# PRESS RELEASE

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## Meeting of the Committee for Macroprudential Policies

A meeting of the Committee for Macroprudential Policies was held today at the headquarters of Banca d'Italia in Rome.

It was attended by the Governor of Banca d'Italia Fabio Panetta, who chaired it, the President of the Companies and Stock Exchange Commission (Commissione nazionale per le società e la borsa, CONSOB) Paolo Savona, the President of the Pension Fund Supervisory Authority (Commissione di vigilanza sui fondi pensione, COVIP) Mario Pepe, the President of the Institute for the Supervision of Insurance (Istituto per la vigilanza sulle assicurazioni, IVASS) Luigi Federico Signorini and Mr Stefano Cappiello of the Ministry of Economy and Finance.

The Committee analysed conditions in the Italian financial system and assessed them as stable overall, despite a risk-laden global scenario. The domestic macroeconomic environment continues to benefit from a strong labour market, low inflation, and from the positive net international investment position; these factors recently led one international rating agency to upgrade Italy's credit rating and another to revise upward its outlook for the country. The transmission to Italian markets of the turmoil triggered in April by the US announcement of higher tariffs has been limited so far, but uncertainty about policies across the globe remains high. The international spread of crypto-assets and their increasing interconnectedness with the financial sector and the real economy could become an additional source of risk. Italy's high public debt could amplify any new tensions.

The Committee closely monitors the developments in the real economy as well as in financial and commodity markets brought about by global geopolitical tensions and particularly by the recent resurgence of armed conflicts in the Middle East.

The banking sector can rely on high levels of profitability and capitalization, although moderate signs of a deterioration in credit quality are beginning to emerge. Conditions in the insurance sector are favourable, supported by a strong capital position and improved liquidity. Risks in the asset management and pension fund sectors are limited.

Overall, the financial condition of households remains solid; debt is low by international standards and financial wealth increased in 2024. In the second half of last year, the growth in the purchase of certificates – complex instruments that in certain scenarios can result in substantial losses for investors – came to a halt. However, they remain a significant form of direct investment in debt securities by households. The Committee will continue to monitor developments in this market closely.

Firms' profitability declined last year, but remains high; deleveraging continued, reaching its lowest level in 20 years.

The Committee welcomes initiatives to consider how to simplify financial regulation in Europe. It stresses that any revision of the regulatory framework must not result in a push toward deregulation or lead to a significant departure from the principles based on global standards. Simplification should therefore not weaken the current level of resilience of the financial system. It is important that any proposals in the future be based on close coordination among the authorities involved.

The Committee started work on defining an analytical framework for carrying out the tasks entrusted to it under the legislation on the assessment of risks arising from the application of fallback provisions in contracts and index-linked financial instruments.[1]

The minutes of the meeting will be published at a later date.

[1] Legislative Decree 207/2023 designated the Committee as the 'competent authority' for assessing the adequacy of fallback provisions in index-linked contracts, with the aim of strengthening the national framework for managing the risk of benchmark termination or modification. The Committee is called upon to assess whether a fallback provision is inadequate based on two elements, which must exist in conjunction: (a) the provision provides a substitute for the benchmark that no longer reflects, or does so with significant differences, the market or economic reality that the original benchmark was intended to measure; (b) the application of the provision may pose a risk to financial stability.