



# FOREIGN BANKS AND FINANCIAL INTERMEDIARIES IN ITALY

## THE SUPPORT TO ITALIAN ECONOMY IN 2016

June 2017

In collaboration with

**CONSILIA**  
business management

## Highlights

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<b>83</b>	Number of foreign banks operating in Italy (end-2016)
<b>36%</b>	Domestic public debt owned by non-residents (end-2016)
<b>57%</b>	Syndicated loans (market share held by foreign bookrunners, 2016)
<b>59%</b>	Securitization (ABS and MBS, market share held by foreign bookrunners, 2016)
<b>60%</b>	Italian project finance market (market share held by foreign intermediaries, 2016)
<b>34%</b>	Share of incoming cross-border over total turnover of Italian M&A market (2016)
<b>79%</b>	Debt capital markets (market share held by foreign bookrunners, 2016)

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**91%** Equity capital markets (market share held by foreign bookrunners, 2016)

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**90%** Share of foreign institutional investors over total number of institutional investors in Italian Stock Exchange, Star Segment (2016)

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**467** Assets under management by foreign banks and intermediaries, (€ billion, end-2016)

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**21%** Share of foreign players in MTA trading (2016)

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**35%** Share of foreign banks and intermediaries in Italian leasing market (value of contracts, 2016)

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**19%** Share of foreign banks and intermediaries in Italian factoring market (annual turnover, 2016)

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**45%** Share of foreign banks and intermediaries in Italian consumer credit market (cumulative flows, 2016)

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# Foreword

I'm very grateful to AIBE to ask me to prepare a brief note introducing their Annual Report on presence mode and activities of foreign banks and intermediaries in Italy.

As known, it's longtime foreign banks are present in Italy in a number of different organizational "solutions", not only branches and subsidiaries, but also relevant shareholders, institutional investors and public securities' investors.

The international competitiveness of our economic system is at the "top of the agenda" of our Government. The crisis – and the recovery post-crisis – has probably accelerated and intensified the importance of Italy's attractiveness to foreign investors' eyes, to support the internationalization process of domestic companies.

The role of foreign banks in the public debt market is important, as well in debt and equity issuances of domestic corporations and syndicated loans market, debt and equity capital markets. Recent trends show a role of foreign intermediaries in the re-launch of securitization, as well in venture capital and project finance sectors.

In the last few years, a number of important reforms have been implemented in Italy in specific sectors (i.e., the reform of mutual and cooperative banks, new rules for debt enforcement and insolvency procedures, etc.), while, on the other hand, some burdens still remain. Stock of NPLs, stock of public debt and ratio public debt over GDP are among the main problems of the Italian economy, as also stated by Bank of Italy Governor Ignazio Visco in his "Concluding Remarks" during "2016 Bank of Italy Annual Report" presentation.

Challenges are important and a "joint" effort is required by all players involved to make Italy and Italian companies more competitive within the international playing field. We are sure that foreign banks and investors will continue to do their part, also increasing confidence towards domestic financial and economic system.

Emanuela Atripaldi  
Division of Banking Supervision,  
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# Introduction

The Association of Foreign Banks in Italy (Associazione Italiana Banche Estere, AIBE) releases its Seventh Annual Report on presence mode and activities of foreign banks in Italy.

The Report contains a 2016 year-end update of data related to market share held by foreign banks and financial intermediaries operating in our country. The Report analyzes data and information with regards to their main business lines.

Chapter 1 highlights the main important data regarding Italy's macro-economic situation and its attractiveness for foreign investments. Chapter 2 is devoted to the role of foreign investments in Italian Government debt and Italy's foreign debt.

Chapters from 3 to 7 analyze the main financial market sectors and business lines in which foreign banks and intermediaries operate.

Also this year I'm thankful to leading members of the Bank of Italy, Milan offices, who prepared a brief note about the very relevant role played by foreign banks in Italy and their importance in order to promote the growth and the development of our financial community and our financial and economic system.

Guido Rosa  
AIBE President



## CHAPTER 1

# The internationalization of Italian economic and productive system

The last Istat Monthly Report on the Italian economy, released in April 2017, shows an increase in the industrial production and turnover index in February, following a fall in January. The energy and intermediate goods sectors performed the best in the December/February quarter.

Over the period December to February, foreign trade improved as well, especially in terms of trade with non-EU countries (+4.9% in exports). On the other hand, recovery in the construction sector is still weak.

The outlook for subsequent months – starting from the April data – shows that the consumer confidence climate index remained stable, while the composite index of business confidence climate has shown significant and widespread improvement.

The leading indicator remains positive but highlights a deceleration. Some weaknesses remain and are still important.

In 2015, the inflow of Foreign Direct Investments (FDI) into Italy remained almost stable (\$ 20.3 billion) compared to the two previous years. However, the last 3-year average (\$ 22.6 billion) is much lower than in the pre-crisis period. Actually, the annual average of FDI inflow over the period from 2005 to 2007 was about \$ 36.6 billion.

In 2015, the weight of FDI inflow over GDP was about 1.1%, somewhat lower than the world-wide average (2.5%) and the EU-28 average (2.7%). Among the EU-28 countries, Italy is ranked 19<sup>th</sup>.

The EU's role as leading investment hub is shrinking, but still remains the largest. In 2015, the EU-28 accounted for about 24.9% of world-wide FDI inflow (USA: 21.6%, China 7.7%), whereas in 2006 it was 38.9% (USA: 16.9%, China 5.2%).

If we analyze FDI stock over GDP, Italian data for 2015 is about 18.6%, the second lowest percentage amongst the EU-28 countries. The value is about the half that of France and Germany, and about one third that of the United Kingdom.

In 2015 Italy attracted 4.6% of the FDI inflow towards EU-28 countries, or 4.3% of FDI stock.

International rankings on competitiveness have a relevant positioning within the international community. According to a number of well-known international rankings (i.e., World Bank, World Economic Forum, IMD, etc.), in the last 10 years Italy has remained in the lowest positions in the rankings when compared to other developed countries, often with a lower ranking than some developing countries<sup>1</sup>.

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<sup>1</sup> V. De Molli, "The true measure of a country's attractiveness", The European House – Ambrosetti, Tech Insights 2016, UV Day, Milan, 6<sup>th</sup> October, 2016.

A number of roadshows have been promoted by the Italian Government all over the world (i.e., in Tokyo, New York, Beijing, Hong Kong, Singapore, Dubai, etc.). The “Invest in Italy” Global Roadshows combine workshops to promote specific investment opportunities in Italy and business meetings (B2B) with the local entrepreneurial community, as well as outlining the most important ongoing reforms for enterprises and economic growth, Italian policies for attracting foreign investment and Italy’s economic and industrial background<sup>2</sup>.

Even considering the Italian criticalities, sometimes these rankings are not in line with other factual evidences. For example, Italy is the top European country in terms of the number of SMEs and Italy is one of the few G-20 countries with a positive trade balance in the manufacturing sector. Furthermore, tourism, agri-food products and heritage and culture sites place Italy in the world’s top positions<sup>3</sup>.

According to the 2017 A.T. Kearney Foreign Direct Investment Confidence Index (a survey covering 25 countries all around the world), Italy jumped from 16th to 13th position, the second-largest positive gain in this year’s Index. The gain is mainly due to the positive trend in some macroeconomic indicators (i.e., manufacturing), as well as the results of several reforms enacted in 2015 and 2016 to facilitate investments, labor market efficiency and mobility, and to make starting a business easier. According to the 2017 A.T. Kearney report, such reforms should make Italian landmarks more appealing to foreign investors and could help to boost the weight of FDI stock over GDP.

On the other hand, however, it is worthwhile to

note that some weaknesses still remain, i.e., the political volatility after the end of 2016 referendum and uncertainty regarding the new electoral law.

According to the World Economic Forum’s “The Global Competitiveness Report 2016-17”, Italy improved its competitiveness rating (44<sup>th</sup> out of 138 countries), but more slowly than other countries. In particular, financial and labor markets and institutions continue to be the weakest areas (Fig. 3)<sup>4</sup>. Recent reforms have improved Italy’s positioning, for example in terms of businesses perception of ethics and corruption, while – on the other hand – public sector performances remain poor, as well as the opinion regarding judicial system efficiency.

Financial market development showed the worst ranking: Italy is ranked 122<sup>nd</sup> out of 138 countries. As we know, the banking sector is burdened by non-performing loans and certain mid-sized and major financial institutions require urgent and significant recapitalization. Moreover, the level of public debt and its ratio to GDP remain too high (see also in Chapter 2).

In 2014, the number of foreign multinational enterprises (MNEs) operating in Italy increased by 404 units compared to the previous year-end data (Tab. 1). According to the ISTAT-National Institute of Statistics’ database, at the end of 2014 there were 13,569 foreign affiliates resident in Italy, 71% of which operating in Services macro-sectors. These MNEs employed about 1.2 million people (+4.7% YoY), generating a turnover of about € 524 billion and a value added of € 96 billion (Fig. 4).

Foreign multinational enterprises, as a percentage of total business resident in Italy, account

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<sup>2</sup> [www.investinitaly.com](http://www.investinitaly.com).

<sup>3</sup> V. De Molli, “*The true measure of a country’s attractiveness*”, The European House – Ambrosetti, Tech Insights 2016, UV Day, Milan, 6<sup>th</sup> October, 2016.

<sup>4</sup> World Economic Forum, “*The Global Competitiveness Report 2016-2017*”, pp. 29-30.

for 8% of employees, 18% of sales and 15% of gross investments in tangible goods.

MNEs are confirmed to be better performers than domestically controlled firms in terms of profitability and productivity (Fig. 5). Investments and value added per capita were almost double, while R&D expenditure by MNEs was 4 times higher than for domestically-owned companies.

Profitability – measured by the ratio between EBITDA and value added – was about 37.3% for MNEs, much higher than that of Italian companies (19.2%).

According to the ISTAT data, the majority of foreign investment is coming from the European Union (62% of firms, 59% of employees), while the United States is the most represented country (2,213 MNEs and about 276,000 employees).

Moreover, the average size of MNEs is much higher than that of domestically-owned companies (90.4 employees versus 3.4); the differences are significant in both the Industrial and Services macro-sectors.

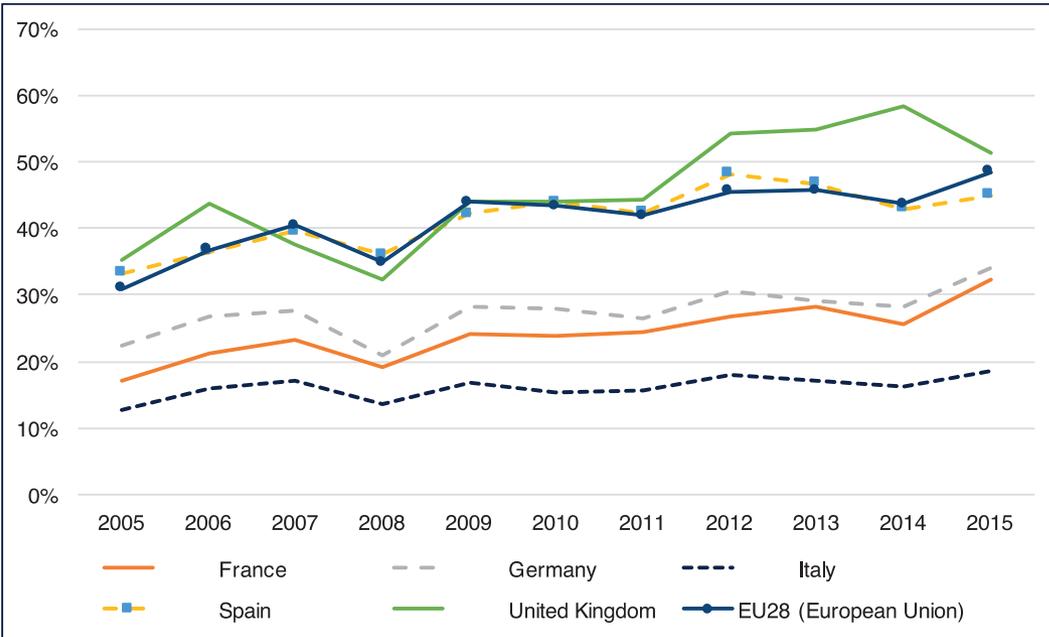


Fig. 1 *Inward FDI stock (% of GDP, year-end data) – Source: Own elaboration of OECD data*

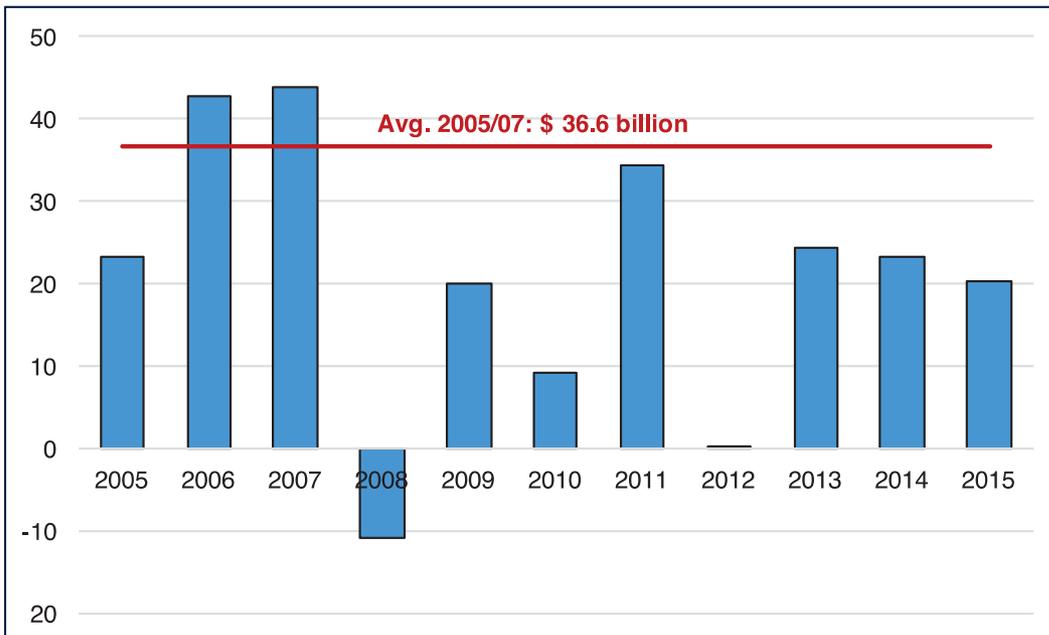


Fig. 2 *Italy's annual FDI inflow (\$ billion) – Source: Own elaboration of OECD data*

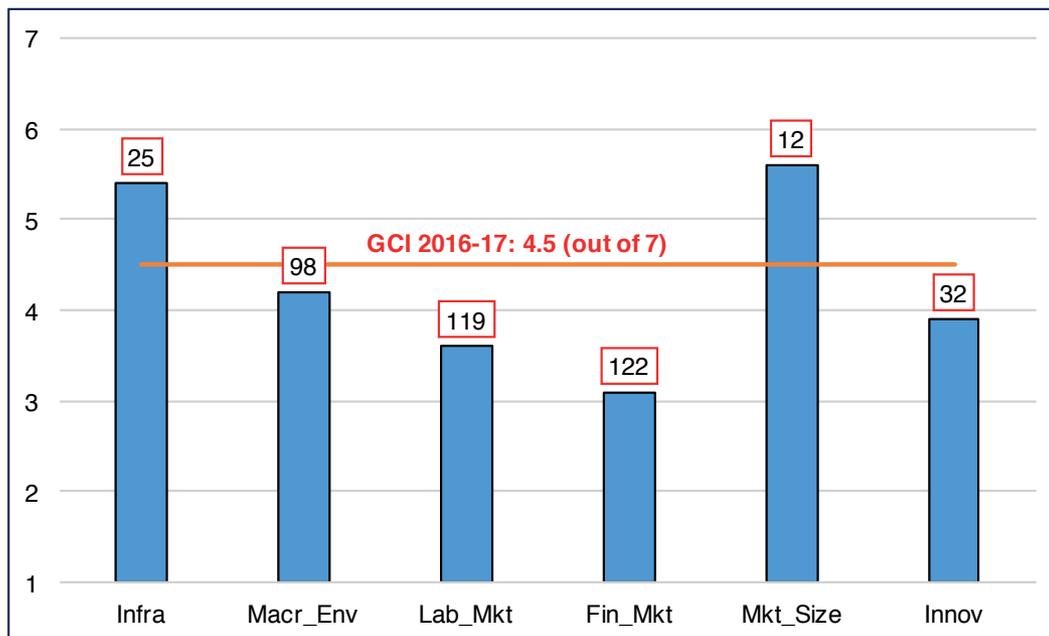


Fig. 3 Italy's Global Competitiveness Index (main individual scores, 1=min to 7=max) – Source: Own elaboration of the World Economic Forum, The Global Competitiveness Report 2016-17

Note *Infra* = Infrastructure; *Macr\_Env* = Macroeconomic Environment; *Lab\_Mkt* = Labor Market Efficiency; *Fin\_Mkt* = Financial market development; *Mkt\_Size* = Market size; *Innov* = Innovation. In labels with red border: per each item, the Italy's position in the world ranking (out of 138 countries).

	2005		2013		2014	
	Number	%	Number	%	Number	%
<b>Number of foreign-controlled firms</b>	<b>14,012</b>	<b>100</b>	<b>13,165</b>	<b>100</b>	<b>13,569</b>	<b>100</b>
Industry	4,108	29.3	3,758	28.5	3,972	29.3
Services	9,904	70.7	9,407	71.5	9,597	70.7
<i>of which: financial and insurance activities</i>	562	4.0	536	4.1	547	4.0
<b>Number of employees</b>	<b>1,175,235</b>	<b>100</b>	<b>1,172,424</b>	<b>100</b>	<b>1,227,007</b>	<b>100</b>
Industry	497,940	42.4	436,455	37.2	450,788	36.7
Services	677,295	57.6	735,969	62.8	776,219	63.3
<i>of which: financial and insurance activities</i>	34,538	2.9	66,367	5.7	66,785	5.4

Tab. 1 Main data relating to foreign-controlled enterprises operating in Italy (year-end data) – Source: Own elaboration of ISTAT data

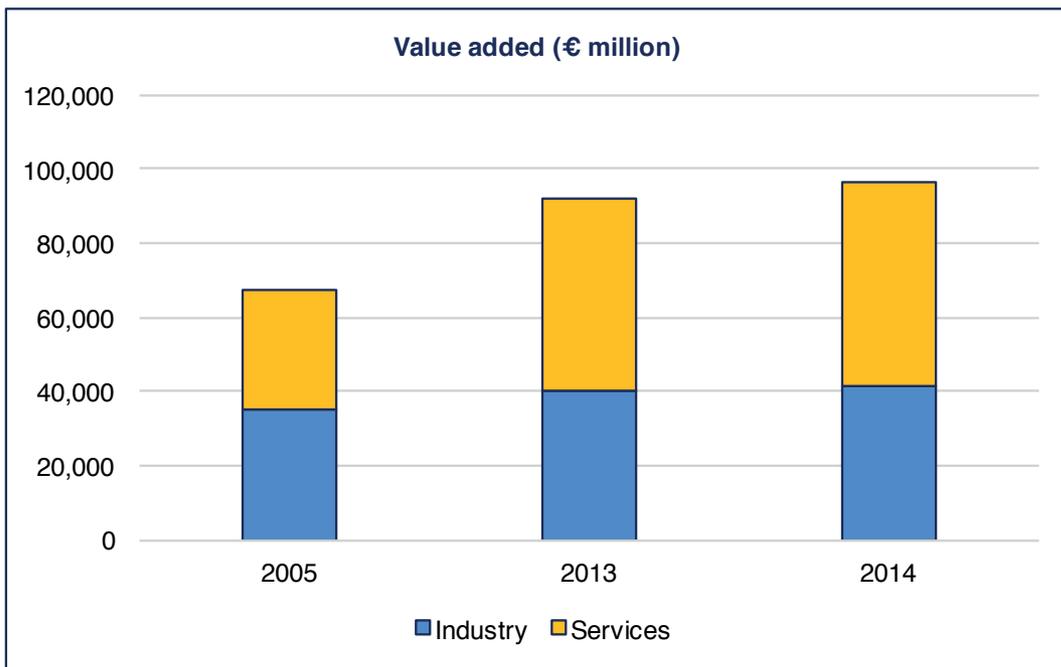
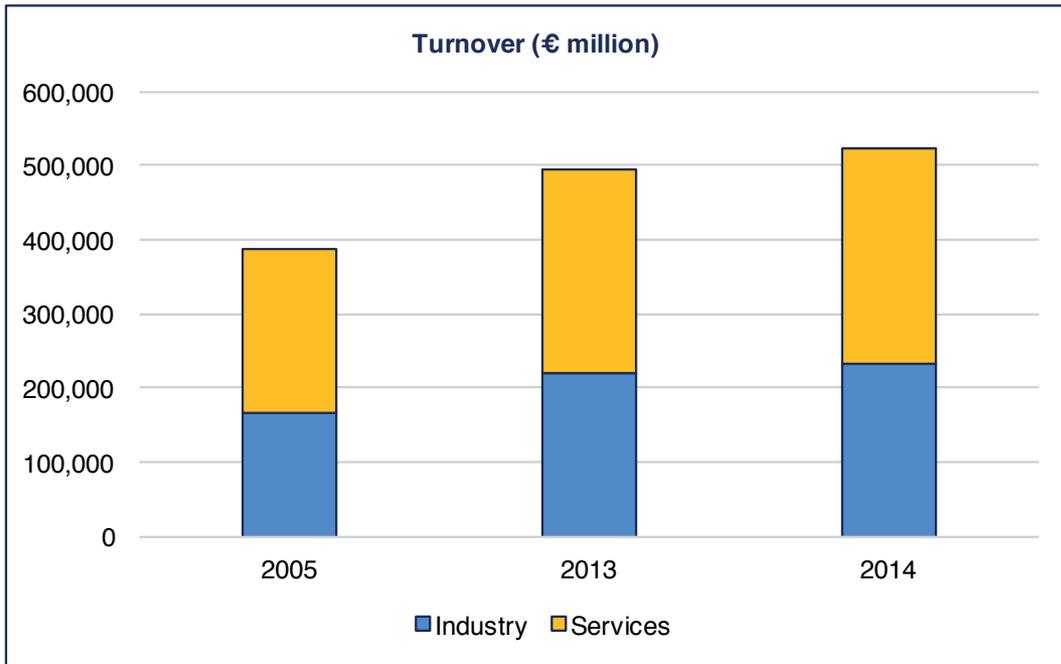


Fig. 4 *Turnover and Value added of MNEs in Italy –*  
*Source: Own elaboration of Istat data*

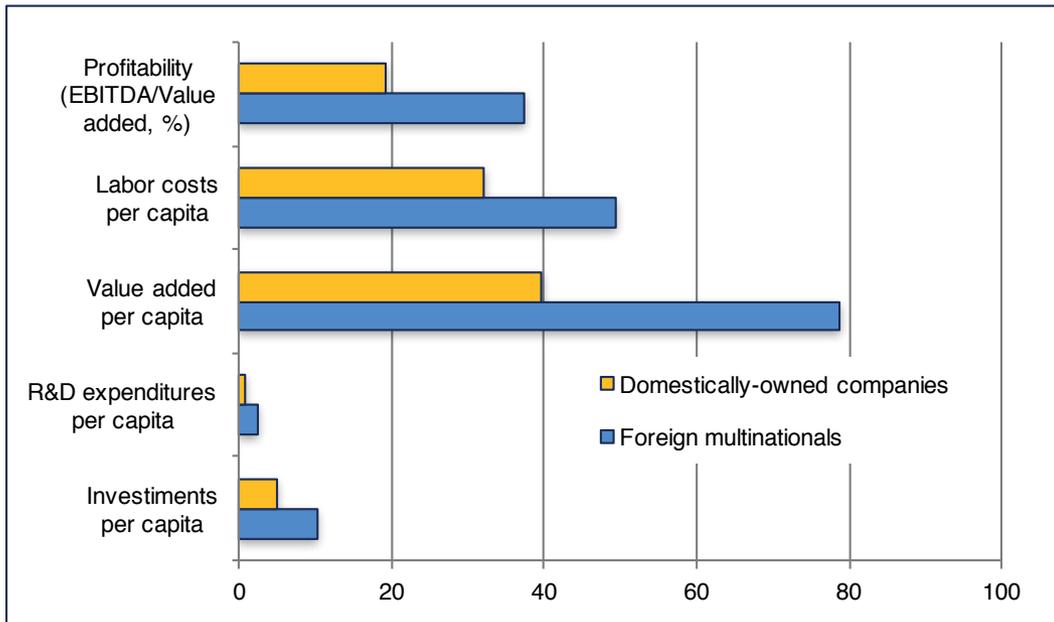


Fig. 5 *Domestically-owned firms and foreign multinational firms in Italy: comparison of performance data (amounts in € thousands; profitability as a %, 2014) – Source: Own elaboration of ISTAT data*



## CHAPTER 2

# Italian public debt and sovereign risk

At the end of 2016, the Italian gross public debt reached the amount of € 2,217.91 billion, with a growth amounting to 2.1% compared to the previous year-end data. The portion of public debt represented by Italian Government's securities is about 84% (€ 1,872 billion, +2.8% YoY).

The amount of gross debt held by non-residents was about € 727 billion (-1.9% YoY), with a decrease of about € 14 billion in the last 12 months, and equal to about € 30 billion in last 6 months.

Focusing on the non-residents portfolio, the share of Italian Government securities is equal to 93%. At the end of 2016, the stock of Italian Government's securities held by foreign investors was about € 677 billion (-2.7% YoY), with a decrease of about € 34 billion in the second half of 2016.

The share of debt held by non-residents was 32.8%, 1.3 percentage points lower than that in the end-December 2015 data. If we focus only on public debt represented by securities, the share held by foreign investors is equal to 36.1%, or 2 percentage points less than the previous year-end data. There is a clear decreasing trend over the past 1 and a half years.

Foreign investors continue to be very important in terms of Italian public debt issuances. Government aims to attract them by offering a risk/performance ratio that is very attractive and better than that of other high-rated issuers.

According to the Bank of Italy's estimates, based on national sources and statistics data on Securities Holdings Statistics (SHS) collected by the Eurosystem, net sales of Italian Government bonds by non residents (€ 25 billion in 2016) are mainly attributable to the "other financial intermediaries" of the Euro Area, especially investment funds. Net sales referred to non Euro Area investors were less important. On the other hand, Euro Zone banks and insurance companies have increased their exposure to Italian public securities<sup>5</sup>.

The Bank of Italy also highlights that foreign investors divested a total of € 75.2 billion worth of Italian portfolio securities (public securities and private sector issuances). The main share of the sales relates to medium/long term bonds issued by Italian banks (€ 28.7 billion).

According to recent analyses, the heavy weight of public debt is a very serious burden for our econ-

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<sup>5</sup> Bank of Italy, *Annual Report 2016*, Rome, May 31, 2017.

omy. However, the main risk is not related to debt sustainability in itself. The problem is the extent of the public debt, which forces the Italian Government to renew about € 400 billion in bonds. The spread has to be kept within normal levels, but at the first sign of uncertainty – as shown in recent months – conditions worsen. In this situation, the presence of non-residents is very important, even if they are concentrated on short term trading and, on average, they don't hold BTPs through to maturity. Should the Italian banks, whose exposure to Italian sovereign risk amounts to about € 400 billion, reduce their holdings of Italian public securities, the “large hands” of foreign investors would come in very handy indeed. Moreover, it would be important in the event of any reduction in the ECB's assets purchase program.

The data based on Italian external debt, as released by the Bank for International Settlements (BIS), shows that, at the end of 2016, total claims decreased to \$ 571 billion (– \$ 39.9 billion, –6.5% YoY). Compared to end-Q1-2016, the decrease is much more significant, while at

the end of March 2016 total claims were about \$ 660 billion.

Compared to end-2015, the highest negative change is relates to bank claims (–16% and – \$ 14 billion).

European banks' claims represent the highest portion of Italian external debt (Fig. 7).

The main countries holding external public debt are France, Spain and Germany (representing about 68% of total, Tab. 2). During last year, Spanish holdings of external public debt grew by about \$ 5 billion, while France and Germany reduced their holdings by about \$ 1.4 and \$ 2.5 billion respectively.

If we analyze external private debt, BIS's statistics highlight the leading role of European banks (Tab. 3). At the end of 2016, European reporting banks held about 76% of external banking sector debt and about 86% of external non-bank private sector debt. Compared to the previous year-end data, they reduced their exposure by about \$ 20 billion. The decrease over the last 3-year period amounts to about \$ 136 billion.

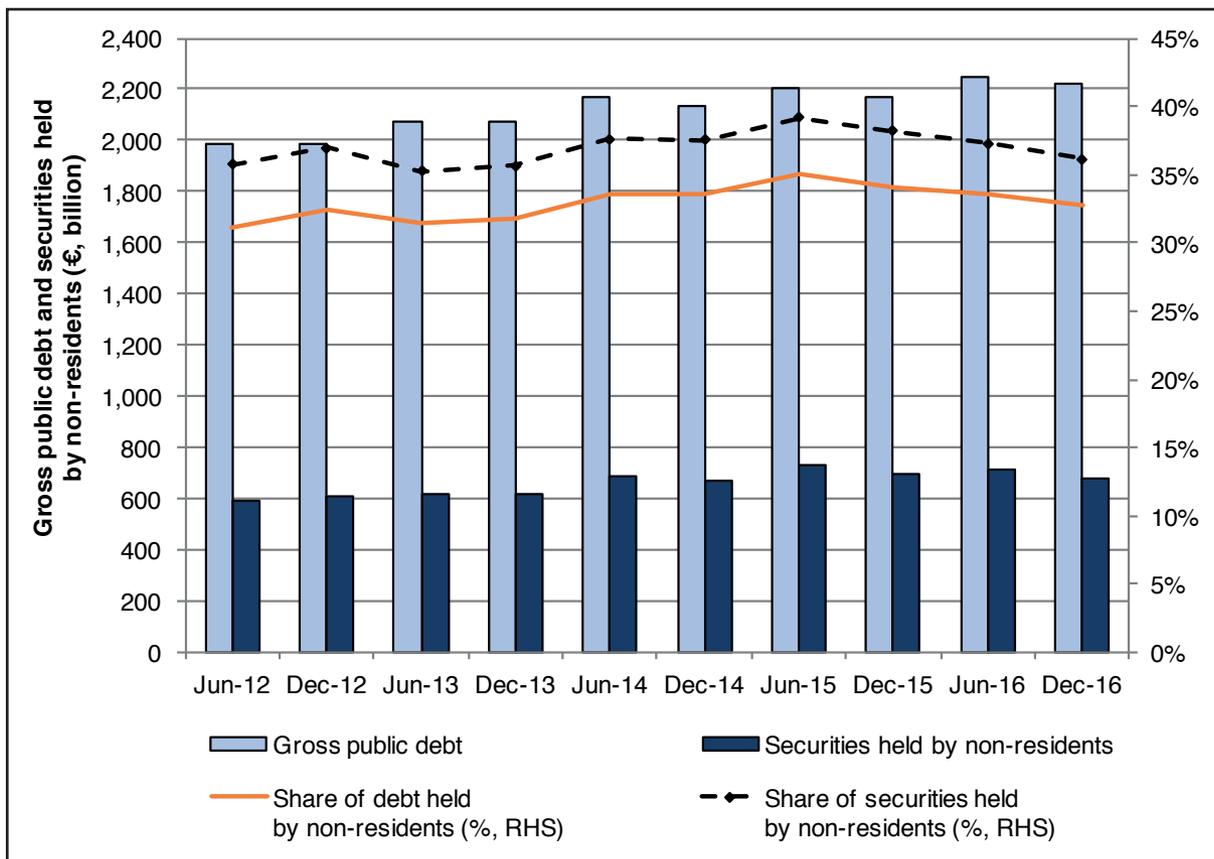


Fig. 6 *Recent trend of Italian public debt and shares held by non-residents (amounts in € billion, % on the right-hand scale, RHS) –*  
*Source: Own elaboration of Bank of Italy, Statistical Database (BDS)*

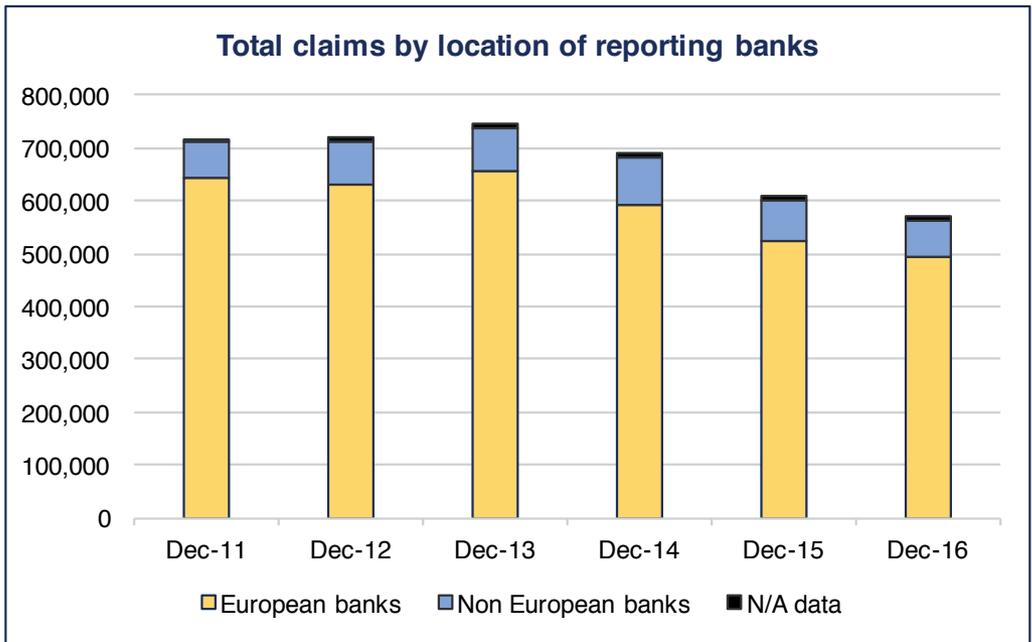
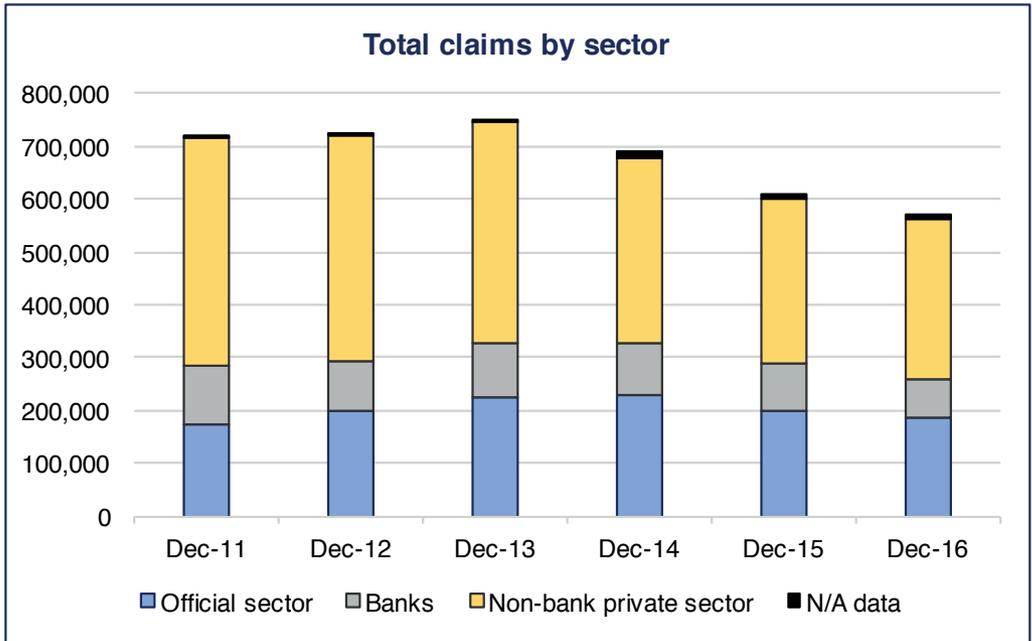


Fig. 7 *Public and private debt to foreign countries (\$ million, year-end data) – Source: Own elaboration of BIS, Consolidated Banking Statistics*

Countries	Dec-12		Dec-13		Dec-14		Dec-15		Dec-16	
	Value	%								
France	74,038	37.2	87,905	39.0	69,128	30.0	57,665	28.7	56,259	30.2
Spain	8,422	4.2	11,644	5.2	30,056	13.0	31,340	15.6	36,358	19.5
Germany	N/A	N/A	49,801	22.1	47,321	20.5	36,555	18.2	34,063	18.3
Japan	25,495	12.8	23,767	10.6	22,997	10.0	22,089	11.0	21,013	11.3
United States	17,128	8.6	15,602	6.9	19,243	8.3	16,239	8.1	12,498	6.7
Belgium	6,517	3.3	6,698	3.0	8,185	3.5	7,094	3.5	7,326	3.9
Switzerland	4,227	2.1	10,315	4.6	10,737	4.7	7,244	3.6	5,851	3.1
Austria	N/A	N/A	2,754	1.2	1,942	0.8	2,354	1.2	1,891	1.0
Ireland	333	0.2	381	0.2	1,682	0.7	1,616	0.8	1,262	0.7
Greece	N/A	N/A	136	0.1	123	0.1	109	0.1	131	0.1
Other countries	N/A	N/A	16,215	7.2	19,328	8.4	18,360	9.1	9,380	5.0
<b>Total</b>	<b>198,915</b>	<b>100</b>	<b>225,218</b>	<b>100</b>	<b>230,742</b>	<b>100</b>	<b>200,667</b>	<b>100</b>	<b>186,032</b>	<b>100</b>

Tab. 2 Total amount of external public debt by holder (\$ million, outstanding debt, year-end data) – Source: Own elaboration of BIS, Consolidated Banking Statistics

External private debt	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16	$\Delta\%$ , 2016, YoY
European banks	50,717	85,980	76,037	68,067	55,693	-18.2%
Non-European banks	10,364	12,158	16,201	15,559	14,004	-10.0%
N/A data	34,528	2,826	2,964	3,982	3,684	-7.5%
<b>Total banking sector</b>	<b>95,609</b>	<b>100,964</b>	<b>95,201</b>	<b>87,608</b>	<b>73,381</b>	<b>-16.2%</b>
European banks	301,453	363,125	296,444	265,307	257,283	-3.0%
Non-European banks	27,165	27,969	31,347	25,632	22,193	-13.4%
N/A data	97,088	27,331	22,276	20,232	21,352	5.5%
<b>Total non-bank private sector</b>	<b>425,706</b>	<b>418,425</b>	<b>350,068</b>	<b>311,170</b>	<b>300,827</b>	<b>-3.3%</b>

Tab. 3 Composition of external private debt (banking sector and non-bank private sector debt, \$ million, year-end data) – Source: Own elaboration of BIS, Consolidated Banking Statistics



## CHAPTER 3

# Some structural data on foreign banks in Italy

According to the Bank of Italy's Annual Report, at the end of 2016 there were 83 branches of foreign banks operating in Italy, one of them included in national groups. The change compared to the previous year is equal to +2.

At the end of 2013, the last update available, there were 23 subsidiaries of foreign companies operating in Italy.

As shown in Tab. 4, after the peak reached at the end of 2012 (325 branches), the number

of branches decreased significantly, with a huge negative change in 2016. Last year the number of branches dropped from 254 to 170. The main reason for the drop was to Barclays' decision to exit from the Italian retail banking market.

Due to the decrease in the number of banks operating in Italy, foreign banks now represent almost 13.7% of the total. Nevertheless, they hold only 0.6% of the total in terms of number of branches.

Banks and branch networks in Italy						
Year	Banks operating in Italy		Foreign banks			
	Number of banks	Number of branches	Number of banks	Number of branches	% on number of banks	% on number of branches
2005	783	31,504	66	108	8.4	0.3
2006	793	32,337	74	128	9.3	0.4
2007	806	33,225	79	155	9.8	0.5
2008	799	34,139	82	225	10.3	0.7
2009	788	34,036	82	303	10.4	0.9
2010	760	33,663	75	296	9.9	0.9
2011	740	33,607	78	318	10.5	0.9
2012	706	32,881	78	325	11.0	1.0
2013	684	31,761	80	260	11.7	0.8
2014	664	30,740	80	252	12.0	0.8
2015	643	30,258	81	254	12.6	0.8
2016	604	29,039	83	170	13.7	0.6

Tab. 4 *The branch networks of domestic and foreign banks in Italy – Source: Own elaboration of Bank of Italy, Statistical Database (BDS)*

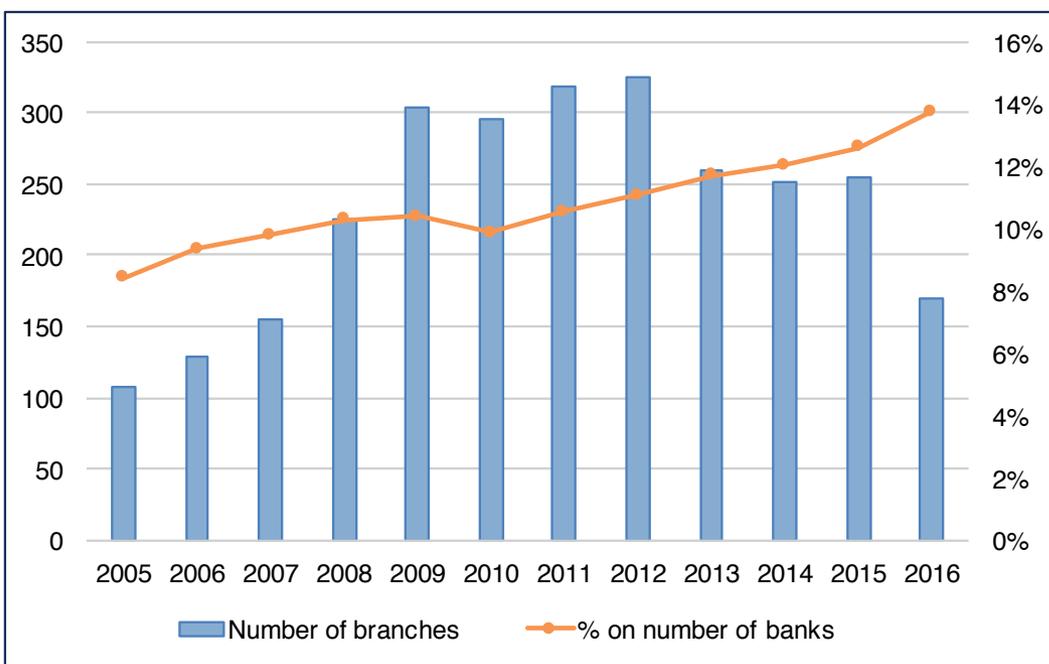


Fig. 8 *Recent trend in the number of foreign bank branches in Italy – Source: Own elaboration of Bank of Italy, Statistical Database (BDS)*

## CHAPTER 4

# Corporate and Investment Banking

As reported in the 2016 AIBE Yearbook, updated in July 2016, 32 AIBE member banks operate in Corporate and Investment Banking (CIB) sector, or almost 75% of total number of AIBE member banks. Moreover, 19 out of the 32 banks state that CIB is the only macro-sector in which they operate in Italy.

CIB markets include a number of operations and services to corporations, with a direct impact on firms' capital structure (syndicated loans, funding with venture capital and private equity, securitization arrangements, and so on). Moreover, CIB normally also includes financial and legal advice during Mergers and Acquisitions' deals.

### 4.1 Structured finance

#### 4.1.1 Syndicated loans

As we know, structured finance is a portfolio of debt financial instruments offered mainly by investment banks to large financial institutions or non-financial corporations, in order for them to diversify their capital structure and to improve and make their capital raising on debt markets more effective.

In 2016 the market size of syndicated loans having an Italian company as a borrower parent went down from € 77 to 39 billion. The size was

far below the pre-crisis' one (Fig. 9).

Nevertheless, the market share held by foreign bookrunners remained very important, as in past years. In 2016 their market share was about 57%. Market share related solely to foreign bookrunners is about 8.8%, while 48% is the market share referred to the international pool of lenders composed of both Italian and foreign bookrunners.

The number of tranches was 293, almost the same as in 2015. As a consequence, the average size of deals declined by almost half, to € 134 million.

Foreign bookrunners mainly supported Italian firms operating in the Auto/Truck, Computers & Electronics and Machinery sectors (Fig. 10), for a total deal value of about € 12.6 billion, about 56% of the entire contribution of foreign intermediaries. As reported in Fig. 10, the leading role of foreign bookrunners was confirmed in a number of sectors.

With reference to debt maturities, the majority of 2016 issuances were concentrated on short/medium term maturity: 71% of them had an initial maturity less than or equal to 5 years (75% in 2015). Foreign bookrunners held a market share equal to 70% for 3 to 5 year issuances; however, their market share was significant for all maturities, but for very short term debt.

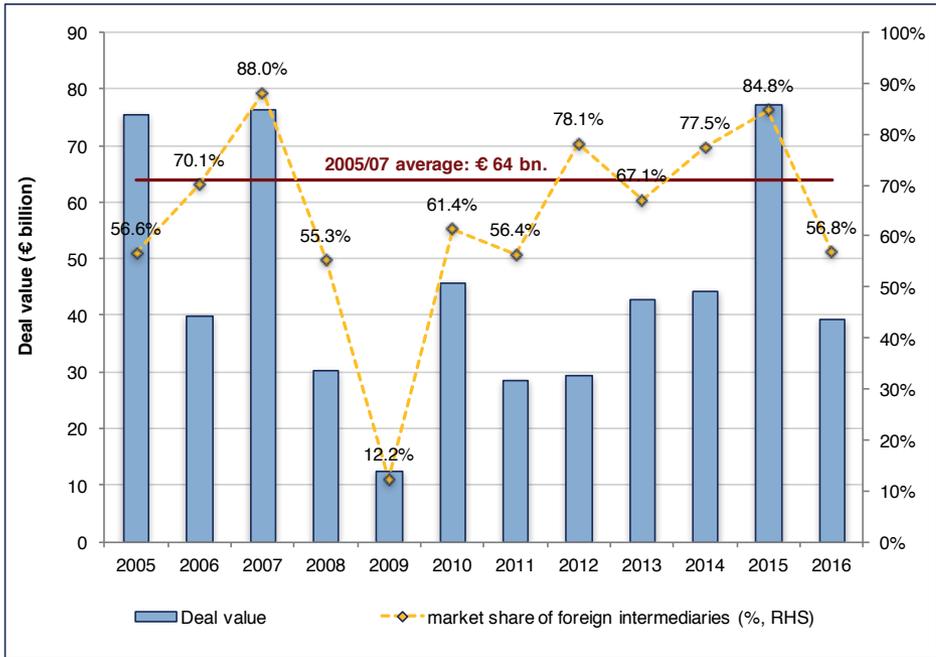


Fig. 9 Annual deal value of syndicated loans and share of foreign intermediaries (2005/16, € billion and %) – Source: Own elaboration of Dealogic database

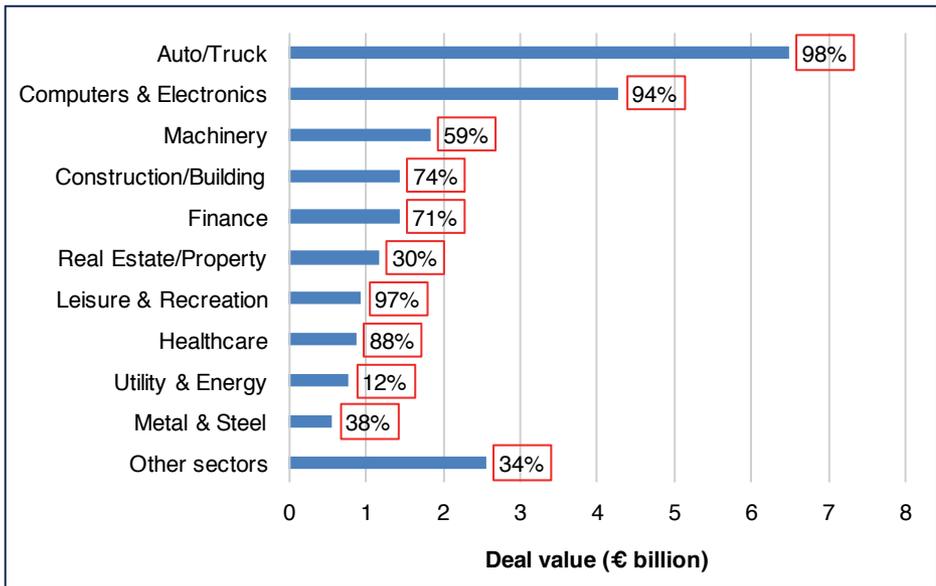


Fig. 10 Deal value of syndicated loans and market share of foreign bookrunners by industrial sectors (2016, first 10 sectors, data in € billion and %) – Source: Own elaboration of Dealogic database

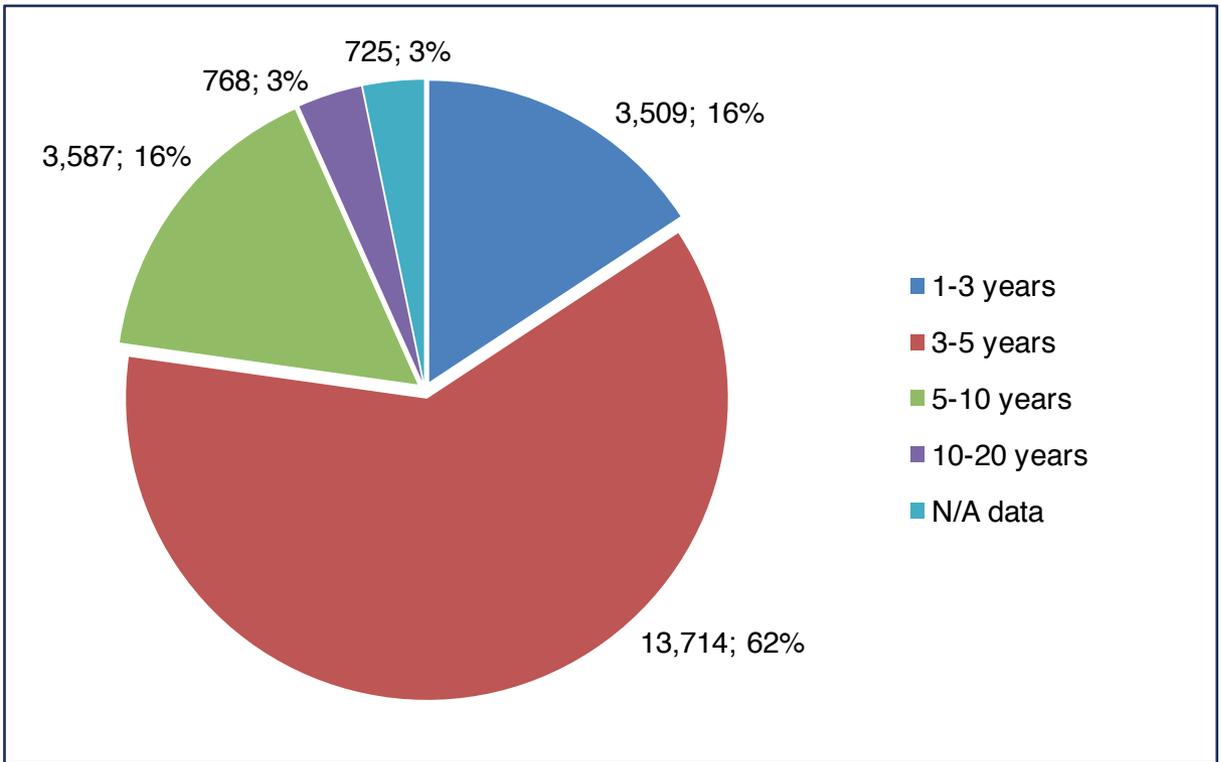


Fig. 11 Deal value of syndicated loans and market share of foreign bookrunners by original loan maturity (2016, data in € million and %) – Source: Own elaboration of Dealogic database

#### 4.1.2 Securitization

This section is focused on the Italian securitization market. Here, data regarding Asset-Backed Securities (ABS) and Mortgage-Backed Securities (MBS) is analyzed.

Market size in 2016 was much higher than in recent previous years. Compared to the 2015 data, the market size almost doubled to € 21.8 billion. Most of the deals relate to ABS operations (€ 18.6

billion), while the size of MBS market remained almost stable at about € 3 billion.

Market share of foreign bookrunners remained very high. As regards the market as a whole, they participated in about 59% of total deal value (88% of total deal value referred to ABS operations).

Foreign bookrunners were involved in 7 out of the top 10 ABS deals (62% of deal value represented by 10 biggest deals).

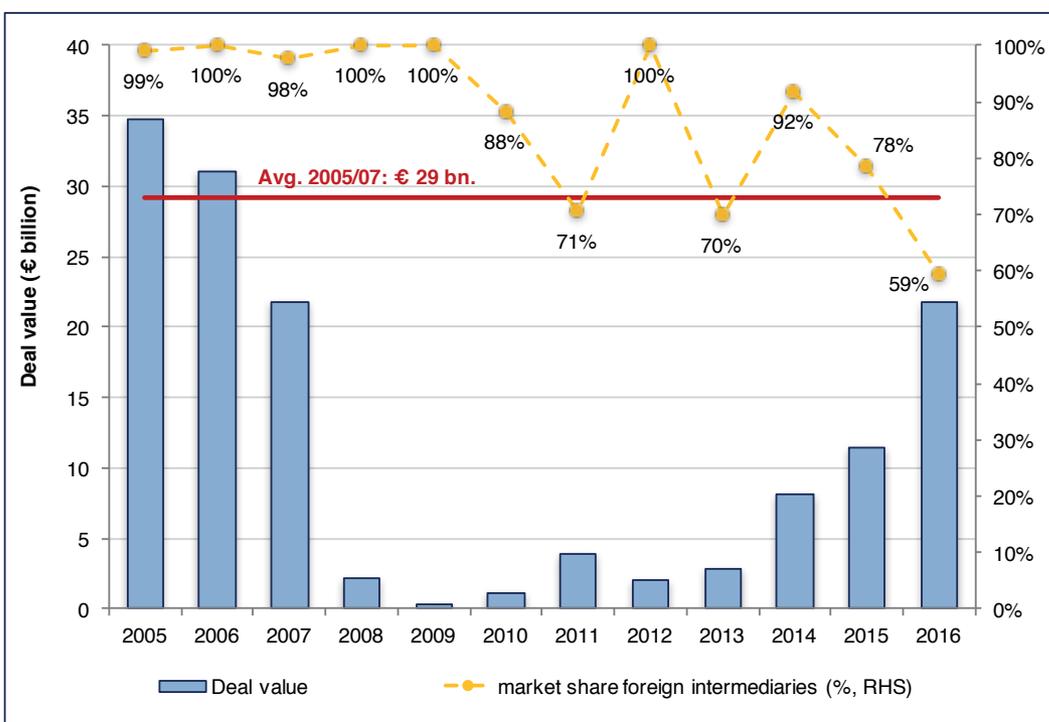


Fig. 12 Annual deal value of ABS and MBS deals and share of foreign intermediaries (€ billion and %, 2005/16) – Source: Own elaboration of Dealogic database

### 4.1.3 Project finance

This section relates to the Italian project finance market.

According to Thomson Reuters PFI data, in the past year 34 deals have been completed on the Italian market (with Italian companies), divided into 95 tranches.

Compared to the previous year, the growth in the market size is quite evident: the deal value increased from € 1.9 billion to € 4.4 billion (Fig. 13), inverting the recent trend. Despite last year's growth, the Italian market remains relatively small compared to other European countries: well-

known burdens – in particular the consequences of the economic crisis – still limit an effective long term growth of the market.

The contribution of foreign intermediaries was very significant. In 2016 they assisted in almost 60% of all issuances (tranche values), for an amount of € 2.6 billion. As regards the league tables by deal value, 7 foreign players are included in the “top 10” and they constitute about two-thirds (€ 1.9 billion) of the entire business activity relative to foreign intermediaries.

Foreign players operate mainly in the Oil & Gas and Energy sectors (Fig. 14).

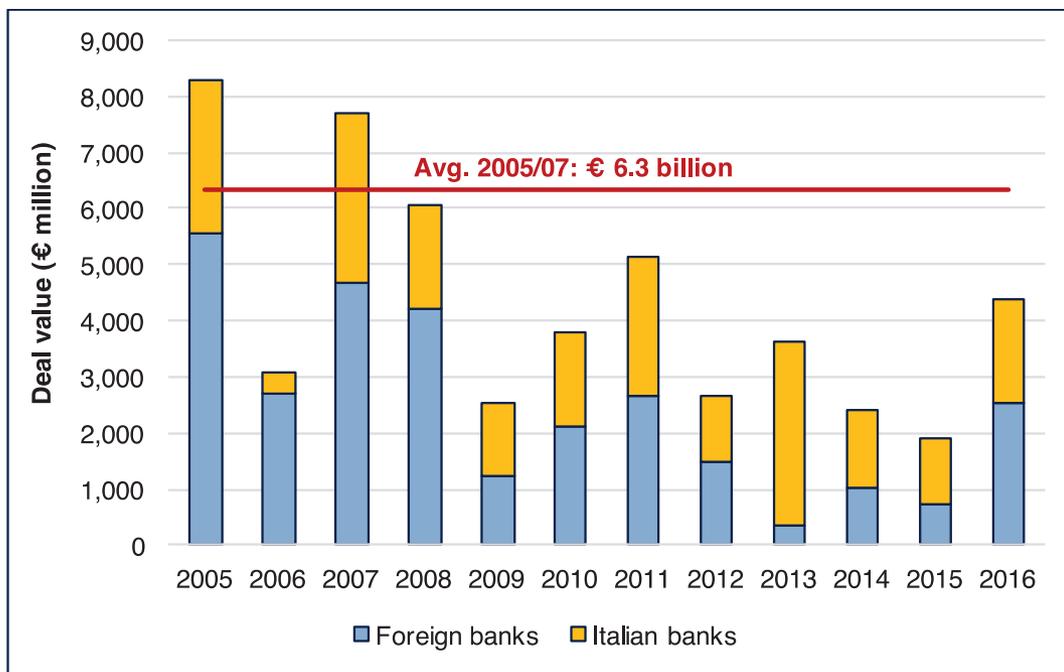


Fig. 13 Project finance in Italy: market share held by Italian and foreign intermediaries (by deal value, € million, 2005/16) – Source: Own elaboration of Thomson Reuters-PFI data

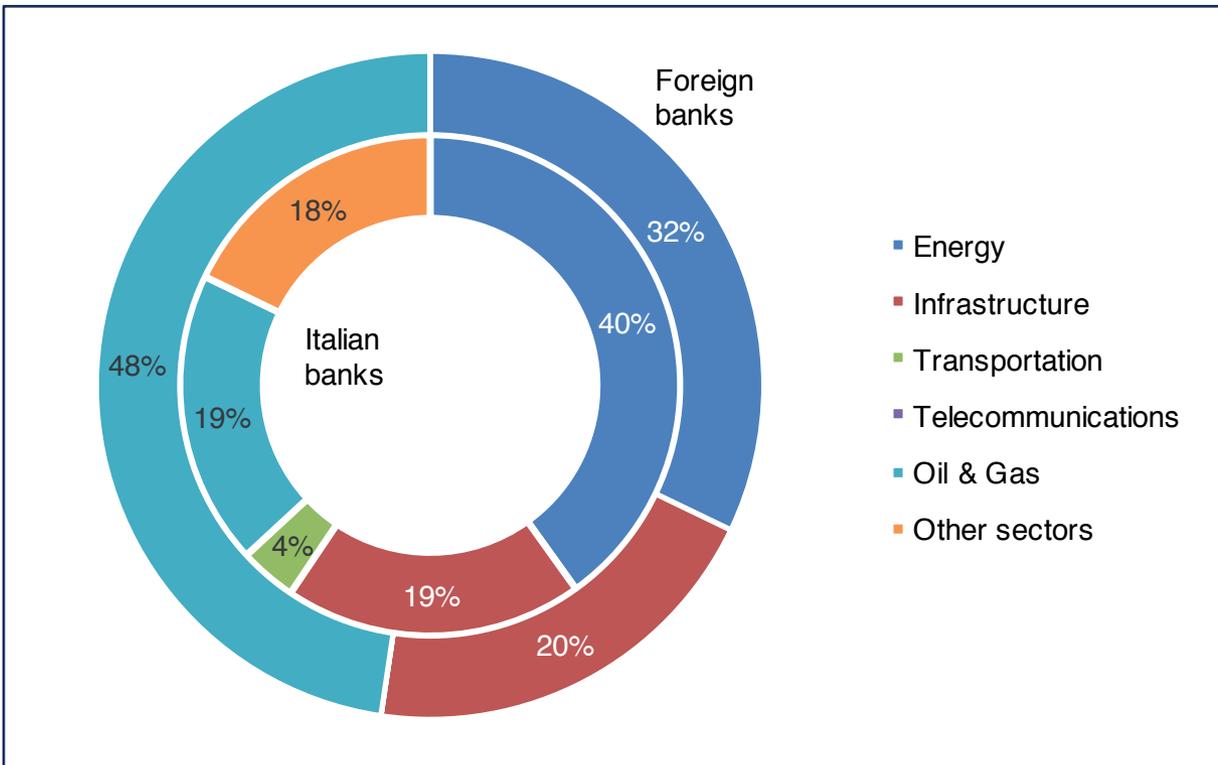


Fig. 14 *Project finance in Italy: loans breakdown by borrower's sector and by financial intermediaries' geographical origin (2016 tranches issuances, %) – Source: Own elaboration of Thomson Reuters-PFI data*

## 4.2 Private equity and venture capital

This section highlights the principal data regarding recent trends in the Italian private equity and venture capital market.

According to the AIFI - Italian Private Equity and Venture Capital Association, in 2016 data about investments registered a significant growth, reaching a peak of about € 8.2 billion.

The role of foreign players is confirmed to be very significant.

Compared to the previous year, funding decreased sharply (–39%) due to the closure of some major Italian funds. In 2016, total funds raised amounted to € 1,714 million, 77% of which as independent funding (Tab. 5). Funds raised by the parent company remained almost stable (€ 401 million). If we also consider pan-European funds based in Italy, we see very high growth (funds in

2016 were almost three times more than the previous year).

Independent fund raising went down from € 2.5 to € 1.3 billion, with a decrease for both local and foreign composition (Tab. 6). The weight of independent raising from abroad decreased from 48% to 36.7%, and also decreased by volume (–60%).

Over the 2005/16 period, new funds raised by funds of funds has been the leading component (€ 3.3 billion, 20.2% of the total). The weight of funds raised by banking sources is close (€ 3.2 billion, 20.1%). However, it is worth noting that the weight of foreign banks is negligible in the post-crisis period. In the same time horizon (2009/16), with regard to foreign operators, funds of funds and pension funds played a leading role (69% of new funds raised from abroad over the mentioned period, Tab. 7).

	2011		2012		2013	
	Value	%	Value	%	Value	%
Independent funding	695	32.4	947	48.9	623	13.1
Funds raised by parent company	354	16.5	407	21.0	3,423	72.2
Capital gain	-		1	0.1	1	0.0
<b>Total raised funds (a)</b>	<b>1,049</b>	<b>48.9</b>	<b>1,355</b>	<b>70.0</b>	<b>4,047</b>	<b>85.4</b>
Pan-European funds based in Italy (b)	1,098	51.1	582	30.0	693	14.6
<b>Total (a+b)</b>	<b>2,147</b>	<b>100</b>	<b>1,937</b>	<b>100</b>	<b>4,740</b>	<b>100</b>

	2014		2015		2016	
	Value	%	Value	%	Value	%
Independent funding	1,348	64.9	2,487	72.0	1,313	37.6
Funds raised by parent company	129	6.2	346	10.0	401	11.5
Capital gain	-	-	-	-	-	-
<b>Total raised funds (a)</b>	<b>1,477</b>	<b>71.1</b>	<b>2,833</b>	<b>82.0</b>	<b>1,714</b>	<b>49.1</b>
Pan-European funds based in Italy (b)	600	28.9	621	18.0	1,774	50.9
<b>Total (a+b)</b>	<b>2,077</b>	<b>100</b>	<b>3,454</b>	<b>100</b>	<b>3,488</b>	<b>100</b>

Tab. 5 *Italian market of private equity and venture capital: fund raising trend (2011/16, € million and %) – Source: Own elaboration of AIFI data*

Independent raising	2011		2012		2013	
	Value	%	Value	%	Value	%
From abroad	146	21.0	104	11.0	162	26.0
From Italy	549	79.0	843	89.0	461	74.0
<b>Total</b>	<b>695</b>	<b>100</b>	<b>947</b>	<b>100</b>	<b>623</b>	<b>100</b>

Independent raising	2014		2015		2016	
	Value	%	Value	%	Value	%
From abroad	917	68.0	1,194	48.0	482	36.7
From Italy	431	32.0	1,293	52.0	831	63.3
<b>Total</b>	<b>1,348</b>	<b>100</b>	<b>2,487</b>	<b>100</b>	<b>1,313</b>	<b>100</b>

Tab. 6 *Italian market of private equity and venture capital: the geographical origin of raised funds (independent funds, 2011/16, € million and %) – Source: Own elaboration of AIFI data*

Sources of new funds raised on the market	2005/08			2009/16		
	Italy	Abroad	Total	Italy	Abroad	Total
Banks	1,115	317	1,432	1,795	88	1,883
Funds of funds	60	1,510	1,570	805	972	1,777
Pension funds	224	259	483	1,082	273	1,355
Insurance companies	268	173	441	797	177	974
Private equity companies	N/A	N/A	N/A	194	83	277
Asset Manager	N/A	N/A	N/A	53	135	188
Other sources			2,508	359	65	3,647
<b>Total</b>			<b>6,434</b>			<b>10,101</b>

Tab. 7 *Italian market of private equity and venture capital: the composition and the geographical origin of new funds raised on the market (2005/16, € million) – Source: Own elaboration of AIFI data*

### 4.3 Mergers and Acquisitions

According to KPMG data, 740 deals worth about € 56 billion were recorded in 2016 in the Italian M&A market. While the total deal value was almost stable, the number of deals grew by about 25%. Financial services was the leading sector (76 deals, for about € 21.2 billion or almost 38% of the whole market). This result is the consequence of a number of deals that involved Italian banks (the Banco Popolare-BPM merger and the Fondo Atlante equity offering in supporting the Banca di Vicenza and Veneto Banca equity).

Even in this relatively dynamic framework, the role of foreign investors and their interest in Italian “assets” decreased. In 2016, 240 deals were closed (+61 compared to previous year) for a deal value of about € 18.9 billion (turnover in the previous year was about € 28 billion). As a consequence, in last year, the market share of “inbound cross-border deals” decreased from 57% to 34%.

Of the “top ten” deals, 3 are “inbound cross-border deal” (as compared to 5 in 2015): the acquisition of Italcementi by Heidelberg Cement, the acquisition of Rhiag by LKQ Corporation and the

acquisition of Grandi Stazioni by a pool of investors with Antin Infrastructure as the lead investor.

According to the Dealogic database on M&A involving Italian companies, foreign advisors have been involved in deals that reflected about 90% of the total M&A turnover in 2016 (Tab. 8). The same percentage was about 69% in 2015.

Utility & Energy, TLC and Auto/Truck were the main sectors in which foreign target advisors operated in 2016 (Fig. 15). Total deal value in these three sectors is about € 33.7 billion, equivalent to a market share of 48% of the total foreign intermediaries’ activity and 38% of the whole market.

According to the Dealogic database, the “top ten” deals accounted for about 54% of the whole market (Tab. 9), a market share about 3 percentage points higher than in 2015. Foreign financial advisors were involved in 8 out of 10 “big deals”, in supporting target companies and with a market share of about 73% of the total deal value of the “top ten” deals. Foreign financial advisors in support of acquiring companies have been involved in 7 out of 10 “big deals”, with a market share of 59%.

Geographical origin of target advisor parent	Geographical origin of acquiror advisor parent								Total	
	abroad		Italy and abroad		Italy		N/A data			
	Value	%	Value	%	Value	%	Value	%	Value	%
abroad	27.9	31.5	4.8	5.4	4.7	5.3	18.6	21.0	56.0	63.2
Italy and abroad	11.6	13.1	0.8	0.9	1.0	1.2	1.5	1.7	14.9	16.8
Italy	3.5	4.0	1.4	1.5	0.2	0.2	0.8	1.0	5.9	6.6
N/A data	2.7	3.1	0.9	1.0	0.9	1.0	7.3	8.3	11.8	13.3
<b>Total</b>	<b>45.7</b>	<b>51.6</b>	<b>7.8</b>	<b>8.8</b>	<b>6.8</b>	<b>7.7</b>	<b>28.2</b>	<b>31.9</b>	<b>88.5</b>	<b>100</b>

Tab. 8 Value of M&A deals by geographical origin of advisors (2016, € billion) – Source: Own elaboration of Dealogic database

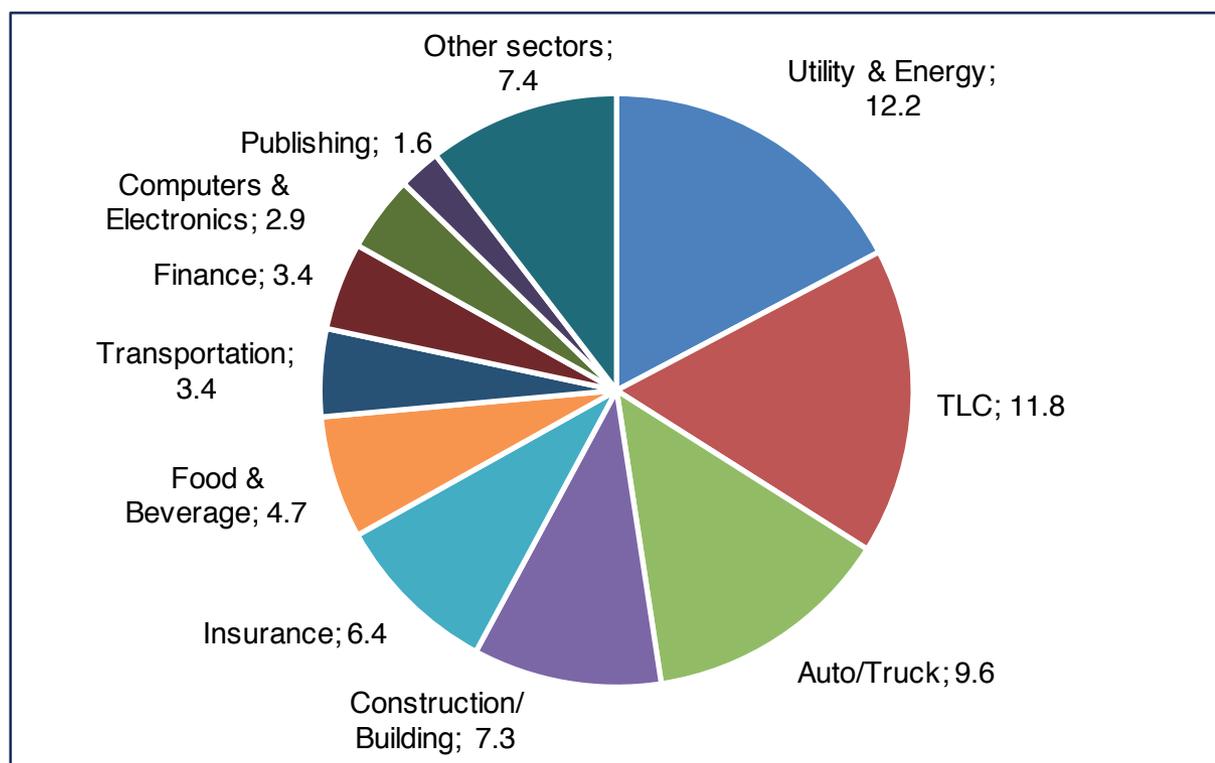


Fig. 15 Distribution of M&A deals with foreign target advisor by industrial sector (2016, € billion) – Source: Own elaboration of Dealogic data

Role and geographical origin of advisors	Target advisor		Acquirer advisor	
	Value	%	Value	%
Foreign financial advisor	34,615.6	72.7	27,934.2	58.7
Italian financial advisor	4,793.0	10.1	268.8	0.6
Foreign advisor, different role	8,186.1	17.2	4,639.5	9.7
Italian advisor, different role	-	-	-	-
N/A data	-	-	14,752.2	31.0
<b>Total</b>	<b>47,594.7</b>	<b>100</b>	<b>47,594.7</b>	<b>100</b>

Tab. 9 *The distribution of “top ten” M&A deals based on advisors’ role and geographical origin (2016, € billion) – Source: Own elaboration of Dealogic database*



## CHAPTER 5

# Advisory and operations on capital markets

This chapter is focused on the main data regarding the positioning of foreign intermediaries in supporting Italian firms in all operations on international financial markets.

In particular, the topics covered will take into account the advisory as bookrunners in debt and equity securities issuances and retail trading.

### 5.1 Debt Capital Markets

According to Dealogic data, in 2016 the market size of debt issuances by Italian firms was about € 98.6 billion. This market suffered a small decrease in size (–6% in terms of deal value compared to 2015).

Compared to pre-crisis' size, the total deal value is about € 30 billion less.

As depicted in Fig. 16, the market size of foreign bookrunners remained very significant. From 2005 to 2016, the market share held by non-resident players was about 76%, with an important volatility only during the peak of the financial crisis (2008 and 2009) and the sovereign risk crisis (2012). Over the last 4 years the market share held by foreign bookrunners was equivalent to 81%.

In 2016, foreign bookrunners assisted debt issuances of Italian borrowers both as solely

bookrunners (€ 15 billion, 15% of the total market value), and within international pools with Italian banks (€ 62.6 billion, 63%).

The high portion of issuances involving both domestic and foreign bookrunners is probably a consequence of financial market uncertainty and deal complexity. Actually, if we consider “top ten” tranches issued in 2016, an international pool of bookrunners has been involved in 8 out of 10 deals, for a total amount of about € 28.6 billion (74% of total “top ten” tranche value and 29% of total market size).

Starting from the 2010 data, the market share held by international pools of bookrunners increased sharply: the average market size from 2010 to 2016 was about 66%, while it was only 34% over the period 2005/2009.

Focusing on issuers' industrial sector, non-resident bookrunners mainly assisted Italian firms operating in Financial services and Government sectors (Fig. 17). With regard to these two leading sectors, foreign bookrunners assisted issuances for about € 56 billion, representing about 72% of total foreign intermediaries' activity. Utility & Energy, Oil & Gas and TLC sectors have an overall market share of about 14% (€ 11.1 billion).

The presence of foreign bookrunners is much more significant in large-scale issuances (Tab. 10). If we consider tranche values from € 100 million to € 1 billion, foreign bookrunners assisted

a total value of issuances equal to € 43.6 billion. Moreover, if we consider tranche values higher than € 1 billion, total issuances assisted (also) by foreign players is about € 31.1 billion.

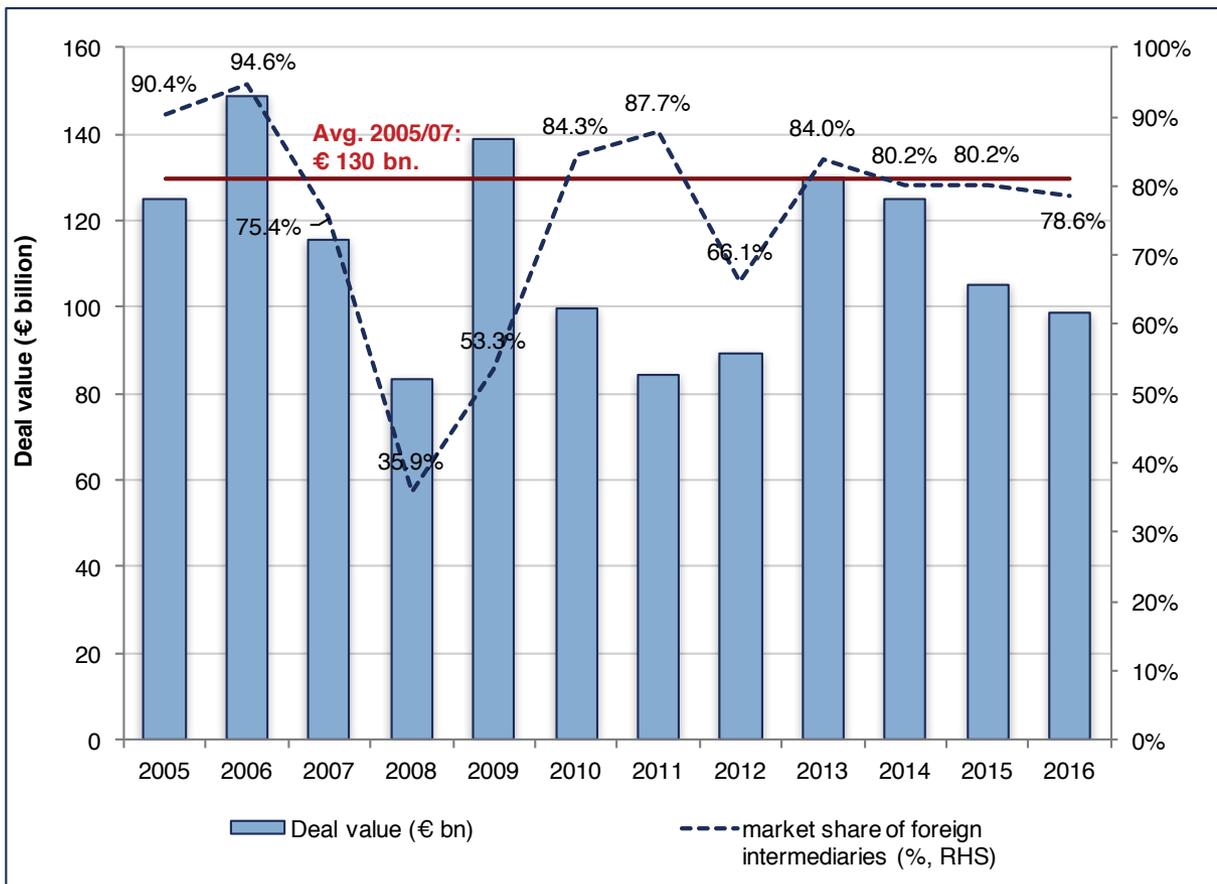


Fig. 16 DCM issuances by Italian borrowers: total annual deal value (2005/16, € billion) and market share of foreign bookrunners (% , RHS) – Source: Own elaboration of Dealogic data

According to the distribution by deal type and by foreign bookrunners (Tab. 11), public debt issuances (Sovereign, Local Authorities), corporate bonds and securitization (ABS and MBS) are the leading deal type. Public debt issuances represent

about 27% of the total market size, high-rated corporate bonds 20%, while speculative ones are about 11%.

Market share of foreign bookrunners by deal type is very significant.

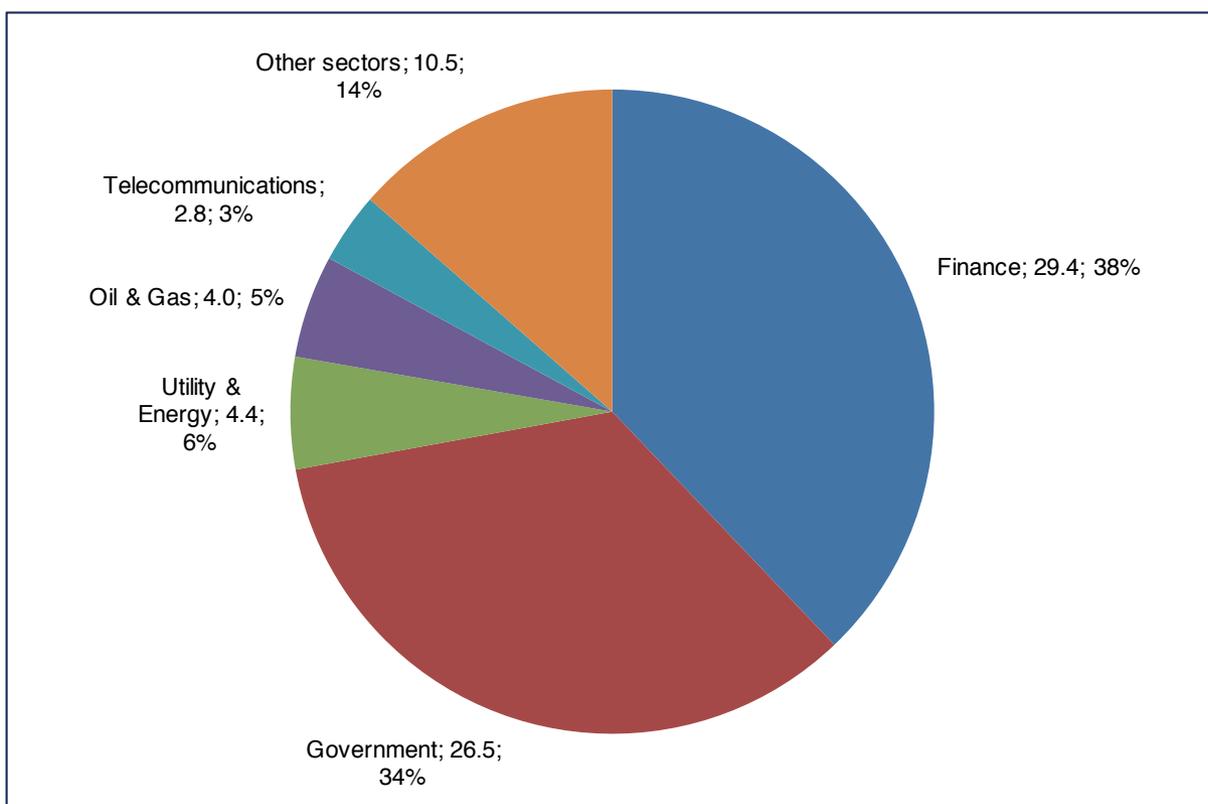


Fig. 17 DCM issuances by Italian borrowers' industrial sectors assisted by foreign bookrunners (2016, € billion and %) – Source: Own elaboration of Dealogic data

Class of Tranche value	Foreign bookrunners	
	Deal value	Market share (%)
Up to € 10 million	25.8	64.2%
€ 10-100 million	1,755.1	65.8%
€ 100-500 million	18,960.0	74.8%
€ 500 million-1 billion	24,616.6	86.7%
€ 1-5 billion	16,649.7	89.6%
More than € 5 billion	15,500.0	65.9%
<b>Total</b>	<b>77,507.3</b>	<b>78.6%</b>

Tab. 10 DCM issuances by Italian borrowers assisted by foreign bookrunners: distribution of deal value (tranche value) by size (2016, € million) – Source: Own elaboration of Dealogic database

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

Deal type	Foreign bookrunners	
	Deal value	Market share (%)
Sovereign, Local Authority	26,536.0	76.8%
Corporate Bond-Investment-Grade	19,383.4	92.4%
ABS and MBS	12,920.8	59.2%
Corporate Bond-High Yield	11,075.3	99.1%
Other deal types	7,591.9	75.6%
<b>Total</b>	<b>77,507.3</b>	<b>78.6%</b>

Tab. 11: DCM issuances by Italian borrowers assisted by foreign bookrunners: distribution of deal value (tranche value) by deal type (2016, € million) – Source: Own elaboration of Dealogic database

Note market share (%) is by deal type.

## 5.2 Equity Capital Markets

This section summarizes the role of foreign bookrunners in supporting Italian companies in equity issuances (e.g., IPOs, rights offers, accelerated bookbuild and convertible bond issuances).

It is worth noting that, after the IPO's peaked in 2015 (30 deals, for about € 6.6 billion), last year IPO markets showed some volatility and the fact is that some expected operations have consequently been postponed.

In 2016 the size of the equity market was much lower than previous year: total deal value went down from € 18.6 to € 6.5 billion, the second lowest value in last decade, resulting from 33 operations (-28 compared to 2015). Also in 2016 the market share held by foreign intermediaries was very significant. Foreign bookrunners assisted issuances of about € 6 billion (91.4% of the total, Fig. 18), both as solely bookrunners (€ 0.8 billion, 12.6%) and within international pools together with domestic intermediaries (€ 5.2 billion, 78.8%).

In particular, it is worth noting that the average size of deals assisted by international pools is about € 573 million, almost three times that relating to all operations.

Moreover, if we consider "top ten" deals (total value about € 5.9 billion), international pools of intermediaries have assisted 7 out of 10 deals, while the remaining 3 were assisted by foreign bookrunners. The average number of bookrunners per deal is about 3; only 2 out of 10 deals had a

single bookrunner; the remaining 8 deals had from 2 to 7 intermediaries.

With reference to the foreign bookrunners' advisory and issuers' industrial sector, Oil & Gas, Finance, Transportation, Retail are the leading fields. These four main sectors concentrate about € 5.4 billion, 90% of the total value assisted by foreign bookrunners (Fig. 19). In particular, foreign intermediaries participated in 9 out of 13 issuances recorded within these sectors.

In 2016 the majority of deals were in the form of secondary offerings (SEOs or FO), constituting about 71% of the entire market. Foreign intermediaries have a market share equal to 91% with reference to these issuances (€ 4.3 billion, Tab. 12).

Dealogic database recorded IPOs deals worth about € 1.5 billion, of which € 1.3 billion with at least one foreign bookrunner.

In its Annual Report for 2016, Consob, the Authority for financial markets in Italy, highlights that foreign institutional investors participated to Annual Meetings of the top 100 Italian listed companies, representing about 17.9% of equity (10.4% in 2012).

According to the Consob Annual Report, last year 67% of communications relative to "significant positions" in equity capital of Italian listed companies came from foreign investors.

The presence of foreign institutional investors is particularly high in Star Segment of the Italian Stock Exchange. 90% of institutional investors are based abroad (March 2017).

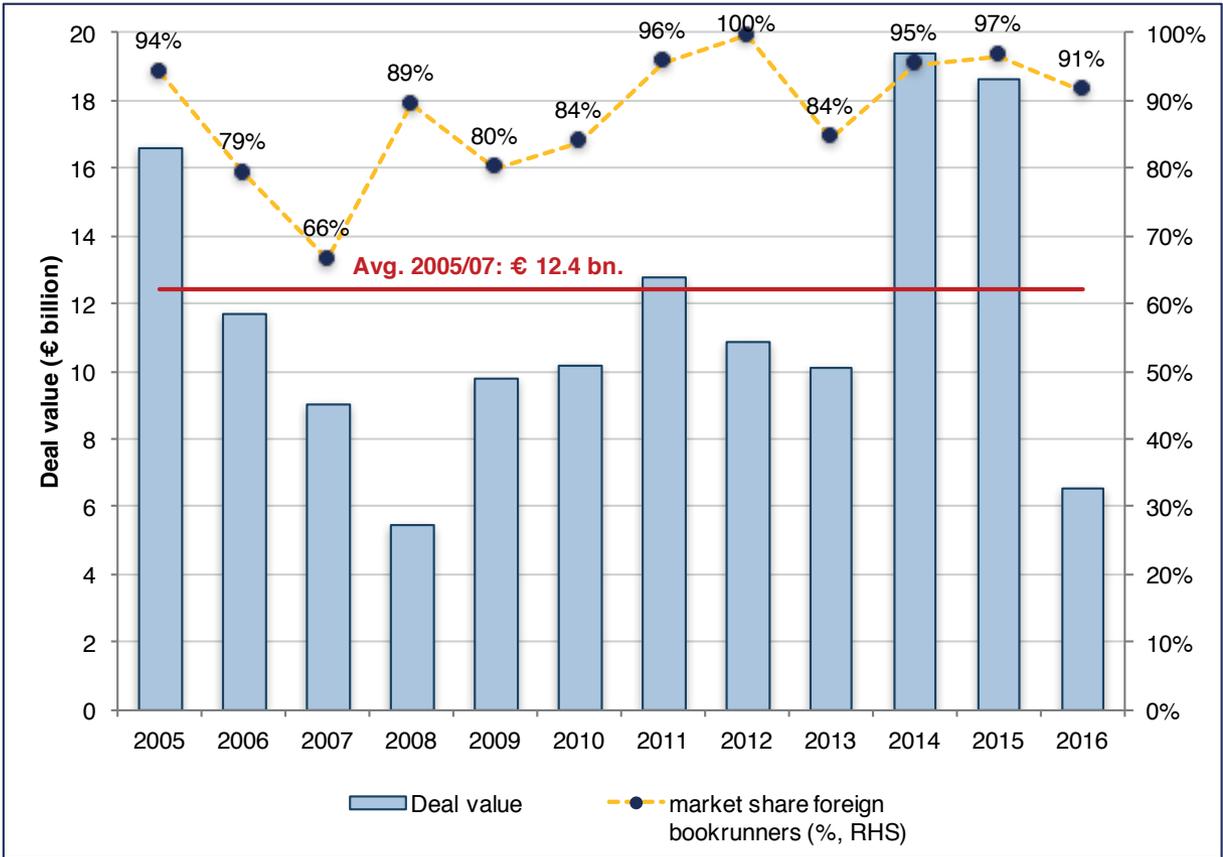


Fig. 18 *Equity Capital Markets: distribution of deal value (Italian issuers, 2005/16, € billion) and market share of foreign bookrunners (% , RHS) – Source: Own elaboration of Dealogic data*

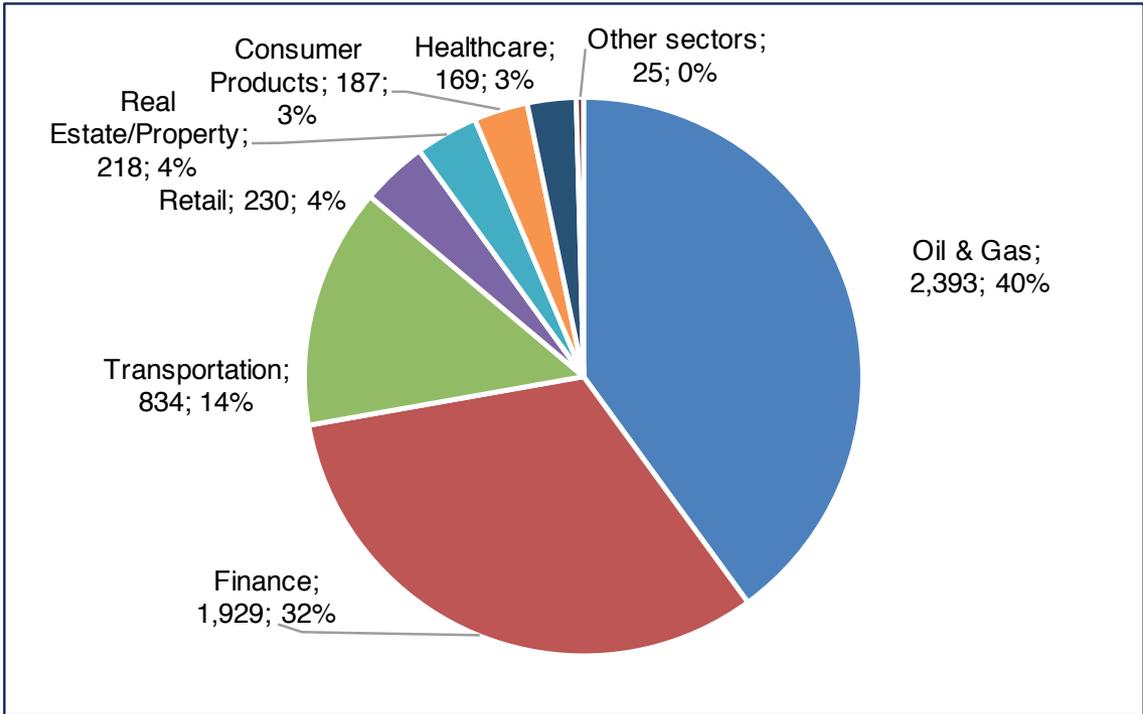


Fig. 19 *ECM issuances by Italian issuers' industrial sectors assisted by foreign bookrunners (2016, € billion and %) – Source: Own elaboration of Dealogic data*

Deal type	Foreign bookrunners	
	Deal value	Market share (%)
Secondary equity offerings (SEOs, FO)	4.3	91.2%
IPO	1.3	90.0%
Convertible bond	0.4	99.3%
<b>Total</b>	<b>6.0</b>	<b>91.4%</b>

Tab. 12 *ECM issuances by Italian borrowers assisted by foreign bookrunners: distribution of deal value (tranche value) by deal type (2016, € billion) – Source: Own elaboration of Dealogic database*

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

### 5.3 Trading on Cash Markets (MTA)

According to ASSOSIM, the Italian Association of Financial intermediaries representing the majority of players operating on the Italian financial market, foreign intermediaries' market share is quite significant, at least in certain segments.

Within MTA, the main Italian Stock Exchange market for equity securities, ASSOSIM's members in 2016 accounted for about 49% of the total volumes of the market. Foreign members accounted for about 21% of the total volumes (Fig. 20). They represented about 43% of values referred to ASSOSIM's members.

The data was in line with the last 3-year trend.

Within MTA, 7 out of 22 players are based abroad. 4 out of the 10 "most active" players are foreign intermediaries, as well as the 2 most active ones overall. The latter two have a total market

share of 12%, or about 25% of value referred to ASSOSIM's members. If we focus on total activity by foreign players, they represent 57% of the total.

In other market segments of the Italian Stock Exchange (e.g., DomesticMOT, EuroMOT, ETFplus and ExtraMOT) market shares of foreign players are lower, as well as their number. In 2016, within the DomesticMOT market, the share of foreign intermediaries (2 out of 26) was about 1.3% of total volumes, while in the EuroMOT market, the share of foreign players was less than 1%.

In ETFplus market share of foreign players (7 out of 32 players) was close to 10%, and 2 of them are among the "top 10 most active" intermediaries.

Within the SeDEX segment, market share of foreign players (3 out of 23) in 2016 was close to 14% of total volumes. The main foreign financial intermediary is the second most active one.

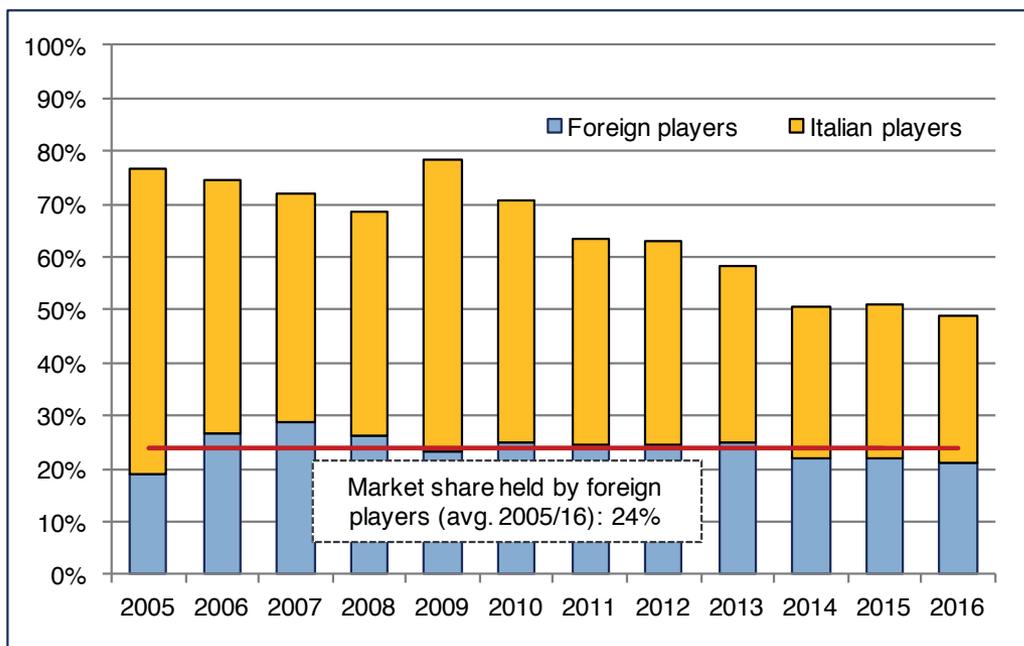


Fig. 20 Recent trend in market share held by ASSOSIM's members (2005/16, % of volumes traded on MTA segment) – Source: Own elaboration of ASSOSIM statistics

## CHAPTER 6

# Asset Management

2016 has been a very positive year for the Italian asset management market: the market value of Assets Under Management (AUM) increased from € 1,834 billion to € 1,943 billion, with an annual growth of 6%.

The entire amount of AUM relative to foreign groups is about € 466.8 billion, an increase of € 19 billion (+4.3%) over last year's figure (Tab. 13).

Focusing on the trend in recent years, the market share held by foreign players has almost constantly increased in terms of collective management (from 20.3% end-2009 to 34.4% end-2016, Fig. 21).

AUM volumes more than tripled; this growth is due to the increase in open-end funds, while the levels of closed-end funds have mainly remained constant.

As regards portfolio management, the market share held by foreign players has been lower and more stable (on average equal to 15.6% from 2009 to 2016); in the past five years, the growth of insurance products has been much the same as that of pension plan asset management, while

retail asset management in funds and retail securities asset management has remained stable. Overall, in the last year, other investment products have decreased by about 50%, Fig. 22).

On the basis of the 2016 data, foreign intermediaries accounted for about 11,7% of all assets managed by the "top 10" players. This percentage goes up to 15% if we take the "top 15" intermediaries into account and reaches 19% if we take the "top 20" into account (Fig. 23).

Among the top 10 and top 20 players, 3 and 9 respectively are foreign intermediaries and they manage 477 and 1,463 funds respectively.

Within the pension funds industry, the market share of foreign intermediaries is close to 41.5% (Fig. 24). The slight decreasing in market share of foreign intermediaries observed in the past year is due to two factors: the decline in foreign open pension funds (– € 2 billion) and the increase in Italian ones (+ € 4 billion).

As concerns contractual pension funds, the Italian market share has mostly remained constant, while the foreign one has increased slightly.

	Dec-2010		Dec-2011		Dec-2012		Dec-2013	
	AUM	%	AUM	%	AUM	%	AUM	%
<b>Collective management</b>	<b>501,344</b>	<b>100</b>	<b>461,475</b>	<b>100</b>	<b>524,905</b>	<b>100</b>	<b>599,110</b>	<b>100</b>
Foreign groups	121,859	24.3	123,183	26.7	145,235	27.7	175,975	29.4
Italian groups	379,485	75.7	338,292	73.3	379,670	72.3	423,135	70.6
<b>Portfolio management</b>	<b>505,454</b>	<b>100.0</b>	<b>476,113</b>	<b>100.0</b>	<b>669,610</b>	<b>100.0</b>	<b>730,943</b>	<b>100.0</b>
Foreign groups	92,912	18.4	90,519	19.0	89,401	13.4	102,788	14.1
Italian groups	412,543	81.6	385,594	81.0	580,209	86.6	628,155	85.9
<b>Total</b>	<b>1,006,798</b>	<b>100</b>	<b>937,588</b>	<b>100</b>	<b>1,194,514</b>	<b>100</b>	<b>1,330,052</b>	<b>100</b>
Foreign groups	214,771	21.3	213,702	22.8	234,636	19.6	278,763	21.0
Italian groups	792,027	78.7	723,886	77.2	959,878	80.4	1,051,290	79.0

	Dec-2014		Dec-2015		Dec-2016		△2016	
	AUM	%	AUM	%	AUM	%	AUM	△%
<b>Collective management</b>	<b>731,158</b>	<b>100</b>	<b>898,808</b>	<b>100</b>	<b>949,545</b>	<b>100</b>	<b>50,737</b>	<b>5.6</b>
Foreign groups	220,127	30.1	310,510	34.5	326,849	34.4	16,339	5.3
Italian groups	511,031	69.9	588,297	65.5	622,696	65.6	34,399	5.8
<b>Portfolio management</b>	<b>857,290</b>	<b>100.0</b>	<b>935,298</b>	<b>100.0</b>	<b>993,431</b>	<b>100</b>	<b>58,133</b>	<b>6.2</b>
Foreign groups	119,572	13.9	137,208	14.7	139,957	14.1	2,750	2.0
Italian groups	737,719	86.1	798,091	85.3	853,474	85.9	55,383	6.9
<b>Total</b>	<b>1,588,447</b>	<b>100</b>	<b>1,834,106</b>	<b>100</b>	<b>1,942,976</b>	<b>100</b>	<b>108,870</b>	<b>5.9</b>
Foreign groups	339,698	21.4	447,717	24.4	466,806	24.0	19,089	4.3
Italian groups	1,248,750	78.6	1,386,388	75.6	1,476,170	76.0	89,782	6.5

Tab. 13 *Collective and portfolio asset management: AUM trend and market shares held by Italian and foreign asset management companies (2010/16, € million and %) – Source: Own elaboration of Assogestioni-IFH database.*

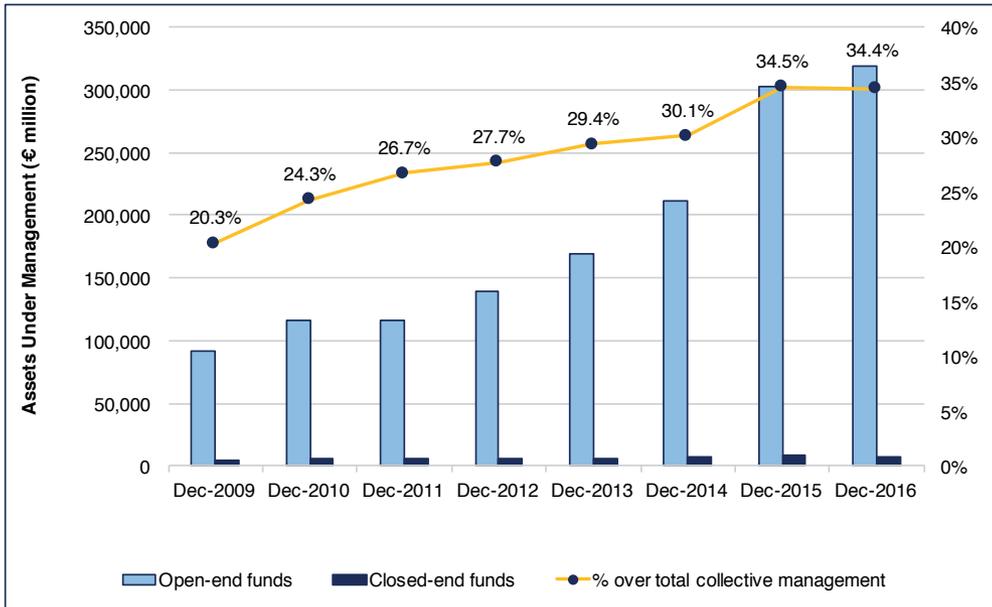


Fig. 21 *Collective management: AUM stock and market shares held by foreign asset management companies (2009/16, € million and %) – Source: Own elaboration of Assogestioni-IFH database*

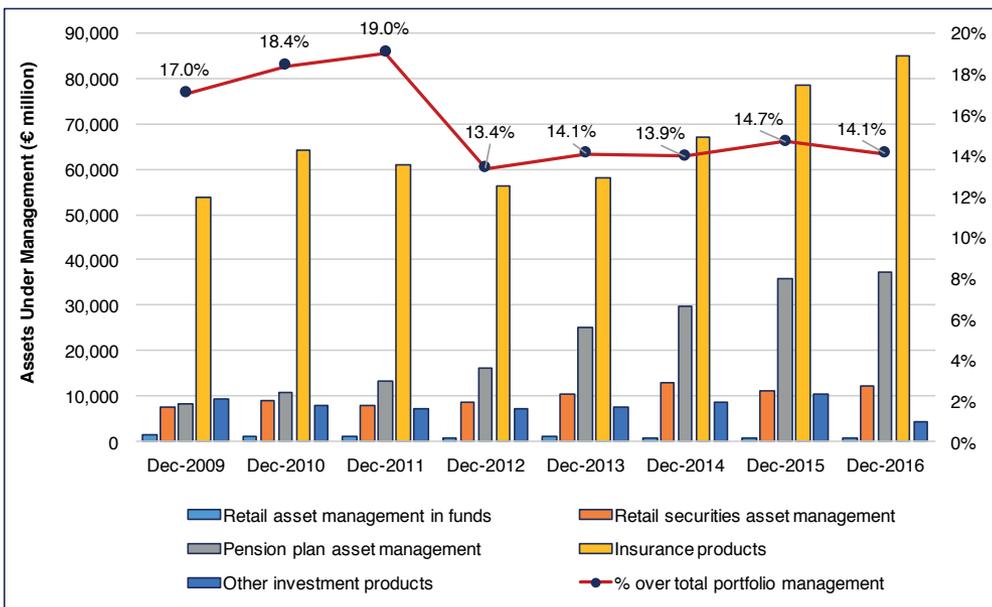


Fig. 22 *Portfolio management: AUM stock and market shares held by foreign asset management companies (2009/16, € million and %) – Source: Own elaboration of Assogestioni-IFH database*

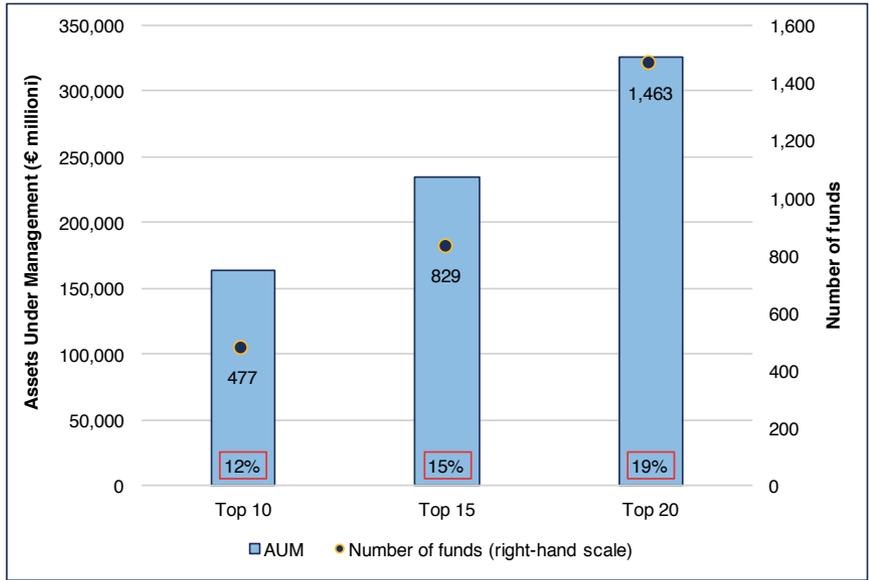


Fig. 23 AUM stock and market shares held by foreign asset management companies in the “Top 10”, “Top 15” and “Top 20” rankings (2016, € million and %) – Source: Own elaboration of Assogestioni-IFH database

Note red bordered labels indicate the market share held by foreign intermediaries in terms of AUM, respectively over the total of Top 10, Top 15 and Top 20 groups.

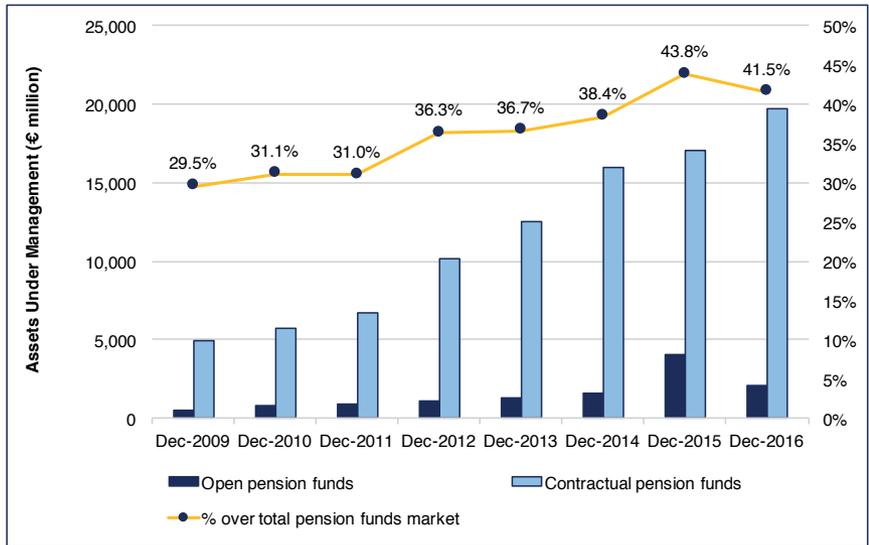


Fig. 24 Pension funds market: AUM stock and market shares held by foreign asset management companies (2009/16, € million and %) – Source: Own elaboration of Assogestioni-IFH database

## CHAPTER 7

# Specialized credit

In 2016, according to Assilea data, the Italian leasing market witnessed a growth rate of more than 20%. Total deal value increased from € 17.1 to € 20.7 billion (Tab. 14). This growth was largely due to “other companies” that – according to Assilea classification – includes both Italian and foreign intermediaries.

On the basis of league tables released by Assilea for 2016, 3 foreign players are included in the “top ten most active” ones. They accounted for leasing contracts for a total value of about € 4.4 billion (37.7% of “top ten” amount and around one-fifth of the total market value).

Outstanding remained almost stable at € 89.4 billion, 24% of which was due to foreign leasing companies. The majority of these intermediaries belong to banking groups.

The Italian factoring market, as stated by Asifact, witnessed quite significant growth in last year: total annual turnover rose from € 184.8 to € 202.4 billion (+9.5% YoY).

The market share held by foreign intermediaries floated between 19% and 20% and has been quite stable and constant in recent years. How-

ever, due to a generalized growth of the market, the annual turnover relating to foreign players increased from € 36,7 to € 38.7 billion (+5%, Fig. 25).

Outstanding credit increased from € 57.5 to € billion (+6% YoY). Foreign intermediaries registered an increase of about 1%, while their market share went up from 19.1% to 19.3% (Fig. 26).

In the two years (2015 and 2016), the Italian consumer credit market has increased. According to Assofin data, the increase in financial flows amounted to about € 8.3 billion on annual basis, reaching a value of € 60.6 billion in 2016.

The market share held by foreign players declined slightly last year, reaching 45% (Tab. 15). However, despite the reduction in market share, the value of consumer credit granted by foreign players rose to about € 27.5 billion (+ € 3.6 billion YoY).

Among the foreign players, foreign banks have a market share equivalent to 8.2% of the entire market, slightly below the average for the 2010-16 period.

	2009		2010		2011		2012	
	Value	%	Value	%	Value	%	Value	%
Italian intermediaries	19.0	73.2	20.3	74.8	17.1	69.3	10.2	61.0
Foreign intermediaries	6.9	26.8	6.9	25.2	7.6	30.7	6.5	39.0
<i>of which: foreign banks</i>	5.8	22.2	5.6	20.7	6.1	24.7	5.2	31.2
<b>Total</b>	<b>25.9</b>	<b>100</b>	<b>27.2</b>	<b>100</b>	<b>24.6</b>	<b>100</b>	<b>16.7</b>	<b>100</b>

	2013		2014		2015		2016	
	Value	%	Value	%	Value	%	Value	%
Italian intermediaries	10.0	60.6	8.5	54.9	8.3	48.7	9.8	47.3
Foreign intermediaries	6.5	39.4	7.0	45.1	7.9	46.4	7.3	35.3
<i>of which: foreign banks</i>	5.1	30.8	5.5	35.7	6.2	36.0	6.7	32.3
N/A data					0.8	4.9	3.6	17.4
<b>Total</b>	<b>16.5</b>	<b>100</b>	<b>15.5</b>	<b>100</b>	<b>17.1</b>	<b>100</b>	<b>20.7</b>	<b>100</b>

Tab. 14 *Italian leasing market: distribution of the value of leasing contracts by geographical origin of intermediaries (2009/16, € billion and %) – Source: Own elaboration of Assilea data*

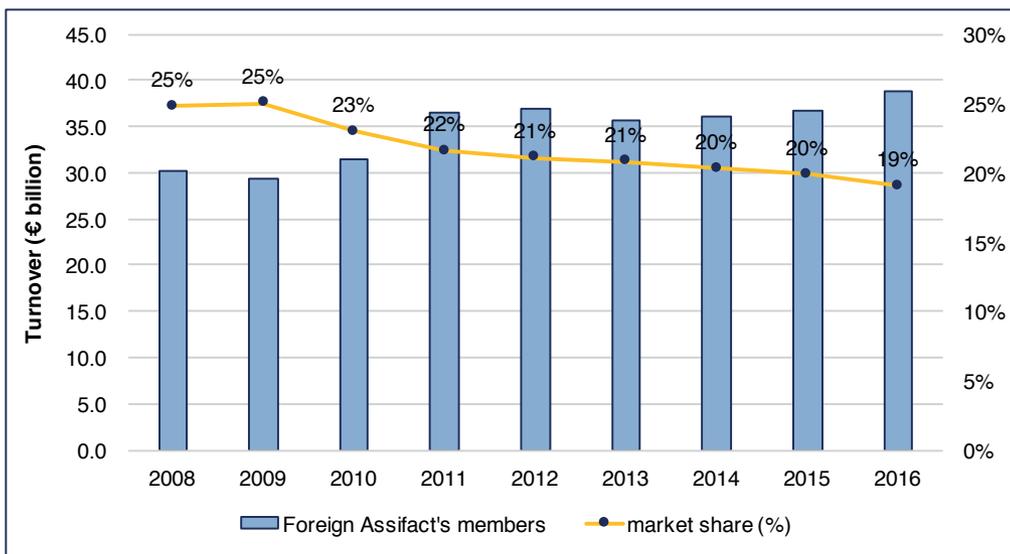


Fig. 25 Italian factoring market: distribution of the turnover and market share of foreign players (2008/16, € billion and %) – Source: Own elaboration of Assifact data

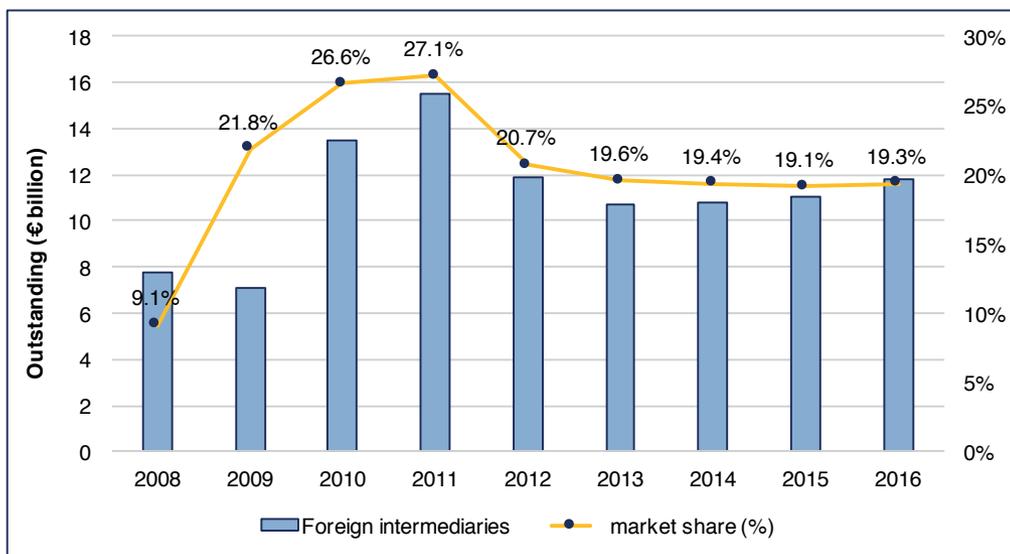


Fig. 26 Italian factoring market: distribution of outstanding credit and market share of foreign players (2008/16, € billion and %) – Source: Own elaboration of Assifact data

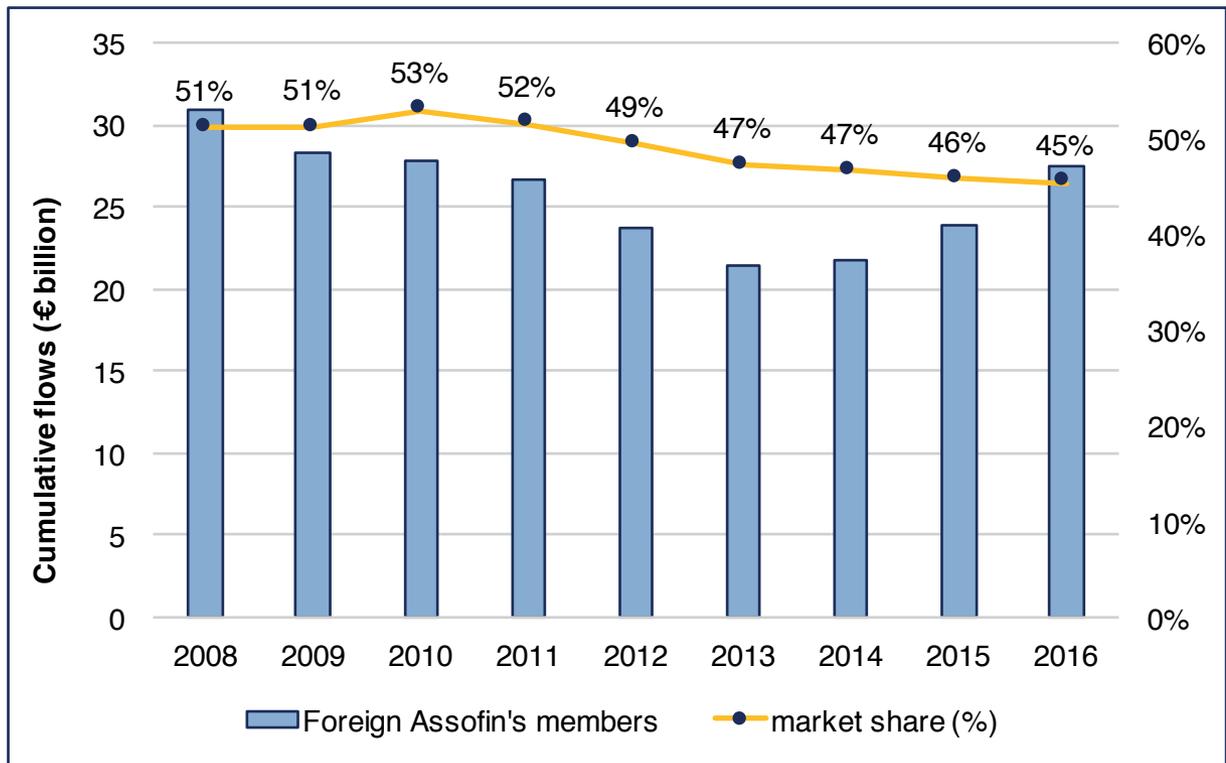


Fig. 27 Italian consumer credit market: distribution of cumulative flows and market share of foreign players (2008/16, € billion and %) – Source: Own elaboration of Assofin data

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