

15 - CREDIT

This section contains information regarding the structure and credit activity of the banking sector in Sicily, with data gathered from publications produced and issued by the Bank of Italy. The data refers to the accounting situation at the end of the period in question and to resident banks; from 2007 onwards this data includes the Cassa depositi e prestati spa (joint-stock deposits and loans fund), an institute founded in 1863, reporting directly to the Ministry of Finance (later the Treasury) and in line with law 13.05.83 n.º 197, possessing administrative and organizational authority (Q.v. Annual Report 2012 – Bank of Italy).

In Sicily in 2011 there were 67 operative banks, over half of which had their head-offices in the Region (34, one less than in 2010). The number of branch-offices (1,739) was also lower than in the previous year (-20 units), and accounted for 5.2% of the national total.

At the end of 2011, the total amount of money deposited in Sicilian banks came to a figure of 32,792 million Euros, with a -4.3% reduction (1,476 million Euros) over the previous year. This result represents an inversion of trend when compared to the variation recorded in 2008 (+6.6%) and could be ascribed principally to a reduction in deposits on the part of “consumer families” (-810 million, -3.1%), accompanied by variations of a similar type in deposits of producer families (-290 million Euros, -12.5% over 2010) and all the other sectors with the exception of public administration deposits, which registered an increase of 329 million Euros (+21.4% compared to the previous year).

At the end of 2011, loans granted in Sicily amounted to 44.562 million Euros, representing a -5.2% fall over 2010, concentrated principally among consumer families (-12%), with all the other sectors of economic activity registering growth. The increase in the amount of loans (+166 million Euros, or +0.9%) to “non-financial companies” reflected the reduced deposits of these institutions, highlighting a greater propensity towards investment that had also spread to these operators. The loans granted to the latter do however represent, again in 2011, a sizeable share (43.4%) of the total, whilst 4.7% is made up of funding for the public administration and 39.9% 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 5.3% and 3.4% respectively, whilst non-financial company loans in Sicily account for only 2.2% of the analogous figure in the country as a whole.

The influence of the large credit institutes on bank deposits (of 53,246 million Euros) remained high. As regards loans, the sum handled by this category amounted to the rather high figure of 68,979 million Euros.

With regard to the recipients of these loans, investment in building and

purchase of real estate once again represented the driving force in 2011, 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 registered an increase (+2.3%), showing renewed growth in this sector, when compared with previous years.

The overall picture described by the indicators quite clearly reflects several aspects of the ongoing economic crisis and varies greatly throughout Sicily. The branch-offices in 2011 seem to be concentrated in the more densely populated Provinces, ranging from the 65 in the Province of Enna to the 417 in the Province of Palermo. If we take as our point of reference the size of the bank to which they belong, the branch-offices of the minor banks seem to be concentrated in particular in the Province of Palermo (55 out of 221, accounting for 24.9% of the branch-offices in this class) and to a lesser extent in the Province of Ragusa (5, and accounting for 2.3% in this class). At the same time, their distribution in terms of institutional groups again reveals a predominance of co-operative credit banks in the Provinces of Palermo (39 out of 168, and 23.2% of the total), although Agrigento and Caltanissetta perform strongly in this group (26 and 28 branch-offices respectively, and about 16% of the total), especially bearing in mind the lower population density in these two areas. The Province of Catania has most branch-offices in “popular” banks (82 out of 252, and 32.5% of the total), followed by Ragusa with 40 branches (15.9%).

With regard to typology of bank-funding beyond the short term, in 2011, pride of place in investment in construction went to Catania (1,539 million Euros and 22.2% of the Regional total), whereas Palermo was the Province boasting the greatest spending on machinery (1,043 million Euros) and Provincial real-estate purchase (4,932 million Euros), as well as “other destinations” (5,437 million Euros), totalling 34.3%, 28.5% and 29.3%, 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 2006-2012 Bank of Italy
Italian Statistical Yearbook– 2012 – ISTAT

Internet

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

[http://www.bancaditalia.it/pubblicazioni/econo/ecore/sintesi/economieregional
2010](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 2012 – Chapter 20: “Credit, insurance, monetary
and financial markets””