

## 15 - CREDIT

This section contains information gathered from publications produced and issued by the Bank of Italy, regarding the structure and credit activity of the banking sector in Sicily. In Sicily in 2010 there were 67 banks operating (4 fewer than in 2009), over half of which had their head-offices in the Region (35, two fewer than in 2009). The number of branch-offices (1,759) was also lower than the previous year (-47 units), and accounted for 5.2% of the national total.

At the end of 2010, the total amount of money deposited in Sicilian banks came to a figure of 36,302 million Euros, with a 1.9% reduction (699 million Euros) over the previous year. This result represents an inversion in trend when compared to the variation recorded in 2008 (+5.3%) and could be ascribed principally to a fall in deposits on the part of “consumer families” (302 million, -1.2%), accompanied by variations of a similar type in deposits of producer families (46 million Euros, -1.9% over 2009) and all the other sectors with the exception of public administration deposits, which recorded an increase of 89 million Euros (+37.5% compared to the previous year).

At the end of 2010, loans granted in Sicily amounted to 60,430 million Euros, with a 9.8% increase over 2009, concentrated principally among consumer families (+16.2%), financial enterprises (+7.4%) and producer families (+6.8%). The increase in the amount of loans (+1,213 million Euros, i.e. +5.4%) to “non-financial companies” mirrored their reduced deposits and represented one of the highest increases in the last few years, highlighting a greater propensity towards investment that had also spread to these operators. The loans granted to them do however represent, again in 2010, a large portion (39.5%) of the total, whilst 3.9% is made up of funding for the public administration and 45.9% financing to “consumer families”. The incidence of these Regional aggregates compared to the corresponding national figure shows family loans (both consumer and producer) to be leading the way, with 5.6% and 5.9% respectively, whilst non-financial company loans in Sicily account for only 2.8% of the analogous figure in the country as a whole.

The influence of the large credit institutes on bank deposits (20,601 million Euros) remained high, although there was a decrease in absolute values (-71 million Euros) and a percentage impact of 56.7% on the total. As regards loans, the sum of 32,961 million Euros handled by this category, represents an increase of 8,204 million Euros when compared to 2009 and covers 54.5% of the total (as compared to 45% in the previous year).

With regard to the recipients of these loans, investment in building and purchase of real estate were once again among the driving force in 2010 propelling bank financing beyond the short term and together accounted for 52.9% of total funding. However, of the two, funding for the purchase of real

estate recorded the greater increase (+16.5%), showing renewed growth in this sector, when compared with previous years.

The overall picture described by the indicators, which quite clearly reflects several aspects of the ongoing economic crisis, takes on various forms around Sicily. The Provincial distribution of financial aggregates obviously sees the larger authorities dominating. The branch-offices in 2010 seem to be concentrated in the more densely populated Provinces, although slightly more scattered than previously; they range from the 66 in the Province of Enna to the 417 in the Province of Palermo. The branches of minor institutes reflect to some extent the size of the bank to which they belong, and seem to be concentrated in particular in the Province of Palermo (64 out of 239, accounting for 26.8% of the branch-offices in this class) and to a lesser extent in the Province of Ragusa (6, and accounting for 2.5% in this class). At the same time, their distribution in terms of institutional groups again reveals a predominance of offices of co-operative credit banks in the Provinces of Palermo (37 out of 166, and 22.3% of the total) although Agrigento and Caltanissetta perform strongly in this group (26 and 28 branch-offices respectively, and about 16.3% of the total), especially bearing in mind the lower population density in these two areas. The Province of Ragusa has most branch-offices in “popular” banks (36 out of 128, and 28.1% of the total), followed by Catania with 33 branches (25.8%).

With regard to typology of bank-funding beyond the short term, in 2010, pride of place in investment in construction went to Catania (1,580 million Euros and 22.7% of the Regional total), whereas Palermo was the Province boasting the greatest spending on machinery (1,128 million Euros) and Provincial real estate purchase (4,779 million Euros), as well as for “other purposes” (5,168 million Euros), totalling 35.8%, 28.2% and 28.6%, respectively, of the total Regional amount for the three different “destinations”.

## *Glossary*

**Bank:** Enterprise permitted to carry out banking activity; the latter consists in accumulating the public’s savings in credit institutions. Apart from banking, banks are involved in every other kind of financial activity (in accordance with the individual structures of each of these), as well as other connected and instrumental activities. Banks are graded according to size (major, large, medium, small, minor) in proportion to the total amount of credit that can be granted to residents and non-residents.

**Bank deposits:** includes deposits and bonds, which, on the basis of their duration, can be distinguished as short, medium or long-term.

**Branch office:** a window at a denominated branch of a bank, in which funds can be deposited in savings accounts or current accounts.

**Deposits:** funds received by the bank from non-banking subjects, and collected in the form of free or term deposits, interest-bearing bonds, time certificates, free or fixed deposit accounts.

**Facilitated financing:** operations carried out at rates below those of the market, in virtue of legislation providing assistance in paying off interest and/or the utilisation of government funds or the funds of other public administration bodies.

**Financing beyond the short term:** total investment with an initial duration of over 18 months.

**Institutional groups (of banks):** grouping of banking institutions in homogenous categories. The banks operating in Italy can be divided into:

- Banks as joint-stock company
- Popular banks
- Co-operative credit banks
- Central (banking) institutes;
- Branches of foreign banks.

The first include public law credit institutes, national banks, savings banks and popular banks that have taken on the form of joint-stock companies, as well as all banks offering medium or long-term investment. The second ones are those that have not become joint-stock companies; the third are former agricultural and merchant banks; finally, there are banking organisations which also include institutes dealing mainly with refinancing.

**Loans:** the bank's financing of non-banking subjects.

### ***Further reading***

#### Publications

Statistics bulletin 2006-2011 Bank of Italy  
Italian Statistical Yearbook– 2011 – ISTAT

Internet

<http://www.bancaditalia.it/>  
Statistics bulletin

<http://www.bancaditalia.it/pubblicazioni/econo/ecore/sintesi/economieregional2010>

Regional economies – The Economy in the Italian Regions

<http://bip.bancaditalia.it/>  
On-line public information base

<http://www.istat.it/>  
Italian Statistical Yearbook 2011 – Chapter 20: “Credit, insurance, monetary and financial markets”” ,