


Italy	<b>Assoconfidi<sup>1</sup></b> Secretariat: Fedartfidi, 110, Via Labicana, 00184 Roma <a href="http://www.assoconfidi.it/">www.assoconfidi.it/</a> 0039 06 77 26 751	
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- Assoconfidi is the central association of the 6 national mutual guarantee federations: Fedartfidi, Federconfidi, Federasconfidi, Fincredit, Federfidi and Coldiretti. It is a platform for the exchange on joint interests and it represents the members both at national and at European level.
- The federations of Confidi have been set up by a number of business associations, which with the guarantee have added an « access to finance » window to their other services to the entrepreneur (accounting, social legislation, legal and fiscal support, pension funds and insurance).  
The associations specifically represent entrepreneurs in crafts, industry, retail, service industry, etc. There is therefore also a sectoral specialization of the guarantee schemes and their respective subsidiaries, which is a distinct Italian feature.
- The fact that the Italian Confidi have been set up by the associative world, explains why they are of private sector and mutual nature. They have been created spontaneously and over time (from 1957 until 1985, with even more recent developments) by entrepreneurs joining forces in order to:
  - Improve their credit terms (by getting terms similar to those of larger companies) and to fight against usury.
  - Obtain longer term credits.
  - Give greater value to personal factors in the credit decision process.

The Confidi come from a great number of initiatives at local and regional level, which have later been progressively structured and united.

The Confidis' strengths result from their strong ties with, and proximity to, the business world. The peer decision of the Technical committee allows expressing an opinion based on a good knowledge of the customer. This is the reason for low default ratios (around 1.5% of the total).

Indeed, the credit applications are (generally) first channeled through the guarantee scheme, which collects the applicant's financial information and gives the bank a qualitative opinion on the application. The procedure reduces the investigative costs of the latter.
- Recently, the evolution of the Confidi has been influenced by the regionalization of economic policy, by the Basel II accord and finally by the introduction of a modern legal framework for prudential supervision.  
As a result of the Framework law of 2003, the Confidi are not for profit entities, specialised in granting collective guarantees to SMEs.  
Their members, whose liability is limited, set up

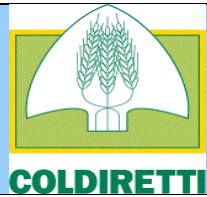
<sup>1</sup> Assoconfidi is member of AECM since 1992. Data updated in April 2007.

- Cooperatives, of which the beneficiaries of the guarantees must become members by purchasing member shares (member share of € 250),
- Associative contracts, called Consorzi-fidi, where instead of contributing to the equity, members have to commit to an obligation to provide a financial contribution, if called for by the statutory bodies.

The Confidi are corporate companies for the purpose of the CRD, however, they can obtain a banking statute, or, as an in-between solution, a statute of financial intermediary, as defined by article 107 of the banking law.

The legislator has thus set up a scale along which the guarantee schemes can “upgrade” towards a statute, which will give them greater economic recognition but also more obligations.

- The banks are motivated to set up a contractual partnership with the Confidi, which, as a whole, represent around 1 million members.  
Generally, the guarantee coverage ratio is of 50%.
- In Italy, the guarantee takes form of a personal obligation of the guarantor to reimburse the creditor in case of the debtor’s default as well as of a monetary deposit made by the guarantor at the bank to underscore this commitment.  
The deposit is one of the foundations of the framework contract signed with the bank.  
-It is used to define the « multiplier », i.e. the multiple of the deposit which the bank is willing to issue in form of guaranteed credits. This multiplier varies between 10 to 20 times.  
-The deposit allows negotiating preferential credit terms, which the bank will attach to credits provided by the Confidi.  
-The deposit is also used for the reimbursement of the bank in case of default.
- On the basis of their social and not for profit activities, the Confidi have at all times received the support from the national, regional and European public institutions. The support takes the form of a counter-guarantee (e.g. Medio Credito Centrale, FEI) but also and mostly the form of a allocation of « risk funds » which reinforce the equity with public funds, without attaching any statutory rights to the latter. Behind the private nature of the Confidi, there is thus a partnership with the public sector.
- Despite the strength and dynamism of the Italian system, the future is not without challenges. The national federations encourage the local Confidi to merge and professionalize themselves.  
-The restructuring through mergers has started and should accelerate under the double pressure of the growing size of Italian banks and the implementation of the CRD. The goal is to increase the capitalization and the credibility towards the lender, since at this point, some actors among the 800 Confidi are too small.  
-The reinforcement of the administrative structure – often limited – and the improvement of the risk monitoring procedures are the main elements for further professionalisation. Some Confidi are on the way to obtaining a banking statute: In 2007, the first « Popular Guarantee Bank » has been created in Padua.

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### STATISTICS

Coldiretti, Italy	2000	2001	2002	2003	2004	2005
Own Funds	0	0	0	0	0	14,312
Guarantee Portfolio	0	0	0	0	0	72,402
Guarantees granted in...	0	0	0	0	0	67,430

Number of entities composing the network: 20

### KEY FEATURES AND HINTS ...

Coldiretti was created as a national network in 2006, assembling existing independent entities in 14 Italian Regions.

Coldiretti federates 20 Confidi (700 branches in all) which are specialised in guarantees for agricultural companies.

Their mission consists of

- increasing the supply of banking services to the agricultural sector,
  - reducing the costs of loans,
  - giving advice to entrepreneurs in the investment phase,
  - contributing their support in the negotiation process with the bank,
  - developing new risk assessment models for this highly specific sector.
- Coldiretti has signed a counter-guarantee contract with ISMEA, a public guarantor.