# Banca Popolare di Sondrio

**PRESS RELEASE**

*This morning's conference on the challenges to the banking system organized by the Banca Popolare di Sondrio and Vitale Zeno & Co was an opportunity for discussion and analysis.*

## *Banks:  Local communities call for support in the development of the real and social economy*

*The way in which the banking system can support development stems from the need to realign both profitability as well as credit concession in the real economy. This boost to the economy is one of the basic functions that all credit institutions need to rediscover as it is currently supported by the so-called local community banks, especially in a country like Italy which is characterized by a high number of SMEs.*

*The need for a redefinition of the role of the banking system emerged clearly during the conference **'Development and the Banking System- Guidelines for Further Progress'** promoted by the **Banca Popolare di Sondrio** and the consultancy firm **Vitale Zane & Co.** held today in Sondrio at the Banca Popolare di Sondrio head offices.*

***Mario Alberto Pedranzini,*** *CEO and General Manager of the BPS commented during the conference 'The vision of the BPS is that of a steady healthy growth but not with growth as an end in itself. Our aim is to become a great example of good banking through a strategy of 'being there' for the community and its territory- a strategy that can be seen in the opening of our latest new branches in Trieste (Monday 26 February) followed by Pordenone and the small town of Colere (Bergamo) which had found itself without any banking facilities.*

*'The idea for today's conference came from my friend Prof. Marco Vitale', added Pedranzini, 'A need was felt to open a new phase of thought and analysis in order to identify possible strategies to address the issues and the needs of the real economy'*

***Marco Onado,*** *lecturer in the Faculty of Finance at Bocconi University in Milan discussed the comparative banking systems in Italy and elsewhere based on the latest data from the ECB itself with particular reference to local banks serving the community.*

*Onado illustrated how the largest international banks have grown enormously over the last twenty years yet*
*have reserved only a tiny part of their profits for the development of the economy and for providing loans for businesses.*
*The profitability and efficiency of banks does not however depend on their size: small and medium sized banks can be just as efficient and profitable, indeed if not more, than the larger banks and are able to comprehend and evaluate better the credit needs both of businesses and small savers at a local level. The incredible growth in the size of certain credit institutions has not produced any benefit for families and businesses: the idea however that only large scale banking groups can guarantee stability and efficiency as they become 'too big to fail' is still very much alive and present.*

*According to **Stefano Zamagni,** professor of Economics and Politics at Bologna University," for decades banks have concentrated intensely on finance rather than banking and now it is time to design a banking system which is based on the real meaning of 'being a bank' and which focuses on real needs, both public and social as well as the bank's economic objectives" It is often the case that there is a great discrepancy between the increased profits created by the large banks and the credit granted to the real economy. The theories related to economy of scale are often aired to try and justify these large dimensions yet these are always accompanied by dis-economies of scale which are even greater than the economies of scale themselves. Local banks reinforce a democratic principle and often the grouping together of banks risks meeting the same fate as the Tower of Babel"*

***Alberto Quadrio Curzio**, professor of Economics and Politics at the 'Università Cattolica del Sacro Cuore' in Milan discussed the fundamental role played by the BEI throughout the European economy, its development in global markets and its role as an intermediary with local banks in their direct dealings with businesses.*
*What emerges therefore is an awareness of the need to rethink, this in turn leads to a re-evaluation of governance and management rather than capital and profitability.*

*"However, this re-thinking must be consistent with the cycle in which the economy finds itself" underlined **Giacomo Pedranzini,** Valtellinese businessman and CEO of Kometa a company operating in the agro-food sector " For this reason, the more the economy is in a phase that requires large scale investment, such as currently is the case, the more the role of the banking system will become strategic for development" Pedranzini explained that businesses have "a right to credit" insomuch as economic development cannot take place without a banking system that supports business activities.*

***Giuseppe Porro,** lecturer in Economics and Politics at Insubria University looked at the reality and role of BCCs as they are local banks focused on providing credit and above all aim to support small and owner-run businesses.*

*Anna Gervasoni*, *vice-rector of the LIUC Università Cattaneo and Director General of AIFI stated "Private Capital can be integrated into the banks' role in order to explore new routes of business development. Private Capital, a rapidly growing market, is strategic business for banks both private and corporate, as well as being an important source of diversification of business capital",*

*Concluding the event,* **Mario Alberto Pedranzini** *hoped for greater social orientation in the banking sphere and closer support for businesses so that they may be able to follow their own development strategies. Despite the illusion of the banking giant, local banks, often small or medium sized, remain fundamental to respond to the challenges of the market.*

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