EU investment firms reclassified as significant credit institutions, which remained at 2.

EU bank branches in Italy are a total of 69[3], 42 of which belong to significant institutions, accounting for just under 6% of total system assets - slightly down from end-2023. Non-significant EU bank branches (27) represent a negligible 0.4% share of system assets.

The number of branches from third-country banks also fell slightly, from 8 to 7, representing 0.2% of system assets. Nonetheless, Italy remains one of the leading EU countries in terms of the presence of non-EU banking branches.

Foreign bank branches in Italy typically maintain specialized business models (only a quarter pursue secondary activities alongside their main business), with a predominance of corporate & investment banking[4].

At end-2024, their market share in lending to businesses rose modestly (from 6.4% to 7%), while lending to households remained stable (around 5%). Consumer credit maintained a significant and growing share (rising from 12.2% to 13.6%). Funding from resident households and enterprises also increased slightly (from just under 2% to 2.4%).

Significant foreign bank branches continue to play a key role as custodians of UCITS and pension funds, accounting for over 80% of this segment's Net Asset Value.

The presence of foreign banks in Italy is further complemented by subsidiaries – primarily of significant EU institutions[5] – holding about 8.2% of banking system assets (8.8% at the end of 2023), 8% of deposits, and providing roughly 11% and 17.7% of loans to businesses and households respectively (shares remained almost stable since 2023); in this instance as well the market share in consumer credit remains significant[6].

Significant EU institutions also act as primary dealers for Italian government bonds[7].

The cited data do not take into account operations originated through branches but managed centrally by the parent companies under the 'free provision of services' (FPS) regime, nor those carried out exclusively under the FPS regime, for which no official reporting flow is provided[8].

EU banks that have expressed interest in operating in our country under the FPS regime would mainly offer traditional banking services, particularly deposit-taking and loan granting[9]; they also provide payment services, along with numerous other intermediaries operating under the same operational regime (PIs and EMIs).

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[2] In 2024, four branches were closed and only one new establishment was opened; one branch changed its parent institution. Of the branches present at the end of 2024, five were, due to various reasons, either inactive or in run-off. Over the past five years, the number of branches operated by foreign banks has declined by approximately 14 percent, compared with an overall 7 percent reduction in the total number of branches.

[3] Predominantly German (21), French (20), and Luxembourgish (9).

[4] These represent the main activities for 45 percent of the branches; they are followed by retail banking (27 percent), specialized finance (14 percent), and private banking (11 percent); the share of branches primarily engaged in custodian banking remains low, at 3 percent.

[5] These are 10 individual banks (present both in 2023 and 2024) that are essentially large traditional banks or banks specialized in credit or securities services.

[6] The share at the end of 2024 is 37.3 percent of the banking system, essentially unchanged compared to 2023.

[7] The top five specialists were, also in 2024, significant European institutions.

[8] This operational regime entails only notification obligations from the home country authorities to the host country authorities regarding the operators' intention to provide services in the national territory under such modalities. According to our evidence, based on communications received from other supervisory authorities, a very high number of operators – including banks, payment institutions (PIs), electronic money institutions (EMIs), and other non-bank intermediaries – have expressed such intention. Given the absence of official reporting obligations, further investigations are currently underway in collaboration with other authorities.

Regulation

Supervision of EU banks operating in another Member State via branches or FPS falls under the competence of the home-country authority (home country control principle), except for limited powers assigned to the host authority (primarily precautionary measures to safeguard financial stability in urgent cases pending home authority intervention).

This framework differs from that governing third-country branches (TCBs), which places supervisory responsibility on the host authority. The current regulatory landscape remains highly fragmented across jurisdiction[10]. However, the sixth update of the Capital Require-ments Directive (CRD6), in force since last July, aims to establish a minimum level of harmonization in TCB oversight across Member States.

The most significant change introduced by CRD6 is the requirement for third-country institutions to establish a branch in the EU if they wish to provide core banking services (e.g., deposit-taking and other repayable funds collection, loan granting, and the issuance of guarantees and commitments). Institutions currently authorized to provide these services under FPS will need to reassess their options in order to continue operating within the EU.

The regulation also provides for minimum requirements for TCBs[11], proportionality in supervisory actions[12], and strengthened cooperation among authorities. Supervision of TCBs remains under the responsibility of the host authority, which is granted, among other powers, the authorization power and the ability to take more intensive measures when certain situations arise[13].

To complete the regulation and harmonize supervisory practices, the European Banking Authority (EBA) will play an important role, as it will need to develop the secondary legislation and assess the effectiveness of the new regulatory framework. National implementation must be completed by early 2026, with application starting the following year.

The revised framework leaves Member States some discretion (particularly in setting requirements around capital, liquidity, and reporting, also based on the home jurisdiction's equivalence status). National and EU-level discussions are ongoing to promote the desired harmonization of local supervisory systems.

Important innovations have also been introduced in the fight against money laundering and terrorist financing (AML/CFT). The cross-border nature of the main money laundering cases that emerged in recent years has highlighted the inadequacy of a European framework characterized by minimum harmonization of rules and non-uniform supervisory practices. The so-called AML package has introduced a comprehensive reform of the European anti-money laundering system from a regulatory perspective, through full harmonization of safeguards, and from an institutional perspective, through the creation of a European Authority, the AMLA, responsible for AML supervision and coordinating the financial intelligence units.

The AML package reaffirms the principle of territoriality of AML regulation and supervision, confirming the prerogatives of the host authority over EU intermediaries established in its territory; at the same time, it introduces important developments, such as the possibility, under certain circumstances, to impose the establishment of a central contact point (CCP) to ensure compliance with the host AML regulations also by intermediaries operating under the free provision of services using distribution networks.

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[9] In particular, EU banks are mainly focused on deposit-taking and loan granting activities; non-EU banks are also authorized to primarily provide core banking services, including issuing guarantees and commitments; only a few, mainly from the United Kingdom, are authorized to provide investment services as well.

[10] So far, European regulation has only expressly provided that third-country branches (TCBs) do not receive more favorable prudential treatment than that granted to banks of the European Union.

[11] In matters of capital, liquidity, and governance, also introducing certain accounting and reporting obligations.

[12] TCBs are divided into two classes, each corresponding to different levels of applicable requirements (higher for Class 1), based on size, operations, and country of origin, with particular reference to: (i) the equivalence of the regulatory and supervisory framework and the confidentiality regime of the third country, and (ii) the absence of classification as a high-risk country for money laundering and terrorist financing. TCBs from such countries are defined as 'qualified' and are classified as Class 2, unless they exceed certain size thresholds that result in their reclassification to Class 1.

[13] From the application of additional capital requirements to the request for conversion into a branch in cases of more extreme criticalities.

Organizational Choices and Risk Profiles

The unprecedented acceleration of digitalization is enabling the development of new products and mechanisms to transfer funds or value. These are complex dynamics that can foster innovation, competition, business efficiency, and financial inclusion, but they also entail a range of risks affecting different areas (financial stability, payment systems, customer protection and privacy, cyber security, and anti-money laundering efforts) and have an impact on prudential aspects.

Technological evolution has had significant impacts on the organizational choices of foreign banks, allowing them to operate more easily through digital channels, even under the free provision of services regime. Based on our evidence, the opening of a branch generally follows the start of operations under FPS and responds to specific operational needs; in particular, for retail banks, opening a branch represents a way to consolidate their market presence and expand their offerings through diversification and cross-selling strategies; for banks more focused on the corporate segment, opening a branch ensures a direct connection with the local productive environment; for intermediaries active in wealth management and asset management, this choice ultimately guarantees closer proximity to clients and the possibility of tailoring their offerings.

Access to payment systems is also significantly relevant: in recent years, intermediaries with innovative business models, already operating in Italy under FPS, have established a branch mainly to offer accounts with Italian IBANs - overcoming the so-called IBAN discrimination - or to meet specific client needs, for example by generating virtual IBANs[14] or acting as tax withholding agents.

In many cases, FPS operations continue even after a branch is established: currently, about 80 percent of EU banks established in Italy with a branch also operate simultaneously under the FPS regime. The different supervisory reporting regimes applicable to these two modes of client contact - entrusted to the home authority in the case of FPS - is a point of concern for supervisors, considering the need to have full awareness of the activity carried out in the domestic market.

This dual operating model (branch and FPS) also affects the so-called booking model, which is centralized or hybrid in 59% of cases. This implies stronger focus on local commercial development and greater reliance on central or third-party control systems, while retaining responsibility for compliance with local regulations and service monitoring.

Operations under the FPS regime have over time benefited from advances in communications and cloud computing, which have helped overcome the limitations of remote distribution methods, ensuring a better user experience and lower costs. Furthermore, the use of lightweight distribution methods is often accompanied by agreements with third parties for the provision of IT and cloud services or product distribution. The spread of blockchain-based platforms has also led to an expansion of the offering towards innovative instruments such as crypto assets.

Granting of financing has also evolved with new credit scoring systems, enabling faster customer onboarding and introducing new forms of credit, often tied to e-commerce (e.g., buy-now-pay-later, instant lending). AI techniques are being used to strengthen fraud detection in payments.

The use of innovative tools in credit assessment raises transparency concerns (for instance, in the event of loan denials) with implications for algorithm explainability, disclosure of decision criteria, and human oversight.

The EU is particularly sensitive to this issue: banks are already required to take into account the general principles on data privacy set out in the General Data Protection Regulation, and, in the future, the stricter requirements established by the AI Act. In

[14] In this regard, the Bank of Italy and the Financial Intelligence Unit for Italy have recently issued a joint communication providing guidance to obliged entities on the application of anti-money laundering obligations in the opening and management of payment accounts with virtual IBANs.

anticipation of this and in the same direction, the Consumer Credit Directive is also relevant, as it has introduced similar rules regarding creditworthiness assessment procedures. Equal attention must be paid to over-indebtedness issues, for which specific legislation exists in Italy[15].

Increased reliance on technology also exposes banks to higher operational risks, including cyberattacks and fraud, with potential reputational and financial consequences. The use of outsourcing requires adequate organizational and control safeguards, also to ensure compliance with national legislation, which may at times differ from that applicable in the country of origin.

Technology can also increase the risk of potentially hasty and unintentional decisions by customers – especially with regard to products that are more complex and carry a higher level of risk – and of financial exclusion, also considering the phenomenon of branch closures, which poses greater risks for the most vulnerable segments of the population.

In accordance with the principle of territoriality, compliance with the applicable Italian consumer protection rules must be safeguarded, even though such rules may require safeguards different from those in the operator's home country. To this end, our Institution actively cooperates with home authorities, including through information exchange, and may carry out an analysis of the information published on the websites of foreign operators active in Italy

Conclusions

The presence of foreign banks in Italy should be viewed positively, as it expands the range of product offerings and access to banking services.

Technological innovation strengthens the need to reflect on operating models, including territorial organization and partnerships with third parties, potential benefits arising from progressive consolidation, and methods of interaction with customers.

However, the increased use of digital channels requires awareness of potential risks and the implementation of proper measures against technological risks and those related to money laundering, while ensuring customer protection needs. It is therefore essential that intermediaries establish robust governance frameworks for their digital transformation strategies, also in relation to more intensive relationships with external suppliers.

The freedom to provide services also introduces an additional element of complexity, making it even more important for such intermediaries to adopt sustainable organizational solutions capable of ensuring a proper relationship with the target market; for the supervisory authority, the need remains to acquire a more comprehensive information framework to assess the possible effects on intermediaries' operations and on the domestic market.

[15] The legislation on over-indebtedness, previously set out in Law No. 3 of 2012, is now included in the Code of Business Crisis and Insolvency (Legislative Decree No. 14 of January 12, 2019), in force since July 15, 2022.

Chapter 4

Corporate and Investment Banking

This chapter provides a summary of the role played by foreign banks and intermediaries in the "Corporate and Investment Banking" business line, supporting Italian companies with financial decisions about the composition of their capital structure, funding and advisory services for M&A deals.

4.1 Structured finance

4.1.1 Syndicated loans

Analysis of the structure and evolution of bookrunners' participation in Italian syndicated loans over the last decade offers valuable insights into the positioning of foreign financial intermediaries in support of Italian issuers in the debt capital market.

Between 2014 and 2024, the total deal value of the Italian market reached a peak of about €93.7 billion, before declining and then rebounding to €83.6 billion in 2024 (Figure 6). Compared to the previous year, in 2024 the market size rose by about 69% (+€34.2 billion), while the number of *tranches* grew from 487 to 574 (+18% in number). The volatility in market size reflects the sensitivity of issuances and new deals in light of global market conditions, monetary policy cycles and investors' preferences. Over the last decade foreign bookrunners have occupied a very significant position: in 2024 their market share was about 71%, aligned with the 10y-average.

The role of purely foreign intermediaries (i.e. transactions assisted exclusively by non-Italian entities) has varied considerably over the decade: in 2024 the value of deals rose from €6.7 to €9.5 billion, reaching a new peak in the observed period. The market size was mainly driven by deals arranged by transnational syndicates, including both Italian and foreign intermediaries. Over the last year the total value of deals led by these mixed syndicates rose from €27.1 to €49.9 billion (+84%), reflecting the continued importance of cross-border deals in arranging large issuances. Exclusively Italian pools of bookrunners have a relatively modest but non-negligible presence, after reaching a 10y-peak in 2024 at €8.4 billion, showing the importance of local market knowledge, as well as the fact that relationships with domestic issuers are crucial[16].

The average tranche size rose from €102 to €146 million, with substantial differences in terms of bookrunners' origin. Deals assisted by non-domestic players showed an average tranche value of about €270 million (€193 million in 2023), almost 5 times higher than deals assisted exclusively by domestic bookrunners.

A total of 57 tranche issuances were assisted by solely foreign bookrunners, and were worth €9.5

[16] It is noted that information about bookrunners is not available for 195 out of 574 tranches, having a total deal value of about €15.9 billion (34% in number and 19% in value). Some deals had no bookrunners (mainly public issuances), or data were not available in the database.

billion. For 20 out of these 57 tranches there was a single foreign player, from France (18), the Netherlands (1) and the US (1). The geographic origin of bookrunners for the remaining 37 tranches shows a significant presence of French intermediaries and the participation of international banks, coming mainly from the Netherlands, the US, and Germany.

Figure 7 shows that the top 3 sectors in terms of the presence of foreign bookrunners were Utility & Energy, TLC, and Transportation (€33.5 billion), with a concentration index of 40.1% (29% in 2023) of the whole market, and making up about 56% of all deals assisted by foreign bookrunners. The foreign market share across sectors – higher than 50% in all relevant sectors – indicates a significant presence of foreign financial intermediaries in these markets, supporting Italian issuers in large deals targeting international investors. The market share of international bookrunners was 100% in the Metal & Steel, Auto/Truck, and Chemicals sectors.

Like in previous years, syndicated loans were mainly medium/long term issuances in 2024: the weighted average initial maturity of tranches was 4.51 years (4.6 in 2023), falling to 4.36 years for tranches assisted by nonresident bookrunners. The market as a whole is dominated by medium-term issuances (2-5 years), accounting for about half of the total value (€42.4 billion, 51%), while short-term issuances (up to 24 months) and long-term deals (higher than 5 years) account for the remainder of the market (22% and 21% respectively). The distribution is similar if we look at the involvement of foreign bookrunners: they assisted medium-term issuances worth about €34.2 billion (58%), and held a total market share of 81%.

Foreign intermediaries also act as Mandated Lead Arrangers (MLAs), who facilitate and lead the group of investors, and usually also underwrite a portion of the deal directly. In 2024, foreign players acted as MLAs (solely foreign bookrunners or international pools of MLAs) in 251 tranches out of 574 (44% of the total), with a total deal value of about €52.3 billion (63% of the total)[17], with a market share similar to that in 2023.

In the top 10% of tranches by value (60 tranches, €60.3 billion, making up 72% of the total), foreign bookrunners were involved in 45 issuances (€49.6 billion), accounting for about 75% of the subsample “top 10% tranches”. If we exclude the 19 deals not involving MLAs, foreign intermediaries were involved in 39 out of 41 tranches (€42 billion).

The most recent trends in the syndicated market, referring to the period January/April 2025, show a very active Italian market, with 87 tranches issued, for a total deal value of about €29.8 billion, almost twice that for the same period in 2024. The market share held by non-domestic bookrunners is about 43% in number and 83% in value, with a large majority of international pools of bookrunners (€24.7 billion).

[17] Information about the presence and origin of Mandated Lead Arrangers is not available for 232 out of 574 tranches, making up about 40% in number and 33% in volume of the total (€27.4 billion).

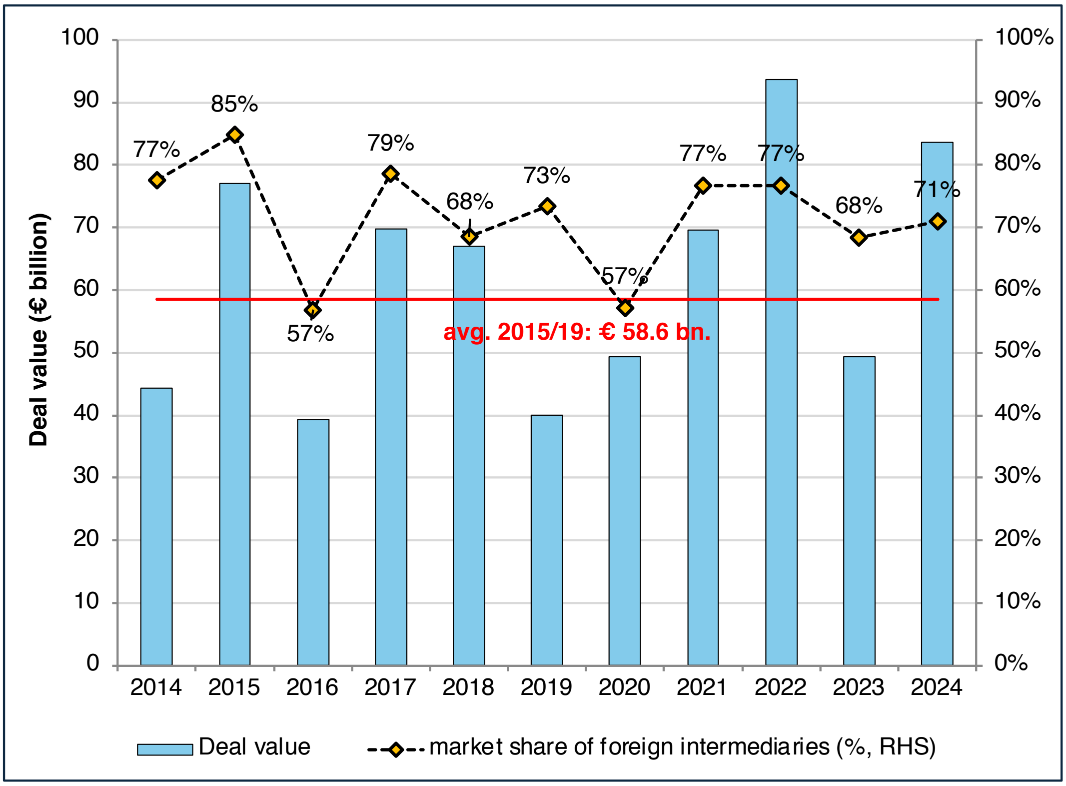

Fig. 6 *Annual deal value of syndicated loans and share of foreign intermediaries (2014/24, €billion and %)*
Source: elaboration of data from Dealogic database

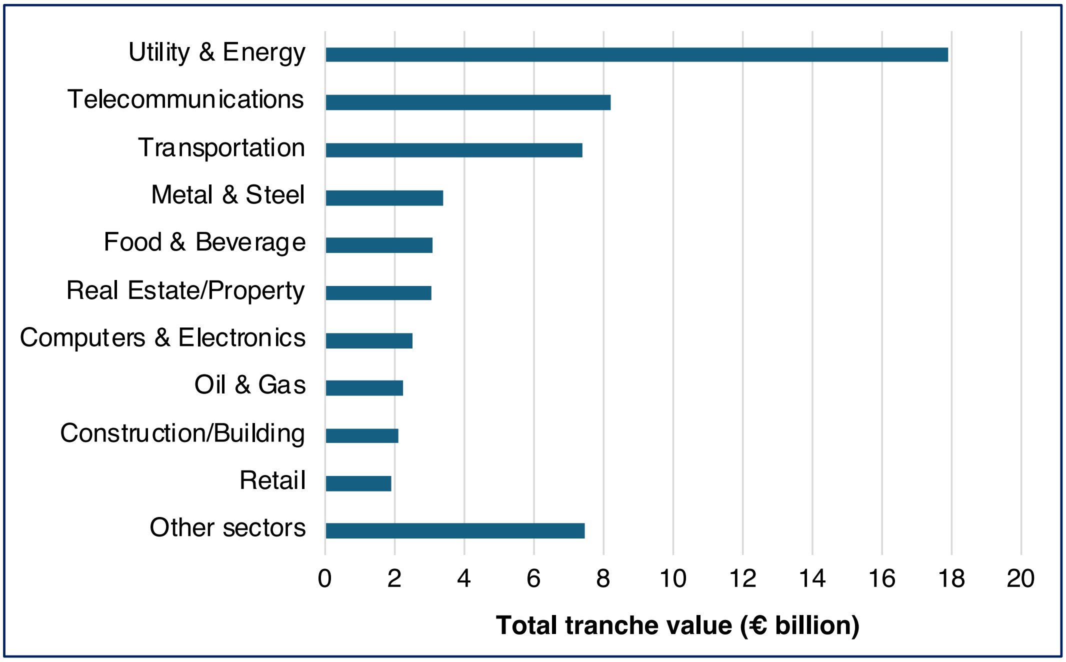

Fig. 7 *Total tranche value of syndicated loans and market share of foreign bookrunners by industrial sector (2024, first 10 sectors, data in €billion and %)*

Source: elaboration of data from Dealogic database

4.1.2 Securitization

According to Dealogic, in 2024 the Italian securitization market was dominated by Asset-Backed Securities (ABS) deals. As shown in Figure 8, the market value of deals has undergone considerable fluctuations, peaking in 2016 at €21.8 billion, followed by dips after the COVID pandemic. In the last two years the market has seen a fresh expansion, returning it to pre-COVID levels. In 2024 the market size was about €9.7 billion (74 tranches), of which €2.3 billion of deals assisted by solely foreign bookrunners, and €5.7 billion of tranches involving international pools of bookrunners.

As shown in the graph, the market share of foreign intermediaries has varied significantly, frequently reaching 100% in several years, while 2016 and 2022 displayed a more balanced participation of foreign and domestic intermediaries.

"Top 10" issuances by tranche value are dominated by international pools of bookrunners (6 tranches, €3.2 billion), while 2 operations – having a €1.7 billion deal value – were assisted exclusively by foreign bookrunners.

In the first quarter of 2025 the market confirmed its upward trend, with 17 tranches recorded, for a total market value of about €2.4 billion, while in the same period of last year the figures were, respectively, €9 and €1.7 billion. Foreign bookrunners participated in all the deals, taking their market share to 100%.

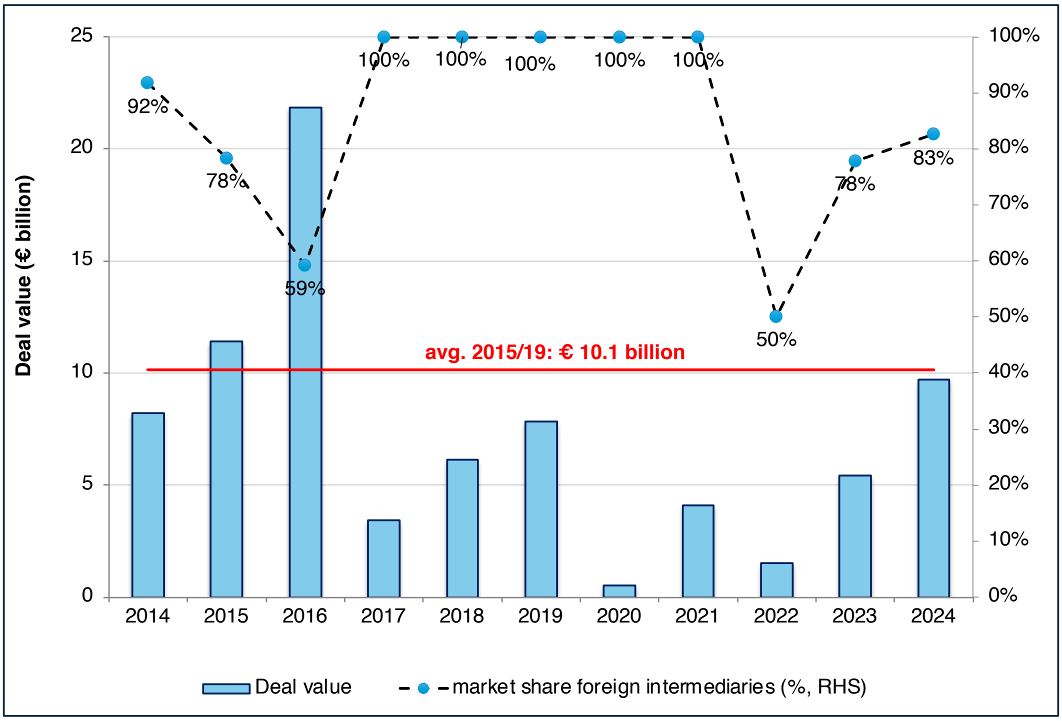

Fig. 8 *Annual value of ABS deals and share of foreign intermediaries (€billion and %, 2014/24)*
Source: elaboration of data from Dealogic database

4.2 Export Finance: financial guarantees to support the growth of Italian companies abroad

According to SACE, in 2024 the role of foreign players (banking groups, financial institutions and Export Credit Agencies) in supporting Italian companies with export and internationalization strategies grew significantly over the year.

In 2024 the total value of facilities, including export credit services, credit insurance, foreign investment protection, financial guarantees, bonding and factoring, amounted to €44.8 billion (€39.9 billion in 2023). Based on data released by SACE, over the period 2021/24 support to exporting companies more than doubled, rising from €8.6 billion in 2021 to €18.5 billion in 2024, with foreign players' market share growing from 44.8% to 54.2%, surpassing domestic participation in both 2023 and 2024. Similarly, in providing support to internationalization processes, foreign players expanded their share of the market from 35% in 2021 to 55.5% in 2024, reflecting a substantial shift in market relevance. It is noted that financial guarantees released by foreign players in 2024 rose from €2.8 to €11.3 billion, a new peak in the 4y-time series (Table 5).

Total support offered by foreign players, including both export and internationalization facilities, grew 4-fold from end-2021 (€5 billion) to end-2024 (€21.3 billion).

Figure 9 shows that foreign players have pushed up their market share from 32.8% (2017) to 54.9% (2024). The support to exporting companies offered by foreign players more than doubled over the period 2021/24, from €3.9 billion to over €10 billion. A similar pattern can be observed with regard to support for internationalization, rising from €1.2 to €11.3 billion.

The most active foreign players are from France – with a market share of about 12% of all financial guarantees supporting exports and the internationalization of Italian firms – Spain (12%), the United Kingdom (9%), the US (5%), Germany and China (both 4%).

SACE data include two other lines, named "Archimede" and "Green". Archimede is a new type of guarantee in place to support infrastructural and production investments made in Italy, including in areas characterized by partial market failure and sub-optimal levels of investment, and to support social investments, the transition to the circular economy, climate change, and digital innovation of businesses. The total amount of guarantees under the "Archimede" scheme was €4.6 billion at the end of 2024, while "Green" guarantees amounted to €1.3 billion. Although they make up a limited portion in the portfolio of foreign players (respectively 3.7% and 0.8%), non-domestic intermediaries have a market share in the "Archimede" scheme of 18%, and 13% for "Green" facilities, and come mainly from France, Luxembourg, Germany, and the Netherlands.

According to preliminary estimates from SACE, in the first quarter of the current year deployed resources totaled €7.6 billion (+€1 billion compared to Q1-2024), of which €3.3 billion for "Internationalization" facilities, €3.1 billion for "Export" collateral, €823 million under the "Archimede" scheme and €343 million for "Green" guarantees. Foreign players deployed about €2 billion (27% of the total), with a larger market share for "Green" facilities (53%) and "Exports" (38%).

	2021		2022		2023		2024	
	Value	**%**	**Value**	**%**	**Value**	**%**	**Value**	**%**
Italian players	4.755	55,2	3.375	54,9	5.636	35,9	8.486	45,8
Foreign players	3.865	44,8	2.770	45,1	10.051	64,1	10.048	54,2
Total Export (a)	**8.619**	**100**	**6.144**	**100**	**15.687**	**100**	**18.534**	**100**
Italian players	2.163	65,0	2.705	52,3	2.903	50,8	9.065	44,5
Foreign players	1.163	35,0	2.471	47,7	2.808	49,2	11.288	55,5
Total Internationalization (b)	**3.326**	**100**	**5.176**	**100**	**5.711**	**100**	**20.352**	**100**

Total value (a+b)	2021		2022		2023		2024	
	Value	**%**	**Value**	**%**	**Value**	**%**	**Value**	**%**
Italian players	6.918	57,9	6.080	53,7	8.539	39,9	17.550	45,1
Foreign players	5.027	42,1	5.241	46,3	12.859	60,1	21.335	54,9
Total (a+b)	**11.945**	**100**	**11.320**	**100**	**21.398**	**100**	**38.886**	**100**

Tab. 5 Financial guarantees to support the foreign growth of Italian companies: annual deal value of guarantees by type of instrument and market share held by Italian and foreign players (2021/24, €million and %)

Source: elaboration of SACE data

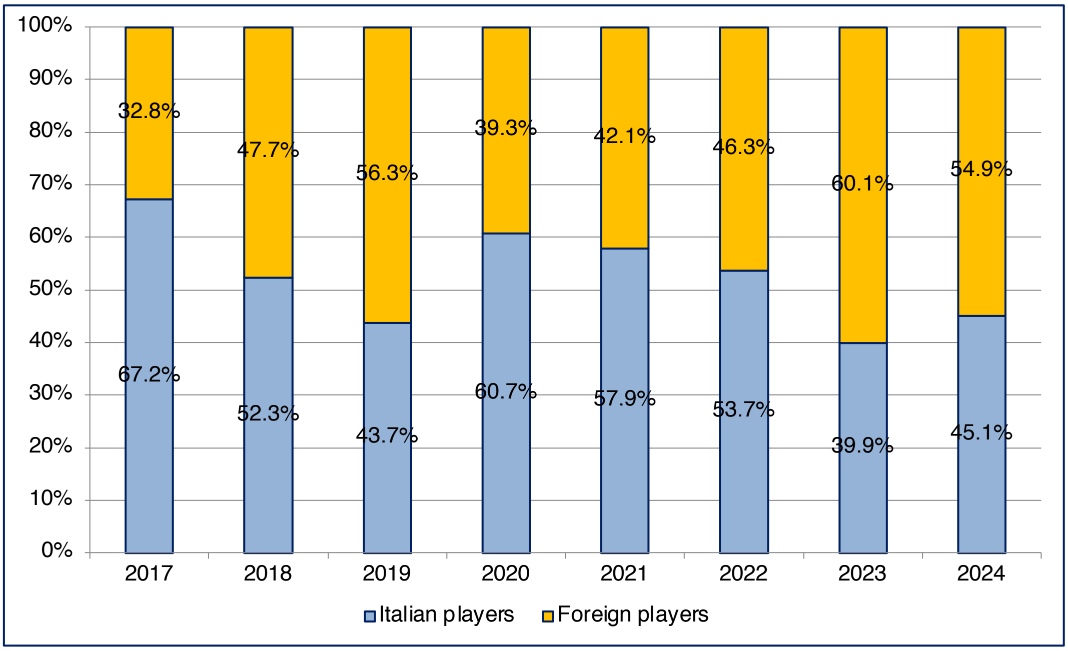

Fig. 9 Composition of financial guarantees supporting the growth of Italian companies abroad: market share held by Italian and foreign players (2017/24, %)

Source: elaboration of SACE data

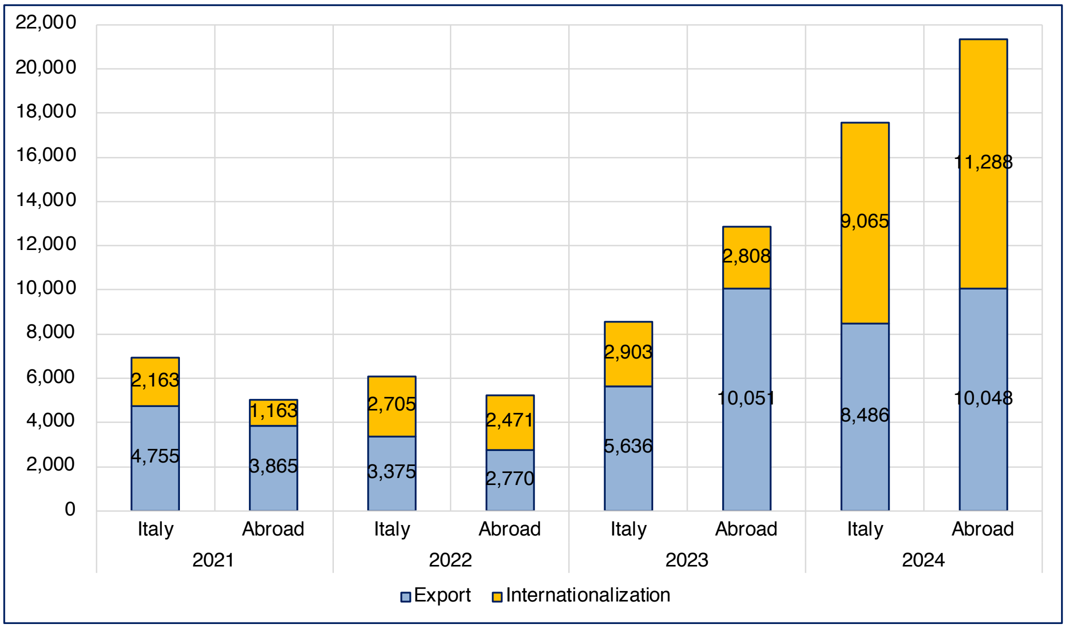

Fig. 10 *The value of financial guarantees to support the growth of Italian companies abroad: geographic origin of secured loans (2021/24, €million)*

Source: elaboration of SACE data

4.3 Private equity and venture capital

This section provides data and information on recent trends in the Italian private equity and venture capital market.

The analysis of funding sources from 2017 to 2024 reveals significant shifts in the composition and magnitude of capital raised. Independent funding, which made up on average 61.7% of total funds during the 3 years before the COVID pandemic (2017/19) underwent a decline in relative share during the period 2020/23, reaching a minimum of 34.0% in 2023 before rebounding sharply to 63.5% in 2024 (Table 6). Captive funding, while representing a smaller component, was also volatile, peaking at 17.3% in 2023 before falling to 8.2% in 2024. Pan-European funds based in Italy increased their share to 54.4% in 2020, before gradually declining to 28.3% by 2024. Overall, total funds raised fluctuated substantially, with a marked increase from €6.1 billion (2017-2019 average) to €9.3 in 2024 (+€2 billion, +27%).

The data on independent fundraising (Table 7) from 2017 to 2024 illustrate a fluctuating geographic distribution of capital sources. During the 2017/19 period, the majority of funds were raised domestically (67.1%), with a lower portion originating from abroad (32.9%). This domestic dominance persisted over time, even though in 2024 there was a notable increase in the share of funds raised abroad, with a larger geographic diversification of capital sources. The annual change in independent raising from abroad was about €1.5 billion, doubling the market share from 17% to 34%.

The composition of new funds raised on the market between 2022 and 2024 demonstrates diverse investor profiles with varying geographic origins. In this 3y-time horizon, pension funds are consistently the largest contributor, accounting for 18.7% of total new funds in 2024, mainly coming from domestic funding sources. Public sector entities contributed 17.8%, with a notable increase in foreign participation in 2024 (Table 8). Funds of funds continue to have a significant presence, making up 11% of the total, with balanced contributions from both domestic and foreign sources. Insurance companies and banks contribute, respectively, 10.4% and 9.9%, and foreign financial intermediaries held a market share of about 20%.

55% of operators who invested in Italy in 2024 were international (115 entities).

As of end-2024, approximately 2,400 players were active in this Italian market, which had a total value of over €85 billion, of which around €56 billion invested by international entities.

Investments made during 2024 amounted to €9.1 million (compared to €7.4 million in 2023). International operators accounted for 71% of the market in terms of amounts invested in 2024, namely €10.6 billion (64% in 2023). Although domestic operators managed most deals in 2024 (498 out of 732, 68% of the market), the average investment undertaken by non-domestic players was higher than deals involving domestic operators (€25.4 million and €5.4 million respectively).

Sources of funds	2017/19 (avg.)		2020		2021	
	Value	%	Value	%	Value	%
Independent funding	3.737	61,7	2.072	36,2	5.359	47,8
Captive funding	91	1,5	540	9,4	366	3,3
Total raised funds (a)	**3.828**	**63,2**	**2.612**	**45,6**	**5.725**	**51,1**
Pan-European funds based in Italy (b)	2.226	36,8	3.116	54,4	5.477	48,9
Total (a+b)	**6.054**	**100**	**5.728**	**100**	**11.202**	**100**

Sources of funds	2022		2023		2024	
	Value	%	Value	%	Value	%
Independent funding	5.084	40,2	2.502	34,0	5.906	63,5
Captive funding	836	6,6	1.270	17,3	767	8,2
Total raised funds (a)	**5.920**	**46,9**	**3.772**	**51,3**	**6.673**	**71,7**
Pan-European funds based in Italy (b)	6.716	53,1	3.580	48,7	2.634	28,3
Total (a+b)	**12.636**	**100**	**7.352**	**100**	**9.307**	**100**

Tab. 6 Italian private equity and venture capital markets: fundraising trends (2017/24, €million and %)

Source: elaboration of AIFI data

Independent raising	2017/19 (avg.)		2020		2021	
	Value	%	Value	%	Value	%
From abroad	1.064	32,9	191	10,0	401	11,0
From Italy	2.175	67,1	1.716	90,0	3.243	89,0
Total	**3.239**	**100**	**1.907**	**100**	**3.644**	**100**

Independent raising	2022		2023		2024	
	Value	%	Value	%	Value	%
From abroad	1.739	45,0	319	17,0	1.787	34,0
From Italy	2.125	55,0	1.557	83,0	3.469	66,0
Total	**3.864**	**100**	**1.877**	**100**	**5.256**	**100**

Tab. 7 Italian private equity and venture capital markets: geographic origin of raised funds (independent funds, 2017/24, €million and %)

Source: elaboration of AIFI data

Note: Data are based on a significant percentage (89% in 2024) of total amounts for independent funds for which information about the geographic origin was available.

Sources of new funds raised on the market	2022			2023			2024			
	Italy	Abroad	Total	Italy	Abroad	Total	Italy	Abroad	Total	%
Pension funds	613	276	889	504	16	520	804	25	828	18,7
Public sector	162	243	406	150	31	180	465	323	789	17,8
Funds of funds			243	59	209	268	239	249	487	11,0
Insurances	510	170	680			88	364	97	461	10,4
Banks	238	211	448	330	0	330	325	114	439	9,9
Sovereign funds		286	286			11,3			319	7,2
Family offices			147			131			297	6,7
Individual investors			251	165	23	188			244	5,5
Other sources			514			160			567	12,8
Total			**3.864**			**1.877**			**4.430**	**100**

Tab. 8 Italian private equity and venture capital market: composition and geographic origin of new funds raised on the market (2022/24, €million and %)

Source: elaboration of AIFI data

4.4 Mergers and Acquisitions

According to KPMG, in 2024 the global M&A sector showed clear signs of recovery: the total value of transactions reached approximately \$3.3 trillion, a +7.7% increase *YoY*. Despite this growth in value, the overall number of deals fell by 12.5% *YoY*, with a higher concentration of "mega deals" (transactions larger than \$10 billion), mainly driven by a more stable global macroeconomic situation and lower interest rates, favoring the closing of deals.

The Italian market experienced a record year for M&A activity: a total of 1,369 transactions were completed in 2024 (+8% *YoY*), worth about €73 billion (+91% *YoY*). This significant growth was largely attributable to high-scale transactions in regulated sectors such as TLCs, banking, and energy.

Cross-border transactions dominated the Italian M&A market, accounting for 86% of total deal value (€63 billion). This highlights the relevant and sustained interest of foreign investors towards "Made in Italy" brands. KPMG Corporate Finance recorded 417 inbound deals (30.5% of the total by number), totaling about €35 billion (47.7% by value).

All "top 10" deals were cross-border transactions: 5 out of 10 were inbound deals, making up a total deal value of about €23.2 billion or 57% of the "top 10" value, and a little less than one third of the total market size.

Prospects for 2025 appear highly favorable, despite elements of uncertainty. On the one hand, the recent drop in inflation might drive monetary policy decisions and improve access to financial resources. Also, many transactions are in the pipeline, to be finalized in the first half of 2025. On the other, ongoing geopolitical conflicts, namely Russia-Ukraine and the Middle East, might have a negative impact on some industrial and manufacturing sectors. At the same time, the impact of higher tariffs decided by the Trump Administration might increase volatility and uncertainty. According to analysts, inflation prospects are difficult to gauge, as a consequence of an expected negative change in demand for Italian products from the United States, which is the second biggest market in the world for "Made in Italy" exports and 6th largest in terms of the value of imports.

To be consistent with past AIBE Reports, the Dealogic database was used to extract data on Italian M&A deals in 2024 to analyze the presence and role of foreign intermediaries as advisors in supporting M&A deals.

In 2024 Dealogic recorded 1,476 deals, worth about €93.8 billion, with detailed information about the origin and role of target and acquiror advisors. The distribution of advisors' geographic origin from

2023 through the first quarter of 2025 reveals a dynamic shift in advisory market composition (Table 9). In 2023 advisors exclusively based abroad made up 38.3% of total advisory value; this fell to 28% in the first quarter of this year. Advisors' pools operating both in Italy and abroad raised their share significantly from 43.0% in 2023 to 69.1% in early 2025, indicating a growing prevalence of cross-border advisory networks.

Geographical origin of advisor	Year					
	2023		2024		1Q-2025	
	Value	%	Value	%	Value	%
abroad	14,3	38,3	35,5	37,9	6,0	28,0
Italy and abroad	16,1	43,0	51,1	54,5	14,8	69,1
Italy	1,7	4,5	1,9	2,1	n.s.	-
N/A data	5,3	14,2	5,2	5,6	0,6	2,9
Total	**37,4**	**100**	**93,8**	**100**	**21,4**	**100**

Tab. 9 Value of M&A deals by geographic origin of advisors (2023/25, €billion and %)
Source: elaboration of Dealogic database

Chapter 5
Advisory and operations in capital markets

This chapter gives a summary of data concerning the positioning of foreign intermediaries providing financial services to help Italian firms gain access to international financial markets. The next section looks at the role of foreign players as bookrunners for issuances of debt (§ 5.1), this is followed by activity in equity capital markets § 5.2), while the final section (§ 5.3) looks at the positioning of foreign players in retail trading.

5.1 Debt capital market

According to Dealogic data, in 2024 the market size of debt issuances by Italian firms amounted to about €189 billion (€167 billion in 2023, +13.4% *YoY*), distributed over 286 tranches (209 in 2023). The market size in 2023 reached a decade high, well above pre-COVID period levels, when the annual average between 2015 and 2019 was about €109 billion.

Long-term trends (over the last decade), summarized in Figure 11, show a quite dynamic evolution in the role of foreign intermediaries in the Italian debt capital market. Their presence has remained significant: the average market share of solely foreign bookrunners was around 11.6% (11% in 2024), while that of international consortia averaged 70.2% (70% in 2024), suggesting a robust and growing international collaboration in deal structuring. The leading role as bookrunners was mainly taken by large and diversified banking groups, especially coming from France, the United Kingdom, Germany and the US.

The period from 2020 to 2022 saw a significant decline in market size, probably due to the pandemic, and the presence of foreign bookrunners underwent a sharp decline by around 20 percentage points. The last two years have seen an upturn in both indicators. The strategic influence of foreign intermediaries remains more significant in high-value deals, and also depends on global macroeconomic shifts and issuers' financial decisions about capital structure composition. In 2024 229 issuances out of 286 were assisted by at least one foreign bookrunner (80% by volume), with a total value of about €153.8 billion (81% by value). Foreign bookrunners participated exclusively (without domestic intermediaries) in 56 tranches (42 in 2023), making up about 20% of the total and €20.9 billion of the issued value. The average value of deals assisted by international pools of bookrunners was about €768 million, higher than the market average (€662 million).

In 2024 there were 34 "large deals", i.e. tranches having a value of at least €1 billion (35 in 2023), having a total value of about €113.5 billion (+5.6% *YoY*), making up just less than 60% of the whole market. Within this cluster, foreign bookrunners continued to play a relevant role: non-domestic bookrunners participated in 30 out of 34 tranches (€83.9 billion), reaching a market share of about 88% by volume and 74% by value.

The operations of foreign bookrunners focused strongly on a few strategic industries. Figure 12 shows the dominance of Government issuances, with public issuers assisted by non-domestic bookrunners for about €61.1 billion of issuances (nearly 40% of the total). The Finance sector came next, with €48.0 billion, reflecting a continued foreign interest in the Italian banking, insurance, and financial services sectors. Utility & Energy (€14.8 billion) rounded out the top three, confirming the sector's attractiveness, energy transition dynamics and strategic positioning. These top three sectors amounted to about €124 billion, representing about two thirds of the total and 80% of foreign bookrunners' deals. In the "top 10" sectors, which includes smaller segments such as Oil & Gas, Transportation, and Insurance, the value of all tranches was €142.9 billion, about 75% of the whole market and 93% of the total value of deals assisted by non-domestic bookrunners.

Table 10 gives a summary of the distribution of tranches by class value. In broad terms, the distribution for 2024 confirms results highlighted in previous AIBE Reports. The figures show a positive link between tranche size and the foreign bookrunners' market share. In particular, foreign intermediaries have a substantial dominance in mid-to-large tranche sizes. For tranches ranging between €100 and €500 million, foreign bookrunners held a market share of 90.8%, with 84 transactions totaling €32.9 billion. This dominance increases further in the upper segment (€500 million-€1 billion), where they hold 97.4% of the market, corresponding to €48.4 billion across 62 tranches.

With regard to distribution by deal type, foreign bookrunners were dominant in almost all segments (Table 11). Sovereign/Local Authority issuances is the largest segment by value (€61.1 billion over 12 tranches), with foreign bookrunners occupying a very significant market share (67.4%). The relevance of these public issuances and their strategic positioning within the domestic debt capital market have been confirmed. Other relevant segments are represented by corporate bond and covered bond issuances, where foreign bookrunners' had more than 90% of the market.

"Top 10" tranches ranking by deal value show that foreign bookrunners are involved in 8 out of 10 tranches, having a value of about €64.1 billion, 89% of the subtotal of 10 largest tranches, or 34% of the whole market.

According to Dealogic, the Italian debt capital market also grew in size in the first part of the current year: over the period January/April, the Dealogic database recorded issuances totaling about €93.1 billion (€86.7 billion in January/April 2024), over 103 tranches, +17 compared the same period in 2024. Foreign intermediaries participated in 76 tranches out of 103 (74% by volume), making up a deal value of €74 billion and a market share of 80% in terms of value.

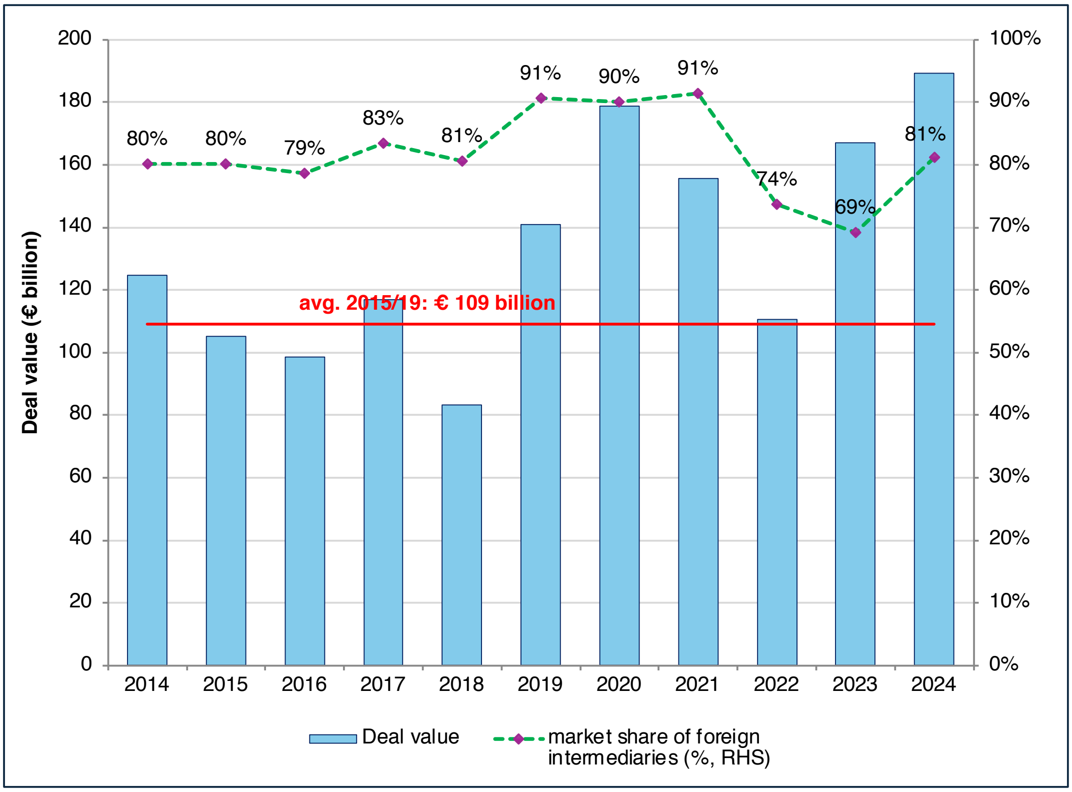

Fig. 11 *Debt capital market (DCM) issuances by Italian borrowers: total annual deal value (2014/24, €billion) and market share of foreign bookrunners (%, RHS)*

Source: elaboration of Dealogic data

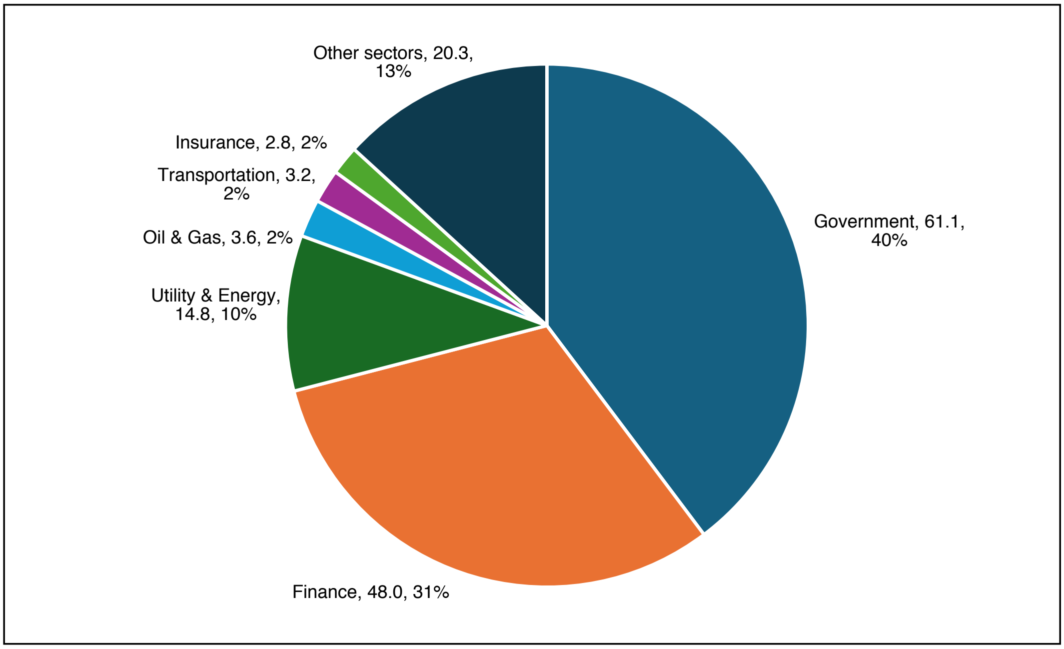

Fig. 12 DCM issuances by industrial sector of Italian borrowers assisted by foreign bookrunners (2024, €billion and %)

Source: elaboration of Dealogic data

Class of tranche value	Foreign bookrunners		
	Number of tranches	Tranche value	Market share (%)
Up to € 10 million	15	0,1	68,6%
€ 10-100 million	52	2,4	62,9%
€ 100-500 million	84	32,9	90,8%
€ 500 million-1 billion	62	48,4	97,4%
€ 1-5 billion	11	22,9	74,3%
More than € 5 billion	5	47,0	68,5%
Total	**229**	**153,8**	**81,2%**

Tab. 10 DCM issuances by Italian borrowers assisted by foreign bookrunners: distribution of tranche value by size (2024, €million) – Source: elaboration of Dealogic database

Note: market share (%) is by class of tranche value.

Deal type	Foreign bookrunners		
	Number of tranches	Tranche value	Market share (%)
Sovereign, Local Authority	12	61,1	67,4%
Corporate Bond-Investment Grade	69	46,7	98,0%
Corporate Bond-High Yield	44	22,1	100,0%
Covered Bond	25	11,8	94,0%
Asset-Backed Security	67	8,0	82,6%
Non-US Agency	9	3,3	88,1%
Medium-Term Note	3	0,7	23,5%
Total	**229**	**153,8**	**81,2%**

Tab. 11 DCM issuances by Italian borrowers assisted by foreign bookrunners: distribution of tranche value by deal type (2024, €million)

Source: elaboration of Dealogic database

Note: market share (%) is by deal type.

5.2 Equity capital market

This paragraph gives a summary of the role of foreign bookrunners in supporting Italian companies in the domestic equity capital market, with equity issuances (e.g. IPOs, rights offer, accelerated bookbuilds and convertible bond issuances).

According to the Dealogic database, last year the Italian equity capital market grew slightly in size, from €6 billion to just less than €6.8 billion (+14% *YoY*). Across the last decade, as shown in Figure 13, foreign intermediaries have consistently maintained a significant role as bookrunners, both in absolute deal values and in market share. The foreign-only bookrunner market share has remained above 90% in most years, with a peak of 97% in 2015 and 2019, confirming both the importance of international intermediaries in Italy's equity primary market and issuers' preference for international syndication networks, for a better placement on global markets. Foreign operators were involved exclusively in 16 out of 63 tranches (25% by number), worth €3.2 billion, for a market share of about 47% of the total deal value.

In 2024 international pools of bookrunners, with the joint participation of Italian and non-domestic players, supported equity issuances in 13 deals (21% by volume), for a total deal value of €3.1 billion and a market share of 46%.

The major participation of foreign bookrunners can be appreciated by average deal size, €217 million for deals assisted by international bookrunners, almost double the average deal size, while issuances solely assisted by domestic players (34 deals) made up 54% of the market, but only 7% by value, with an average market size of €108 million.

As shown in Figure 14, issuers assisted by foreign intermediaries predominantly come from the Oil & Gas, Food & Beverage, and Auto/Truck sectors. The concentration index C3 was 61% (€3.8 billion), close to the previous year. In all sectors, non-domestic bookrunners are prevalent in terms of the aggregate market share.

"Follow-on" deals are the most common deal type, with 38 deals out of 63, worth €5.8 billion, of which 19 (50% by volume) assisted by foreign bookrunners, having a total deal value of about €5.4 billion. Dealogic recorded 23 IPOs (34 in 2023), of which 8 assisted by international pools of bookrunners, for a total deal value of about €198 million (€1.3 billion in 2024). Despite the relevant market share held by foreign bookrunners, the average value of IPOs was quite modest (€13.6 million *versus* €8.6 million), suggesting that new initial public offerings mainly involved mid-sized enterprises.

According to Dealogic data, in the first quarter of the current year, the Italian ECM looked promising. Between January and March 2025 7 deals were recorded, for a total deal value of about €4.2 billion, compared with 17 and €3 billion respectively in the period January/April 2024. Foreign bookrunners played a dominant role, participating in 5 issuances out of 7 (72% by volume), making up a total deal value of about €4.1 billion (99% by value).

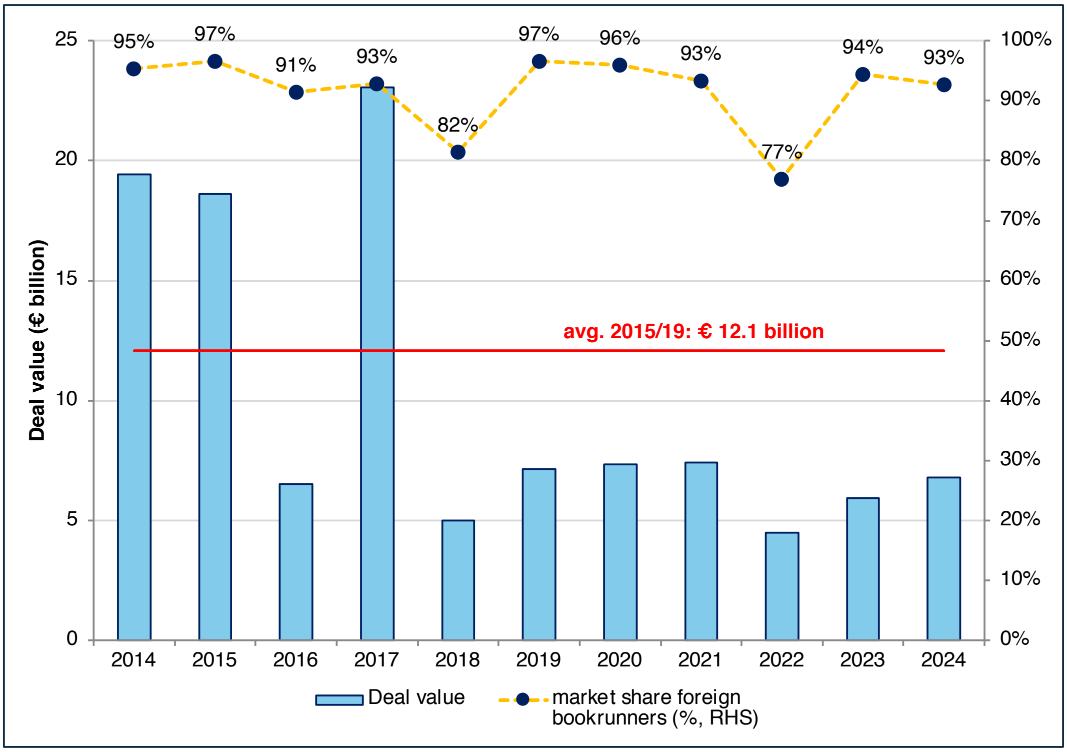

Fig. 13 Equity capital market: distribution of deal value (Italian issuers, 2014/24, €billion) and market share of foreign bookrunners (%, RHS)

Source: elaboration of Dealogic data

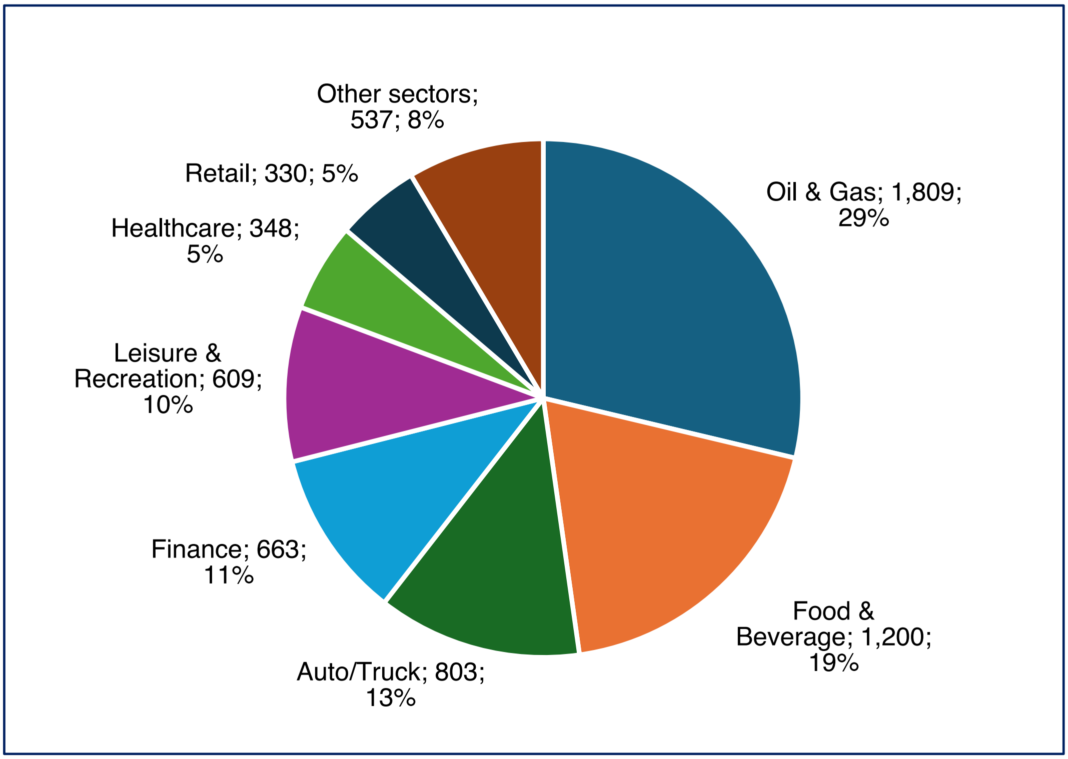

Fig. 14 Equity capital market: issuances by industrial sector of Italian issuers assisted by foreign bookrunners (2024, €billion and %)

Source: elaboration of Dealogic data

5.3 Trading on Cash Markets

According to AMF Italia (Associazione Intermediari Mercati Finanziari), which represents intermediaries operating on Italian financial markets (Italian investment firms, investment banks and subsidiaries of foreign investment service providers), AMF members accounted for about 38% of total market volume in the Euronext Milan Domestic market in 2023, and 72% in the DomesticMOT. Both percentages were stable compared to 2023.

Figure 15 gives a summary of the market share held by AMF Italia's foreign members. Analysis of the composition of market participants in these two markets over the 5y-period from 2020 to 2024 shows that foreign players consistently held a larger market share in Euronext Milan Domestic compared to DomesticMOT. Their presence remained relatively stable, fluctuating slightly by 13-15 percentage points. By contrast, foreign participation in DomesticMOT was lower, declining from the peak reached in 2022 (5.2%) to 0.7% in 2024.

In Euronext Milan Domestic the share of foreign players over the total (represented by AMF Associates) was about 34%, confirming the market to be relatively more international, as in the last 4 years foreign investors have consistently made up about one-third of all participants. Within this market 4 out of 20 players were based abroad in 2024, and were among the most active, all included in the "top 10" by market volume.

AMF data highlight the relevant role of non-domestic intermediaries in other market segments of the Italian Stock Exchange. In the "Index Futures" market, a US-based bank was leader by turnover for third party trading, holding a market share of about 12.5%, about 44% of turnover generated by AMF

Associates. In the "Options on Stocks" market, 2 of the "top 5" most active players for third party trading are based abroad, as are the first 2 players in the "Futures on Stocks" market. With regard to proprietary trading turnover, foreign intermediaries hold relevant market shares in several segments (Euronext Milan Domestic, SeDex, ETFplus, and "Futures on Stocks").

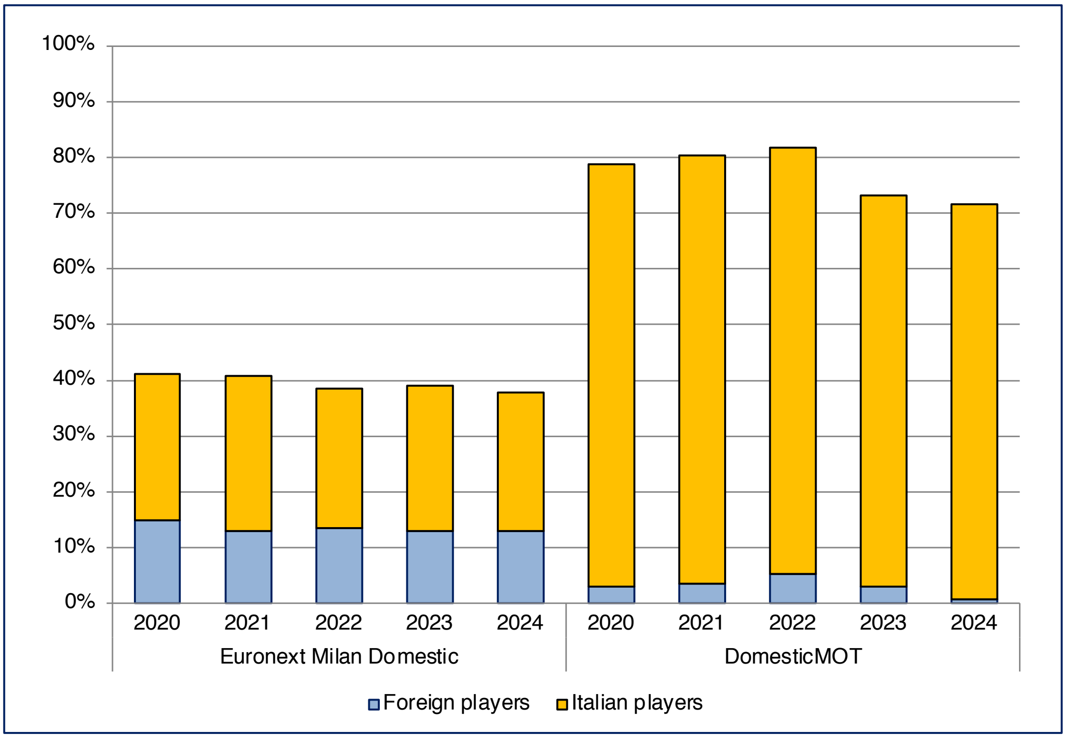

Fig. 15 Recent trends in market shares held by AFM's members by origin (2020/24, % of values)
Source: elaboration of AFM's statistics

Chapter 6
Specialized credit

According to Assifact, in 2024 the Italian factoring market remained stable compared to the previous year. Annual turnover, evaluated at €289.6 billion, was just €0.2 billion lower than 2023. The market share held by foreign intermediaries remained unchanged at 17%.

The long-term trend (Figure 16) over the last decade shows a decline in the market share of nonresident players, from 20.3% to 17%. Despite this negative change, we can observe that absolute turnover values grew by about 37%, from €36 billion to €49.3 billion, and the whole market showed a more positive trend, with an average annual compound growth rate of 5%. A total of 4 foreign players are included in these statistics, 2 of them among the "top 10" most active operators by total annual turnover.

International factoring is also growing. In 2024 turnover reached nearly €73 billion, marking a 14% increase *YoY*. The majority of these volumes came from export factoring, confirming its crucial role in supporting Italian firms' exports and their international operations, and dealing with commercial credit risk and the risk of default or illiquidity related to the financial position of the foreign counterparty. Broadly speaking, foreign operators can take advantage of a number of strategic benefits, such as foreign credit risk management and cross-border expertise. The forecast scenario suggests positive but cautious development for the Italian factoring market in 2025, with an expected average growth – considering different scenarios based on GDP and macroeconomic trends – of 2.2%. In addition to macroeconomic factors, future trends will be also driven by global trade growth, the larger presence of innovative platforms for SME funding launched by international fintech companies, and the expansion of factoring within supply chain finance.

According to Assilea data, the Italian leasing market shrank slightly in 2024, as the value of leasing contracts went down from €34.8 to €33.4 billion (–4.1% *YoY*), aligned with the average for the previous 3y-horizon and about €5 billion higher than pre-COVID levels. If we look at the long-term trend, as shown in Figure 17, we can see that the value of contracts referring to Assilea's foreign members rose from €7 billion (2014) to €9.9 billion (2024), with the peak reached in 2022 and 2023, when the market bounced back significantly following the pandemic crisis.

In 2024 the market share held by foreign players remained stable (29.8%), while the long-term trend - excluding the peaks in 2014 and 2015 - shows an upward dynamic, with the market share rising from 25.9% (average 2017/19) to 29.8%.

A total of 19 foreign players are included in market statistics (17 in 2024): 4 are in the "top 5" most active intermediaries by value of leasing contracts (approx. €7.7 billion), making up 23% of the whole market and 82% of the operations of intermediaries based abroad. This value is distributed over about 146,700 contracts, making up 93% of all operations of foreign players and 19% of the whole market.

Outstanding credit at the end of 2023 was approx. €66.6 billion (–2% *YoY*), of which €23.2 billion (+14% *YoY*) referring to foreign players. Operators based abroad held a market share of roughly 55% by number of contracts (+8 p.p. *YoY*) and 35% by value (+5 p.p. *YoY*). Three foreign intermediaries, belonging to international banking groups, were among the "top 10" most relevant operators by stock of outstanding credit at the end of 2024. The concentration index C3 referring to the role of nonresident intermediaries was 61% by number and 64% by value.

According to Assilea's Annual Report, the market share held by foreign players was particularly high for financial and operating leases for capital equipment: in 2024 their market shares were, respectively, 58.5% and 72.8%, reinforcing their relative position in respect of domestic players.

Business analysts highlight the greater internationalization of partnerships and joint ventures among financial players based in different countries, especially in the operating lease sector. This can be a crucial driver to support firms' needs, also in terms of digitalization and sustainability. In the near future we can expect foreign operators to exploit their international networks in order to support firms' internationalization, and offer customized and cross-border lease solutions to SMEs.

In 2024, the Italian consumer credit market shows a significant growth. According to the Assofin, Crif and Prometeia Consumer Credit Survey, cash flows rose by about €4.8 billion on an annual basis, from €65.9 to €70.7 billion. As summarized in the Figure 18, the market share held by non-domestic operators represents more than the half of the whole market (56.3% in 2024), quite stable in the last 5 years.

Over the period 2020/24 we observe the growing contribution of foreign intermediaries: while the number of non-domestic entities (both banks and non-banks) remained relatively stable (17-18 entities, representing about of 45% institutions included in the survey), cumulative flows went up of about €12.5 billion, making up a compound growth rate of about 46%, higher than domestic players.

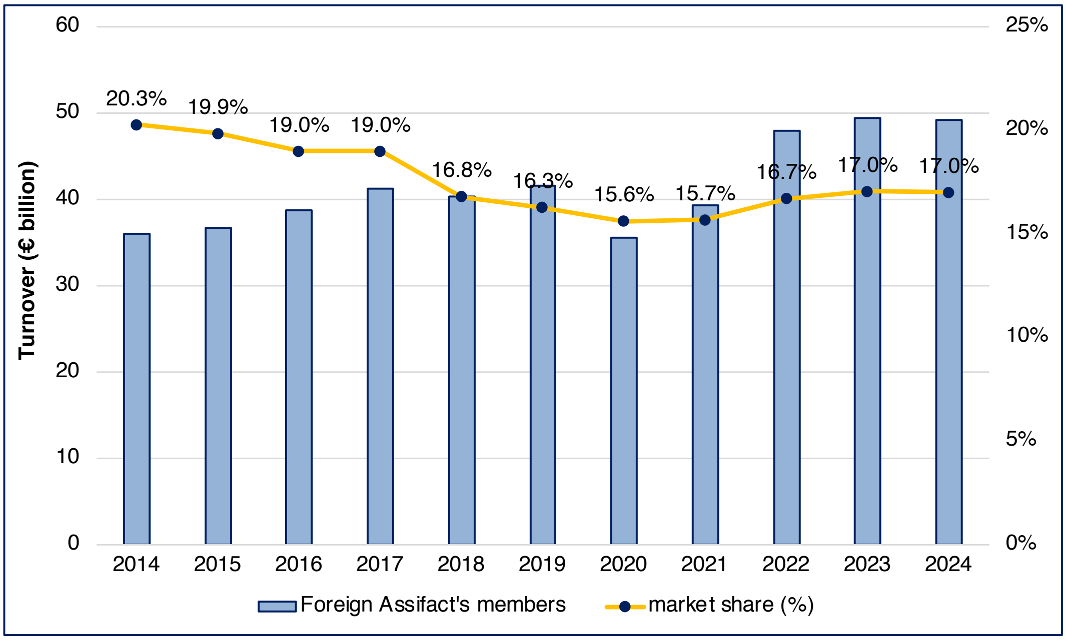

Fig. 16 *Italian factoring market: distribution of turnover and market share of foreign players (2014/24, €billion and %)*

Source: elaboration of Assifact data

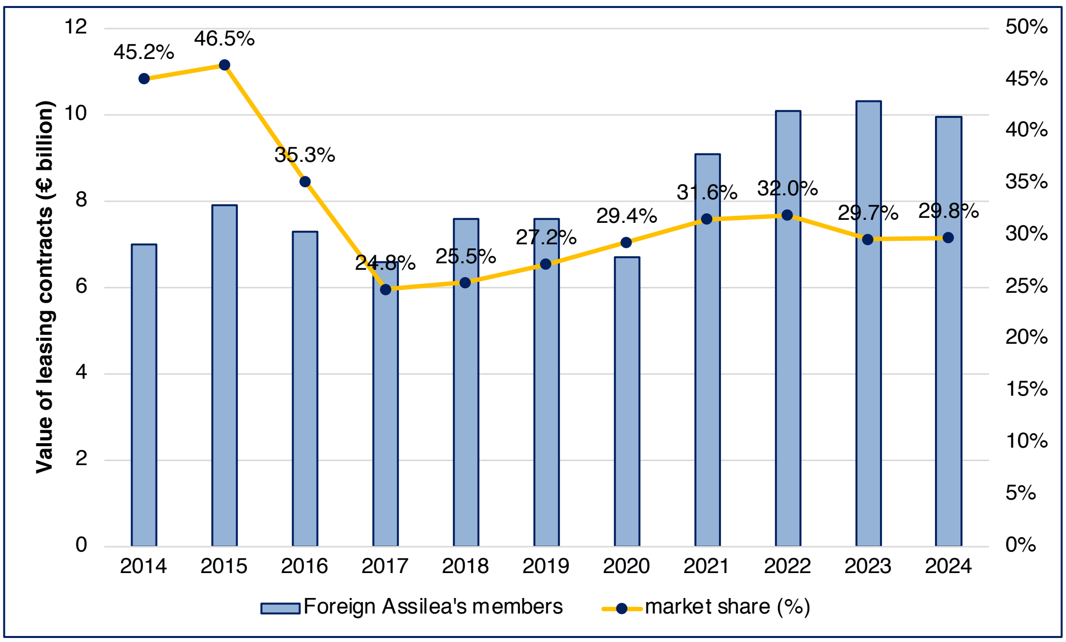

Fig. 17 *Italian leasing market: distribution of the value of leasing contracts and market shares of foreign players (2014/24, €billion and %)*

Source: elaboration of Assilea data

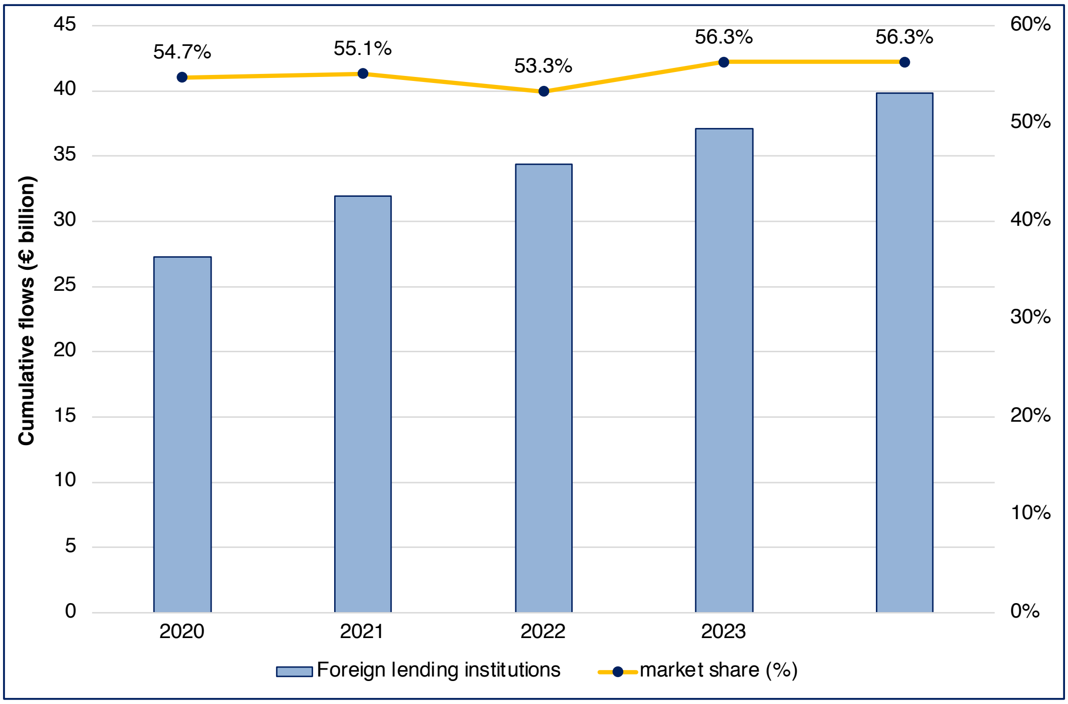

Fig. 18 *Italian consumer credit market: distribution of cumulative flows and market share of foreign players (2020/24, €billion and %)*

Source: elaboration of Assofin-Crif-Prometeia's survey, last update June 2025

Note: *Foreign lending institutions are players having prevalent foreign ownership. In the case of mixed-ownership companies, cumulative flows are attributed "pro rata" according to ownership shares.*

Chapter 7

Foreign banks in Europe: a sample analysis

This chapter provides an overview of the role played by foreign banks in a sample of European countries (France, Germany, Spain and United Kingdom), making comparisons with the situation in Italy. As with previous AIBE Reports, the analysis is twofold. In the next section (§ 7.1) the role of nonresident investors in Government debt is discussed. Secondly, we will examine the positioning and relevance of foreign bookrunners in the syndicated loans market and debt and equity capital markets, and their role of supporting firms' issuances and capital structure decisions (§ 7.2).

7.1 The role of nonresident investors in public debt

The figures given here are based on International Monetary Fund (IMF) data, contained in "Fiscal Monitor" reports. As shown in Figure 19, the long-term trend referring to nonresident holdings of public debt over the period 2015/24 shows a quite similar pattern across the selected countries.

France, Germany, and Spain continued to have the highest market share of nonresident investors in public debt, although these shares fell over the period in question. In France the share fell from 64.8% to 52.9%, after reaching a low of 43.4% in the first quarter of 2023. Germany's exposure went down by about 15 percentage points from 62% to 47.3%, while Spain's exposure was more stable.

The long-term average for the United Kingdom and Italy was lower (31.8% and 32.7% respectively). Over the period 2015/24, UK exposure reached a minimum in early 2023 (22.6%), before a partial rebound of about 5 p.p. over the last 2 years. Typically lower than the above countries, foreign holdings of Italian Government debt fell from 40% (2015) to 24.1% (1Q-2023), before recovering significantly to 33.6% in 2024 (+9 p.p. over last two years). Italy remains heavily dependent on domestic investors, where a large market share is held by banks, institutional investors and households. Data for 2024 suggested however that foreign confidence was on the rise.

With the macroeconomic challenges that lie ahead, and general geopolitical instability, sovereign bonds are exposed to several risks: escalating uncertainty and policy shifts are reshaping the fiscal outlook, according to the IMF. Public debt projections have been revised upwards, with the risk of worsening in financial and economic conditions, as a consequence of new tariffs, volatility and increased defense spending. The Bank of Italy's analysis showed that in the aftermath of the sovereign debt crisis, foreign investors reduced their exposure towards Italian public securities (P. Angelini, G. Grande, and F. Panetta, "*The negative feedback loop between banks and sovereigns*", Bank of Italy, Occasional Papers no. 213, 2014). Another significant challenge is the potential effect of Quantitative Tightening (QT). Since 2022, especially after extraordinary support given for post-COVID recovery, Central Banks have been reducing their exposure in Government bonds portfolios. A Bank of Italy cross-country analysis shows that foreign investors helped to absorb the increased net supply of public securities, despite the high degree of heterogeneity among Eurozone countries (see also ECB, "Box 1 – Sovereign bond markets and financial stability: examining the risk to absorption capacity", Financial Stability Review, November 2023, and R. Beck, V. Burian, G. Georgiadis and P. McQuade, "Geopolitics and foreign holdings of euro area government debt", in ECB, "The international role of the euro", June 2025).

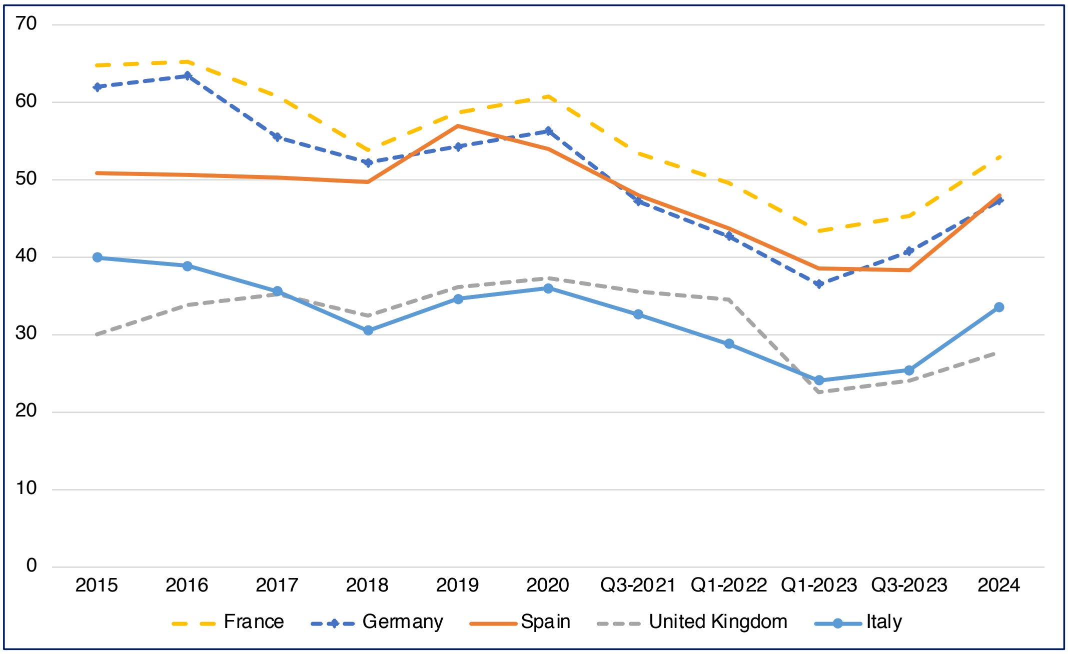

Fig. 19 Nonresident holdings of general government debt (2015/24, % of total)
Source: elaboration of IFM Fiscal Monitor

7.2 The role of foreign banks in debt and capital markets

This section provides a summary of the relevance and market share of foreign bookrunners in the above-mentioned selected countries (France, Germany, Spain, and United Kingdom) making comparisons with Italy in local debt and capital markets.

Figure 20 gives an overview of the main results. Three markets are analyzed: syndicated loans, debt capital markets and equity capital markets.

Looking first at syndicated loans, the total value of new issuances in 2024 was about €757 billion, a huge growth compared to 2023 (+50.4% *YoY*), with a universal growth in market size. The United Kingdom and Germany posted the largest volumes (€245 and €181 billion), followed by France, Italy, and Spain. Despite some national differences, the role of foreign bookrunners was significant in all the countries surveyed. The market share referring solely to foreign bookrunners was 11% on average, but if we add the role of international consortia, where domestic and international bookrunners support issuers' funding needs, we can estimate that the average market share held by nonresident operators was close to 70%, 5 p.p. higher than 2023, with a peak in Germany (83%). International bookrunners are normally involved in larger issuances, as can be seen from a cross-country analysis.

Debt Capital Markets (DCM) was the largest segment, with €1.49 trillion total volume (+19% *YoY*), despite varying annual growth rates: the United Kingdom, the largest DCM, posted an annual growth rate of about 51%, while the DCMs in Germany, Italy, and Spain grew by about 13%. The French market remained substantially stable (+1.6%). Germany and the United Kingdom had the largest market shares referring solely to foreign bookrunners (32% of total deal value). If we add the market share of international pools of bookrunners – particularly high in Spain (89%) – the overall penetration of non-domestic operators was close to 88%. No significant differences emerged among countries. The average size of deals was much larger in the case of deals assisted by international operators, on average 1.6x the size of deals assisted solely by domestic intermediaries.

Equity capital markets in the selected countries also grew in size in 2024. The total aggregate deal value rose from €52.2 to €63 billion (+21% *YoY*), but with variations from country to country. Spain and the United Kingdom posted the largest annual growth rates, followed by Italy (+14%), while the French and German ECMs declined, respectively, by roughly 6% and 12%. The United Kingdom remained the largest market among the selected countries, making up about 52% of the total value of all 2024 new issuances. The role of foreign bookrunners, across countries, was very significant: the market share of pools of solely foreign operators was 28% on average, rising to 47% in Italy, a figure that rises to 95% if we add the contribution of international consortia of bookrunners.

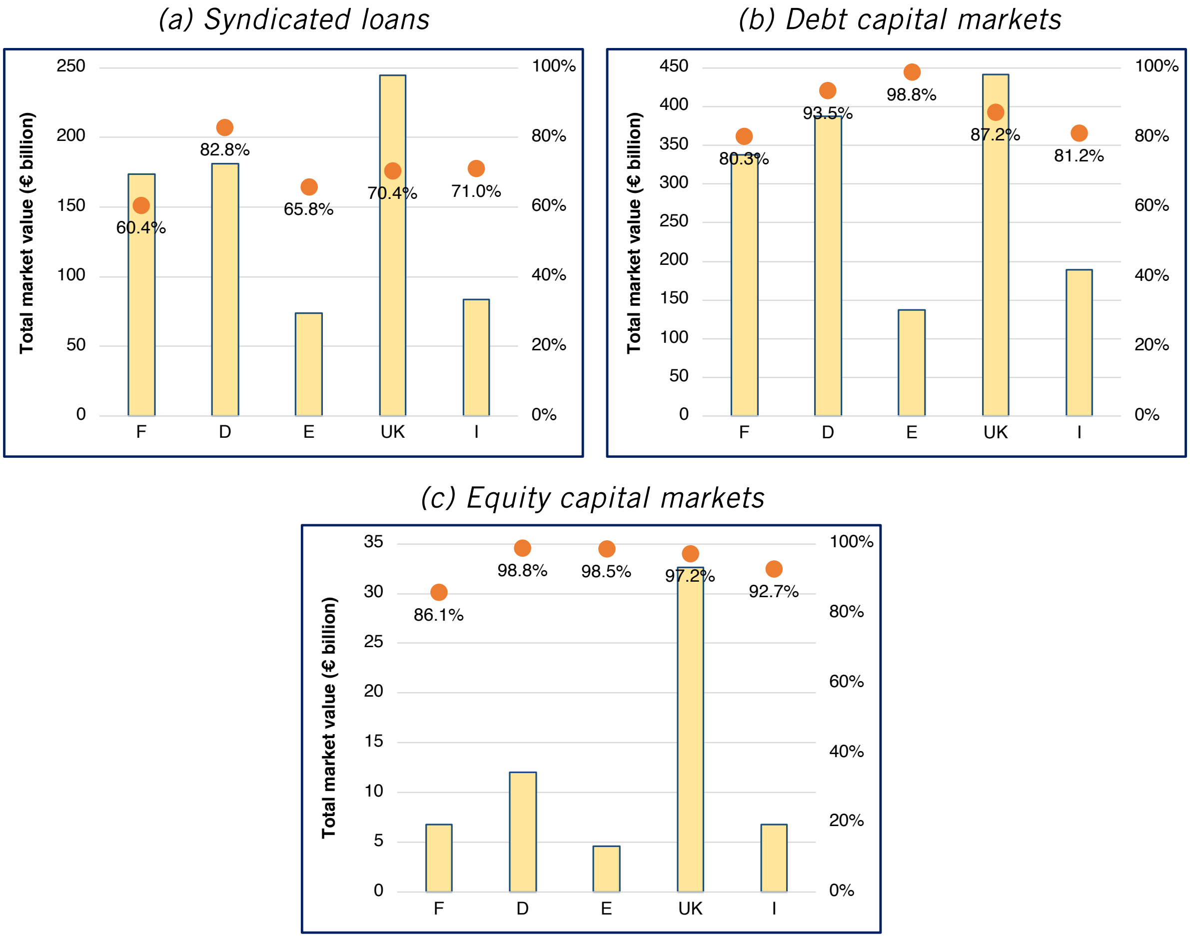

Fig. 20 Annual deal value and market share of foreign intermediaries (2024, €billion and %)
Source: elaboration of Dealogic database

Chapter 8

Towards stronger capital markets

The latest EY "Europe Attractiveness Survey 2025", released in mid-June, highlights the importance for European economies to create an internationally competitive business environment to relaunch their attractiveness to foreign investors.

The annual survey, involving 500 executives, offers a snapshot of some key statistics. First of all, weak economic growth and geopolitical turbulence caused a fall in Foreign Direct Investments (FDI) towards Europe to a nine-year low (5,383 projects in 2024), with a down of 11% *YoY* for investment from the US, historically the most important country of origin of foreign investors in Europe. The survey highlights that the appetite to invest in Europe declined, as 59% of the respondents plan to expand operations in Europe in the next 12 months (72% in 2024), while 37% of surveyed businesses reduced the size of their investments. Despite these negative data, the majority of respondents (61%) expect that Europe's attractiveness can be reinforced in a 3y-time horizon, prioritizing some essential areas to increase competitiveness, support resilience and favouring access to finance and business confidence.

Among factors that are crucial for attractiveness, business experts highlight both availability of funding and the cost of capital. Nevertheless, these points are not a strength for European markets, where banking sector is largely well developed, mature, quite profitable, and resilient, but capital markets are significantly smaller than in the United States. According to IMF, the weight of venture capital funding as a share of GDP in Europe was about one-third that of the US.

According to Mario Draghi's estimates, Europe will need about €750 and €800 billion annually by 2030 in new investments in some critical priorities like security and digitalization. To this end, it is necessary to channel the flows of institutional investors, such as pension funds and investment funds, towards the real economy. The value of investment as a share of GDP is lower than other international competitors, as a consequence of the fragmentation of the capital markets.

The goal of the EU's "Savings and Investments Union" (SIU) will be channeling higher amounts of private capital toward productive investments, improving wealth growth for citizens, and giving growth companies better access to finance.

The Communication on the "Savings and Investments Union" aims to provide a strategic framework that encourages the alignment of all aspects of the EU financial system (European Commission, "Press Corner", Q&A, March 19, 2025). It will include initiatives focused on four major areas, namely Citizens and Savings, Investments and Financing; Integration and Scale; and Efficient Supervision in the Single Market.

A key goal of the SIU is to favour EU firms' access to diversified and cross-border financing, helping them scale up and grow, especially in the most strategic sectors, like technology, energy, education, and defense. By enabling stronger business financing, the SIU aims to trigger a multiplier effect on the economy, boosting competitiveness and employment, and to support economic growth. As stated in the document, retail savers are expected to play a more central role in financing the European economy via bank deposits and a proper set of incentives in order to invest savings in financial instruments traded in capital markets, to improve liquidity, prices' disclosure and efficiency. According to ECB's analysis, if European households were to align their deposit-to-financial assets ratio with that of US households, a stock of up to €8 trillion could be redirected towards capital markets (ECB, "Follow the money: channeling savings into investment and innovation in Europe", speech by C. Lagarde, November 22, 2024). The SIU also aims to reinforce co-investments participated both by retail investors and public entities, targeting strategic projects relevant to EU priorities (also see Cornelli F., speech held in "Sadiba Conference", Bologna, March 2025).

In order to develop capital markets and deploy investments oriented to growth and innovation, the SIU underline the critical role to be played by the EU supplementary pensions sector, alongside its mission in supporting citizens' financial security.

The SIU also proposes harmonizing supervision, removing barriers to cross-border financial activity, and fostering deeper links between capital markets and the banking sector.

We expect, nevertheless, that banks will continue to play a central mission in financing the real economy and supporting financial needs and funding decisions of institutions, firms, and households. At the same time, the banking system must assure adequate financial stability, both at micro- and macro-levels, in order to cope with systemic and sector-specific crises, while ensuring an appropriate allocation of capital to manage risks.

Banks' presence allows both citizens and businesses to build and sustain long-term relationships with clients, companies, and depositors, giving them valuable market insight. Beyond traditional lending, banks also support the functioning of capital markets by issuing securities, facilitating insurance, risk management, liquidity, and acting as advisors and intermediaries in a wide range of activities, for institutional, corporate and retail counterparties (J. Berrigan, "*Towards a more competitive European economy: the role of the Savings and Investments Union (SIU)*", International Banker, June 18, 2025). There is a clear need for strong and supra-national European banks that operate beyond national boundaries, in a truly integrated single market. This should be the recommended or even the priority path for strengthening financial stability and enhancing the integration of the EU banking sector, as well, as its resiliency to international shocks.

In next quarters the European Commission will introduce key measures for implementing the SIU, starting from the third quarter of 2025, with specific initiatives oriented to boost retail participation in capital markets, while in the second quarter of 2026 a mid-term review of the implementation of the SIU will be released. At that time policymakers and citizens as well, will be more conscious about the effectiveness of these measures in order to create a more competitive and resilient EU economy, empowering citizens and fostering growth across the region, and not only a further layer of EU bureaucracy.

List of AIBE Member Banks

The list is updated through January 1st, 2025.

Aareal Bank AG
Arab Banking Corporation SA
Banco Bilbao Vizcaya Argentaria SA
Banco Santander SA
Bank of America Europe DAC
Bank of China Ltd. Milan Branch
Bank of Communications (Luxembourg) SA
Barclays Bank Ireland Plc.
Bayerische Landesbank
Bhw Bausparkasse AG
BNP – Paribas
BNY, Italy
Caixabank
China Construction Bank (Europe) SA
Citibank N.A.
Commerzbank AG
Cooperatieve Rabobank U.A.
Crédit Agricole Corporate and Investment Bank
Crédit Agricole Leasing & Factoring SA
Deutsche Bank
Euroclear Bank
HSBC Continental Europe
Industrial and Commercial Bank of China (Europe) SA
ING Bank N.V.
J.P. Morgan Chase Bank
KBC Bank N.V.
Mizuho Bank Limited
MUFG Bank, Ltd.
Natixis S.A.
Nomura Financial Products Europe GMBH
Pictet & Cie
SMBC Bank EU AG
Société Générale
State Street Bank GMBH
UBS Europe SE
Western Union International Bank GMBH

Representative Offices

Banque Misr
Crédit Industriel et Commercial

The Authors

Carlo Arlotta
Partner, Consilia Business Management Srl, Milan
Lecturer in "Financial Solutions for SMEs"
Department of Economics, University of Insubria, Varese/Como

Giuseppe Siani
Head of the Directorate General for Financial Supervision and Regulation
Bank of Italy

Andrea Uselli
Associate Professor in Financial Markets and Institutions
Department of Economics, University of Insubria, Varese/Como

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