



Comitato
per le politiche
macroprudenziali

Committee for Macroprudential Policies: Annual Report

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CONVENTIONS

Unless otherwise specified, calculations by the authorities on the Committee.

In the figures with different right- and left-hand scales, the data reported in the figures refer to the left-hand scale. They only refer to the right-hand scale if this is explicitly indicated in the notes.

INTRODUCTION

The Committee for Macroprudential Policies was established by Legislative Decree 207/2023 ('decree establishing the Committee') as an independent authority designated for conducting macroprudential policies in Italy, according to Recommendation ESRB/2011/3 of the European Systemic Risk Board (ESRB). The national authorities that help safeguard financial stability in various ways are represented at the highest level. The Committee consists of the Governor of Banca d'Italia, who chairs it, and the presidents of the Companies and Stock Exchange Commission (Commissione nazionale per le società e la borsa, CONSOB), the Pension Fund Supervisory Authority (Commissione di vigilanza sui fondi pensione, COVIP) and the Institute for the Supervision of Insurance (Istituto per la vigilanza sulle assicurazioni, IVASS). The Director General of the Treasury attends the meetings but has no voting rights.

In this report, the Committee gives an account of its actions in 2025, fulfilling the transparency and legal obligations laid down in Article 1(9) of the decree establishing the Committee.

The report sets out the role and objectives of the Committee and its activities carried out during the year, provides a brief assessment of the main risks to financial stability, and gives an overview of the macroprudential decisions taken by its constituent authorities. It also describes the situation of the Italian financial system.

OVERVIEW: COMMITTEE ACTIVITIES AND ASSESSMENT OF THE RISKS

The Committee for Macroprudential Policies met twice in 2025, on 13 June and 4 December.

At each meeting it examined the risks to the Italian financial system, assessing that its conditions are generally favourable, albeit in a context marked by high global uncertainty. The low risk premiums prevailing in international markets may in fact encourage economic agents to take on more debt and increase the likelihood of sharp drops in asset prices in the event of changes in investors' risk appetite. The financial situation of Italian households and firms remains sound overall. The banking sector can rely on high levels of capitalization and profitability. However, in an uncertain macroeconomic environment, there are still risks of a deterioration in asset quality. The insurance sector's solvency and liquidity ratios continue to improve. Risks in the asset management and pension fund sectors are limited. The prudent fiscal policy mitigates the risk that external tensions could be amplified in Italy.

The Committee also discussed initiatives under way to simplify financial regulation in the European Union. It reiterated that regulatory review actions should not trigger a phase of deregulation or departure from international standards and that they should be implemented in close coordination with the relevant authorities.

The Committee has been closely monitoring – and will continue to do so in 2026 – developments in household investments in complex or potentially very risky instruments, such as certificates and crypto-assets. These investments could in fact expose holders to significant losses and fuel bouts of distrust in the financial system. The Committee therefore welcomes and supports the analyses promoted by the Ministry of Economy and Finance on the adequacy of existing safeguards for investments in crypto-assets by retail investors.

Work began on preparing an analytical framework for carrying out the tasks entrusted to the Committee under the legislation on assessing the risks associated with the use of fallback provisions in index-linked contracts and financial instruments. The Committee could be called upon to fulfil these tasks if an index of systemic importance for the European Union market were to be discontinued. The analytical framework will be finalized in 2026.

The Committee has not issued recommendations to its constituent authorities or reports on the appropriateness of adopting measures to safeguard financial stability, considering that the initiatives put in place by individual authorities in their respective areas of competence are appropriate. Depending on the evolution of the risks linked to the stability of the Italian financial system, the Committee stands ready to take action to limit them, if necessary, within the remit assigned to it by law.

1. THE COMMITTEE'S FUNCTIONS

The Committee for Macroprudential Policies pursues the stability of the Italian financial system. Its action helps to counter the accumulation and propagation of risks by boosting the system's capacity to absorb the consequences of events that could threaten its proper functioning.

Based on what is provided for by law, the Committee:

- analyses the risks to the stability of the Italian financial system and draws up intermediate strategies and objectives to achieve it;
- has the power to report to the Government on systemic risk, either publicly or confidentially;
- can make recommendations to its constituent authorities;
- can prepare reports for Parliament, the Government, other authorities, public bodies and State organizations on adopting measures, including legislative ones, to safeguard the stability of the Italian financial system;
- can express opinions on any draft legislation relevant to its objectives;
- produces and implements methodologies and procedures for identifying systemically important financial institutions and structures, without prejudice to the powers granted by the respective sectoral regulations to individual authorities on the Committee;
- assesses, pursuant to Regulation (EU) 2016/1011 (Benchmark Regulation), whether a fallback provision in a specific funding contract or financial instrument as originally agreed no longer reflects, either wholly or in part, the market or the economic reality that the benchmark in cessation was supposed to measure; it also assesses whether applying this provision could pose a threat to financial stability.

The Committee may request data and any other information necessary for performing its tasks from public and private entities that carry out activities relevant to financial stability. In the event of requests made to supervised entities, the information is acquired via the authorities for the areas within their respective remits; in other cases, the Committee submits a request to Banca d'Italia, which collects the data.

The role of the Committee does not affect the competences and responsibilities of its member authorities; each of them continues to draw up and implement supervisory measures for their own sector.

The Committee for Macroprudential Policies collaborates in Europe – including by exchanging information – with the ESRB, the European Central Bank (ECB) and the macroprudential authorities of other EU Member States, in order to facilitate their respective functions.

2. COMMITTEE ACTIVITIES IN 2025

The Committee met twice in 2025, on 13 June and 4 December, at Banca d'Italia's headquarters in Rome.¹ Both meetings were attended by the Governor of Banca d'Italia, the President of CONSOB, the President of COVIP and the President of IVASS. The Ministry of Economy and Finance was represented by the Director General of the Regulation and Supervision of the Financial System Directorate (at the 13 June meeting) and the Director General of the Treasury (at the 4 December meeting).

In the two meetings, the Committee examined the risks to the Italian economic and financial system, concluding that conditions remain favourable overall, albeit in an environment of persistently high global uncertainty. The conditions of Italian financial intermediaries – both banks and other types of intermediaries – remained good overall (see Chapter 4).

The Committee continued to closely monitor household investments in certificates, i.e. highly complex instruments that may expose holders to the risk of significant losses.² Systemic risks associated with the spread of crypto-assets were also discussed and judged to be on the rise due to growing interconnectedness with the financial system, in a context of regulatory fragmentation at the international level. At the initiative of the Ministry of Economy and Finance, an in-depth review has been launched to assess the adequacy of existing safeguards for direct and indirect investments in crypto-assets by retail investors. The Committee noted the limited availability of reliable information on their placement, partly because of their inherently cross-border nature.

The Committee also praised the macroprudential decisions taken by Banca d'Italia in 2025 (see Chapter 3). Specifically, in June, the systemic risk buffer (SyRB), set at 1 per cent in April 2024, came into full force.

At its meeting on 13 June, the Committee discussed the principles and objectives of initiatives to simplify European financial regulation. It welcomed efforts to improve the quality and clarity of the legislative framework, but stressed the importance of maintaining safeguards to protect financial system stability, consumers and the integrity of the markets (see the box 'Initiatives for regulatory simplification' in Chapter 3). Any revision of the regulatory framework must not result in a push toward deregulation or lead to a significant departure from the principles set out by international standards. The Committee believes that any proposals for simplification at European level should be built on close coordination among all the authorities involved.

At the same meeting, the Committee started preparatory work on a framework for carrying out the tasks entrusted to it on the indices used as benchmarks in financial contracts. The Consolidated Law on Finance (Testo unico della finanza)³ designates the Committee as the competent

¹ For further details on the content and outcome of the meetings, see the website of the Committee for Macroprudential Policies, '[Minutes of the meetings](#)' and '[Press releases](#)'.

² For further information on certificates, see Banca d'Italia's website, '[Banca d'Italia's "intervention power" concerning financial instruments, structured deposits and related financial activities/practices](#)'.

³ Article 4-*septies* of Legislative Decree 58/1998.

authority for assessing the adequacy of fallback provisions⁴ in index-linked contracts pursuant to Article 23-ter of the Benchmark Regulation, requiring it to have the necessary procedures in place to carry out this task. An interinstitutional working group, composed of experts from all the constituent authorities, was therefore established to develop a methodological framework and an operational structure for making such an assessment (see the box 'The Committee's work on benchmarks'). At its December meeting, the Committee received a progress report from the working group, which will complete its activities in 2026.

THE COMMITTEE'S WORK ON BENCHMARKS

Article 23-ter of Regulation (EU) 2016/1011 (the 'Benchmark Regulation') provides a framework to ensure the continuity of contracts in the event of the cessation of systemically important benchmarks. The provision applies to three categories of benchmarks: (a) critical benchmarks;¹ (b) benchmarks whose cessation would result in significant disruption in the functioning of the EU's financial markets; and (c) benchmarks of countries outside the EU (third countries) whose cessation creates a systemic risk for the EU. If a benchmark belonging to one of these categories ceases to be provided, the European Commission may designate a replacement that would apply both to financial instruments and contracts without a fallback provision and to contracts with unsuitable fallback provisions.

When the cessation of a systemically important benchmark is announced and the European Commission initiates the procedure for identifying a substitute benchmark, any of the parties to a financial contract indexed to that benchmark may contact the national competent authority (for Italy, the Committee for Macroeconomic Policies) to assess whether the fallback provision in the contract is unsuitable. This assessment relies on the following two conditions, both of which must be fulfilled: (a) the substitute benchmark designated in the fallback provision no longer reflects, or significantly diverges from, the underlying market or economic reality that the benchmark in cessation was intended to measure; and (b) applying the fallback provision may pose a risk to financial stability.

The assessment requests may be submitted to the Committee if relating to financial instruments traded in Italy or contracts signed by entities resident in Italy; this includes insurance products whose performance is directly linked to the market value of specific benchmarks (unit-linked and index-linked policies). The provisions of the Benchmark Regulation referred to here do not apply to Italian pension funds, as there are no use cases that fall within those specified in the Regulation.

¹ Pursuant to Article 20 of Regulation (EU) 2016/1011, a benchmark is defined as critical if it is used directly or indirectly as a reference for financial instruments, financial contracts or investment funds having a total value of at least €500 billion. If the total value is between €400 billion and €500 billion, the benchmark is recognized as critical if there are no substitutes and in case of a potential impact of the discontinuity of the benchmark on the markets, financial stability, consumers, the real economy, or the financing of households and firms. The definition of 'critical benchmarks' includes those provided on the basis of input data of contributors located predominantly in a single EU Member State and recognized as critical by that State.

⁴ Fallback provisions are clauses in index-linked contracts designed to specify a replacement index that takes effect if the original benchmark becomes unavailable, unrepresentative, or ceases to be published, so as to ensure the continuity of the contract.

In the event that the Committee finds the fallback provision to be unsuitable, the parties to the contract may object to its application at the latest three months before the actual cessation of the benchmark. This also applies to all holders of financial contracts and instruments similar to those subject to the Committee's decision. If the provision is not applied, the parties may agree on an alternative replacement benchmark; if no agreement is reached within the time limit provided for by the law, the substitute benchmark designated by the European Commission will automatically apply.

The methodological framework for assessing the adequacy of the fallback provisions, which is being defined by a working group appointed by the Committee, will be based on two principles. The first one is the ability of the substitute benchmark to reflect the same economic reality as the original benchmark. This assessment is conducted both qualitatively (by evaluating its consistency with international standards for financial benchmarks)² and quantitatively (through historical comparisons of the behaviour of benchmarks across different market conditions). The second principle concerns the assessment of any financial stability risks that may arise from implementing the substitute benchmark; where data availability permits, this principle will consider the degree of usage of the substitute benchmark, the impact of its implementation on confidence in the financial system, and the risk that the benchmark may become unavailable in the medium term or under adverse scenarios.

² International Organization of Securities Commissions (IOSCO), [Principles for financial benchmarks. Final Report](#), July 2013.

3. MACROPRUDENTIAL POLICY DECISIONS AND OTHER FINANCIAL STABILITY TOOLS

In 2025, the Committee did not issue any recommendations to its constituent authorities or reports as to whether measures should be taken to safeguard financial stability, as the ones taken by the individual authorities within their respective remits were deemed sufficient.

In the banking sector, Banca d'Italia has the power to adopt macroprudential measures to strengthen the stability of the financial system, thus mitigating the potential impact of systemic adverse events. It has the authority to impose the capital buffers required by EU law: the countercyclical capital buffer (CCyB), the capital buffers for other systemically important institutions (O-SIIs) and for global systemically important institutions (G-SIIs), and the systemic risk buffer (SyRB). Banca d'Italia can also use macroprudential tools that are not harmonized by EU legislation, such as borrower-based measures, and prohibit or restrict the marketing, distribution or sale of financial instruments and crypto-assets with the aim of preserving the stability of the national financial system (intervention power).⁵

⁵ For further information on the criteria used by Banca d'Italia to exercise its intervention power, see ['The Bank of Italy's 'intervention power' concerning financial instruments, structured deposits and related financial activities/practices: legal, analytical and methodological framework'](#), April 2024. For the list and definitions of all the financial instruments analysed within the scope of its intervention power, see Banca d'Italia's website, ['Glossary of the types of financial instruments analysed by Banca d'Italia within the scope of its intervention power'](#).

As of 30 June 2025, Italian banks must fully meet the SyRB capital requirement, introduced by Banca d'Italia in 2024 to strengthen the system's ability to withstand unexpected events, including those unrelated to the economic and financial cycle.⁶ In terms of common equity tier 1 capital (CET1), the buffer for the banking system as a whole amounts to €7.4 billion. The level of this buffer is currently under review.⁷

In 2025, Banca d'Italia kept the countercyclical capital buffer rate unchanged at zero per cent, deeming it appropriate for the current macro-financial situation.⁸ The legislation allows the CCyB to be applied to exposures to counterparties residing in non-European Economic Area countries. To this end, national authorities are required to identify on an annual basis the third countries to which the banking system has material exposures, and Banca d'Italia has identified Russia, Switzerland, the United Kingdom and the United States.⁹

Based on data as at 31 December 2024, Banca d'Italia has confirmed the Intesa Sanpaolo, Unicredit, Banco BPM, Gruppo Bancario Cooperativo ICCREA and Banca Nazionale del Lavoro banking groups as O-SIIs. The capital buffers for 2026 remained unchanged for all groups except for UniCredit, whose buffer requirement was reduced to 1.25 per cent¹⁰ on account of the decrease in the systemic importance of this intermediary in recent years. To take account of the mergers involving some Italian intermediaries in the second half of 2025, new assessment procedures were launched for the BPER Banca and Monte dei Paschi di Siena banking groups: both groups were identified as O-SIIs licensed in Italy and will be required, as of 1 April 2026, to maintain an O-SII buffer equal to 0.50 per cent of their total risk-weighted exposures.¹¹ No credit institution licensed in Italy has been identified as a G-SII.¹²

Banca d'Italia has assessed requests to reciprocate¹³ two macroprudential measures, one adopted by Belgium¹⁴ and one by Norway.¹⁵ Only the latter was reciprocated, requiring Italian

⁶ The SyRB was phased in gradually, requiring Italian banks to maintain a buffer of 0.5 per cent of credit and counterparty risk-weighted exposures to Italian residents starting from 31 December 2024. Banca d'Italia, '[Activation of the systemic risk buffer](#)', press release, 26 April 2024.

⁷ Banca d'Italia, '[Review of the Systemic Risk Buffer - Launch of Public Consultation](#)', 20 February 2026.

⁸ Banca d'Italia, '[The Countercyclical Capital Buffer \(CCyB\) rate for the first quarter of 2026 remains unchanged at zero per cent](#)', press release, 19 December 2025.

⁹ Banca d'Italia, '[Identification by Italy of material third countries pursuant to Recommendation ESRB/2015/1 of the European Systemic Risk Board \(ESRB\)](#)', press release, 4 July 2025.

¹⁰ Banca d'Italia, '[Identification for 2026 of other systemically important institutions authorized to operate in Italy](#)', press release, 14 November 2025.

¹¹ Banca d'Italia, '[Identification of other systemically important institutions authorized to operate in Italy](#)', press release, 27 February 2026.

¹² Banca d'Italia, '[Annual identification of Italian global systemically important institutions](#)', press release, 1 December 2023.

¹³ The reciprocation of macroprudential measures is the process through which a national authority, following a recommendation by the ESRB, applies a macroprudential policy measure adopted by another Member State in order to ensure that the same requirements apply uniformly to risk exposures, irrespective of the location or legal form of the banks concerned. Reciprocation may occur by directly implementing the measure or by adopting an equivalent one, except where exemptions are justified on the basis of non-material exposures (the *de minimis* principle).

¹⁴ Banca d'Italia, '[Decision not to reciprocate a Belgian macroprudential measure pursuant to Recommendation ESRB/2024/5 of the European Systemic Risk Board](#)', press release, 21 February 2025.

¹⁵ Banca d'Italia, '[Decision to reciprocate a macroprudential measure adopted by Norway pursuant to Recommendation ESRB/2024/7](#)', press release, 14 March 2025.

banks to hold a SyRB of 4.5 per cent on their risk-weighted exposures to residents in Norway by 31 December 2025. Conversely, the exposures of Italian banks to the risks indicated by the Belgian authorities were considered negligible.

In 2025, Banca d'Italia assessed the requests to renew the reciprocation of two macroprudential measures adopted by Norway, two by Sweden¹⁶ and one by Germany.¹⁷ It confirmed its decision to reciprocate the German measure, which provides for keeping a SyRB of 1 per cent of risk-weighted assets secured by residential immovable property located in Germany. It also confirmed its decision not to reciprocate the Norwegian and Swedish measures, as the respective exposures of the Italian banking system are immaterial.

In exercising its intervention power, Banca d'Italia regularly conducts analyses of the risks that may stem from financial instruments traded, distributed or sold in or from Italy. According to the latest analyses, the volume of certificates held by Italian households rose slightly in the first half of 2025 (see Chapter 4), as did the volume of structured bonds. The long and short positions in derivatives held by the main market participants are balanced and the risks to financial stability associated with these instrument categories appear limited overall. Since 2025, pursuant to Regulation (EU) 2023/1114 on markets in crypto-assets (MiCAR), Banca d'Italia can also exercise its intervention power over the marketing, distribution and sale of crypto-assets, as well as over crypto-asset-related activities or practices carried out by entities licensed in Italy or operating in Italy under the right of establishment or the freedom to provide services (crypto-asset service providers and other intermediaries).¹⁸

In the insurance sector, IVASS did not consider it necessary to take any macroprudential measures in 2025. Work continues on transposing the revised Solvency II Directive and the Insurance Recovery and Resolution Directive (IRRD; see the box 'Insurance sector tools for safeguarding financial stability', Committee for Macroprudential Policies, [Annual Report on 2024](#), March 2025).

At the international level, discussions are under way on whether to introduce amendments to financial regulation aimed at simplifying the framework, reducing complexity and enhancing proportionality, while at the same time ensuring the robustness of safeguards designed to protect the stability of both individual intermediaries and the financial system as a whole. At EU level, the European Commission has recognized the simplification of the regulatory framework as a cross-cutting driver for competitiveness in the EU, emphasizing the importance of more efficient and consistent regulation, capable of supporting innovation without jeopardizing the stability of the system (see the box 'Initiatives for regulatory simplification').

¹⁶ Banca d'Italia, '[Decision not to reciprocate two macroprudential measures adopted by Sweden and two by Norway pursuant to Recommendations ESRB/2025/5 and ESRB/2025/6](#)', press release, 18 November 2025.

¹⁷ Banca d'Italia, '[Decision to reciprocate a macroprudential measure adopted by Germany pursuant to Recommendation ESRB/2025/4 of the European Systemic Risk Board](#)', press release, 18 November 2025.

¹⁸ Banca d'Italia is the sole competent authority responsible for adopting intervention measures on e-money tokens (EMTs) to safeguard financial stability, protect investors and ensure the orderly functioning and integrity of crypto-asset markets. Banca d'Italia may also intervene – after consulting CONSOB – on asset-referenced tokens (ARTs) and crypto-assets other than EMTs and ARTs for the purposes of safeguarding financial stability. Instead, CONSOB may exercise intervention powers on ARTs and crypto-assets other than EMTs and ARTs – after consulting Banca d'Italia – for the purposes of protecting investors and ensuring the orderly functioning and integrity of crypto-asset markets.

INITIATIVES FOR REGULATORY SIMPLIFICATION

In 2025, the European authorities launched initiatives to develop proposals for simplifying regulations, including in the financial sector. The European Commission has stated that regulatory simplification is one of the primary strengths of the EU's strategic competitiveness for the 2024-29 period.¹ In the field of financial regulation, despite the current climate of heightened uncertainty, the Commission plans to consider initiatives to improve the quality of European regulation without, however, weakening the safeguards in place against risks to the financial system.

The European Banking Authority (EBA) and the European Central Bank, in close cooperation with the national authorities, have developed specific proposals based on guiding principles, which include: (a) preserving the resilience of the financial system by remaining committed to a risk-based approach to drafting rules; (b) ensuring consistency with international standards; and (c) adhering to the principle of proportionality, while not triggering a regulatory 'race to the bottom' between jurisdictions. The two authorities recently announced the outcome of their work.

Last October, the EBA published its recommendations² in order to improve the process of setting regulatory technical standards to increase efficiency, simplify reporting requirements and spur a comprehensive review of the prudential framework. In the short term, the recommendations provide for (a) setting up a methodology to assess the materiality of the EBA's regulatory mandates in order to more effectively define the priorities, (b) considering possible actions to reduce the reporting burden on banks, and (c) developing proposals to reduce the complexity of the capital requirements framework (prudential and resolution) imposed on banks. In the medium-to-long term, the EBA plans to contribute to the simplification of the European reporting framework by facilitating the sharing of supervisory reports among the various supervisory authorities and by removing any overlaps.

On 11 December 2025, the ECB published a number of recommendations,³ prepared by a high-level task force,⁴ for simplifying the regulatory, supervisory and reporting framework for banks. Among its main proposals, the ECB recommends: (a) reducing the complexity of the capital buffer structure – with a component releasable by supervisory authorities and a non-releasable component – and of the leverage ratio requirements; (b) reconsidering the role of AT1 and Tier 2 instruments in the overall capital requirements framework; and

¹ For more details, see European Commission, *Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions. A Competitiveness Compass for the EU*, COM (2025) 30 final, 2025.

² For more information, see EBA, *EBA report on the efficiency of the regulatory and supervisory framework*, EBA/REP/2025/26, 1 October 2025.

³ For more details, see ECB, *Simplification of the European prudential regulatory, supervisory and reporting framework*, December 2025.

⁴ The task force is chaired by the Vice-President of the ECB and is composed of the Governors of the central banks of Estonia, Finland, France, Germany and Italy, and an ECB representative to the Supervisory Board which oversees the Single Supervisory Mechanism (SSM).

(c) significantly expanding the degree of regulatory proportionality for smaller and non-complex institutions. With regard to the simplification of supervisory approaches, the ECB proposes to further harmonize practices and to reassess the level of detail in regulation governing supervisory processes to foster a more risk-based approach. With regard to the reporting framework, the ECB also suggests: (a) stepping up data sharing and re-use by the various authorities to reduce requests to and operational costs for financial intermediaries; (b) further integrating reporting systems so as to avoid duplication and facilitate the sharing and use of available data; and (c) periodically reviewing the adequacy of reporting requirements to eliminate any redundancies or discontinue requirements that are no longer relevant. Finally, it recommends further integrating reporting and disclosure obligations.

With regard to the insurance sector, the Solvency II Directive revision introduced measures for simplifying regulation and reducing the administrative burden. In particular, the amendments aim to establish a proportionality framework, allowing less stringent requirements for small and non-complex insurance companies. They also call for simplifying and reducing reporting obligations by mandating the European Insurance and Occupational Pensions Authority (EIOPA) to identify potential measures to develop an integrated data collection in collaboration with the other European Supervisory Authorities, including the ECB.

Last April, EIOPA published a document⁵ setting out its strategic approach and actions to be taken to help achieve the objective of simplifying European regulation. Major proposals include: (a) further easing the reporting requirements for all insurance undertakings and, in particular, for small and non-complex undertakings; (b) reducing the size of the guidelines for insurance companies by 25 per cent; and (c) developing a harmonized framework for identifying small and non-complex insurance companies.

⁵ For more details, see EIOPA, *Bolder, Simpler, Faster: EIOPA'S views for better regulation and supervision*, 8 April 2025.

4. THE ITALIAN FINANCIAL SYSTEM

Macrofinancial conditions in Italy remained stable and overall favourable in 2025 (Figure 1), although, also in our country, the macroeconomic situation was affected by high global uncertainty. According to Istat's preliminary estimates, GDP grew by 0.7 per cent last year. For 2026, Consensus Economics forecasts in February pointed to GDP growth of 0.8 per cent. Harmonized consumer price inflation was 1.2 per cent in December 2025 and 1.8 per cent excluding food and energy.¹⁹ Labour market conditions held favourable and Italy's net international investment position remained highly positive. These are some of the factors that prompted the leading credit rating agencies to improve Italy's creditworthiness assessment in 2025.

¹⁹ Banca d'Italia, *Economic Bulletin*, 1, 2026.

The risks to financial stability stemming from developments in real estate markets are moderate. The third quarter of last year saw an increase in house prices, though with no signs of overvaluation, and in sales transactions. Commercial real estate prices were virtually unchanged in the first half of 2025, while the number of transactions went up.

The financial situation of households remains sound, with low debt relative to disposable income and only a small share of households reporting difficulties in meeting their monthly payments.²⁰ Lending to households grew in 2025, driven by home mortgage loans. Income was supported by a high employment rate, but significant uncertainty in the economic outlook was reflected in the propensity to save, which remains above pre-pandemic levels.

In the first half of 2025, there was a limited increase in the volume of certificates held by households. These are highly complex instruments, which may expose investors to the risk of material losses. Households own around three quarters of total outstanding certificates (€77 billion). According to a sample survey conducted by Banca d'Italia, certificates are held mainly by households with high incomes, sound finances and a high level of education.

Developments in the crypto-asset market have heightened systemic vulnerabilities through growing links with the financial system and may result in significant losses for the holders of these assets.²¹ Moreover, risks may increase when crypto-assets (or crypto-asset-linked indices) are the underlying assets for complex financial instruments such as certificates. While available data show a limited circulation of crypto-assets among retail investors in Italy,²² any losses for a number of them could spark bouts of distrust of the financial system. Quantifying this risk is complicated by the limited availability of accurate data on the uptake of crypto-assets among retail investors.

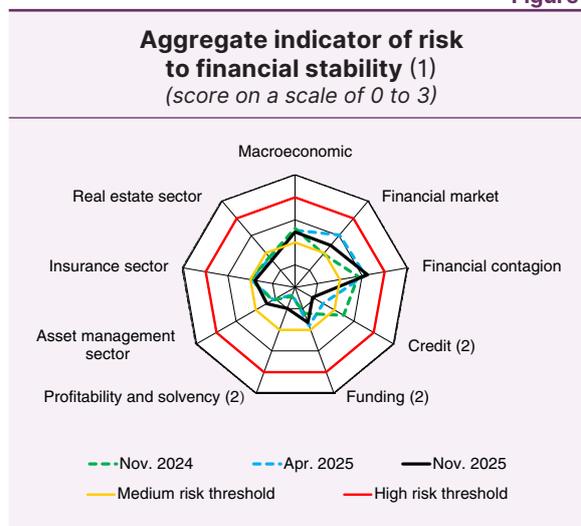
Financial conditions for firms remain favourable overall, underpinned by still high profitability (though lower than in 2024) and moderate debt. The effects of the trade tensions have been

²⁰ Banca d'Italia, *Financial Stability Report*, 2, 2025.

²¹ The global market capitalization of crypto-assets reached an all-time high of \$4.2 trillion in October 2025, before declining to \$3 trillion at year-end and to \$2.4 trillion after the first week of February 2026. See 'CoinMarketCap, Crypto Market Overview' for more information.

²² As of mid-2025, virtual asset service providers (VASPs) registered in Italy under the special section of the list of financial agents and credit brokers kept by the OAM managed €2 billion in crypto-assets, including stablecoins, held almost entirely by natural persons. See OAM, *Tenth information flow from virtual asset service providers*, Q2 2025, 2025 ([only in Italian](#)) for more details.

Figure 1



Source: Banca d'Italia, *Financial Stability Report*, 2, 2025 (based on Banca d'Italia, ECB, IVASS and LSEG data).

(1) The aggregate indicator is based on the analytical framework for assessing risks described in F. Venditti, F. Columba and A.M. Sorrentino, 'A risk dashboard for the Italian economy', Banca d'Italia, *Questioni di Economia e Finanza* (Occasional Papers), 425, 2018. – (2) Risk indicators referring to the banking sector.

limited so far, but the sector remains exposed to uncertainty about economic growth and geopolitical conflicts. The higher borrowing needs in the wake of a decline in operating margins and an expansion in investment were reflected in credit growth, which turned positive in 2025. Lending grew mostly for large firms, particularly those with sounder balance sheets. According to Banca d'Italia's estimates, only a small share of bank debt is held by the firms that have been hit hardest by tariffs under the trade agreement between the United States and the European Union.

4.1 Financial markets

In 2025, global stock market prices rose, especially in the United States and in the technology sector. Very high valuations, with low volatility, expose the system to the risk of sudden corrections, particularly amid high geopolitical uncertainty.

Overall, financial market conditions were relaxed in Italy in 2025. The financial stress index for Italy returned to low levels after peaking in April following the US tariff announcements (Figure 2).

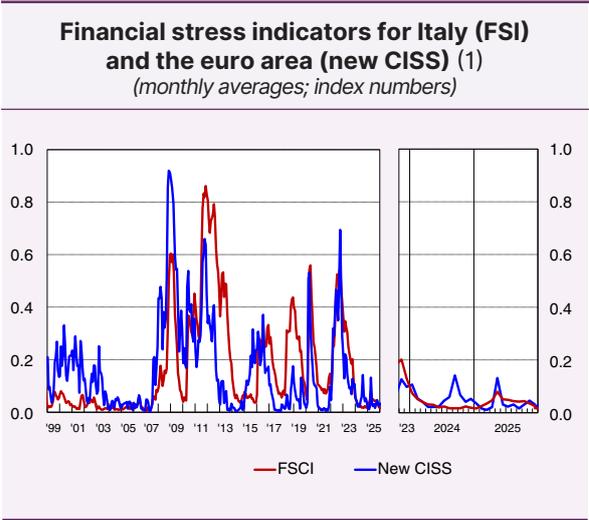
The yield spread between Italian and German ten-year government bonds temporarily widened amid higher volatility on international markets, after the US announced higher tariffs. However, the transmission of tensions to Italian sovereign bonds was limited overall. The spread narrowed by more than 50 basis points during the year (to below 60 points at the end of December; Figure 3), a level not observed since before the sovereign debt crisis of the previous decade.

The supply of government bonds on the primary market remained strong, with growing issuance in the medium- and long-term segments. Liquidity conditions in the secondary market were still relaxed, with large trading volumes and low intraday price volatility.

The share of Italian government bonds held by foreign investors continued to expand, though remaining below the levels recorded in the other main euro-area countries, while the share of securities held by insurance companies, Banca d'Italia and the Eurosystem contracted.

The performance of the Italian stock market was positive overall, despite share prices tumbling in April. The general index rose by 35 per cent in 2025, driven by the banking sector

Figure 2



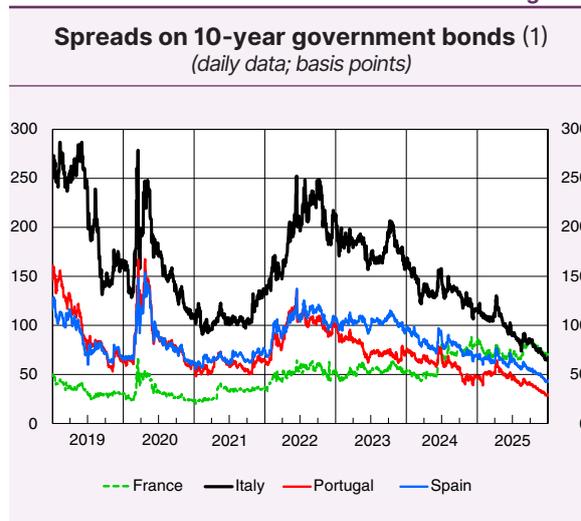
Sources: Based on Banca d'Italia, ECB and LSEG data. (1) The index ranges from 0 (minimum risk) to 1 (maximum risk). For further details on the Italian financial stress index (FSI), see A. Miglietta and F. Venditti, 'An indicator of macro-financial stress for Italy', Banca d'Italia, Questioni di Economia e Finanza (Occasional Papers), 497, 2019. Compared with the version used in the 2019 paper, the indicator used in this chart includes the corporate bond, repo and short-term government bond market segments, which were not previously considered. For further details on the euro-area new composite indicator of systemic stress (new CISS), see S. Chavleishvili and M. Kremer, 'Measuring systemic financial stress and its risks for growth', European Central Bank, Working Paper Series, 2842, 2023. For the FSI, monthly averages of weekly data; for the new CISS, monthly averages of daily data.

(Figure 4.a), outperforming euro-area stock markets on average. Share price volatility was generally low, in line with the euro-area level, barring the peaks due to trade tensions in April (Figure 4.b).

The yield spread between Italian corporate bonds and risk-free rates (asset swap spread) widened in the early months of the year and peaked in April following the US tariff announcements, only to retrace gradually to below year-earlier levels by the end of 2025, both in the investment-grade and high-yield segments.

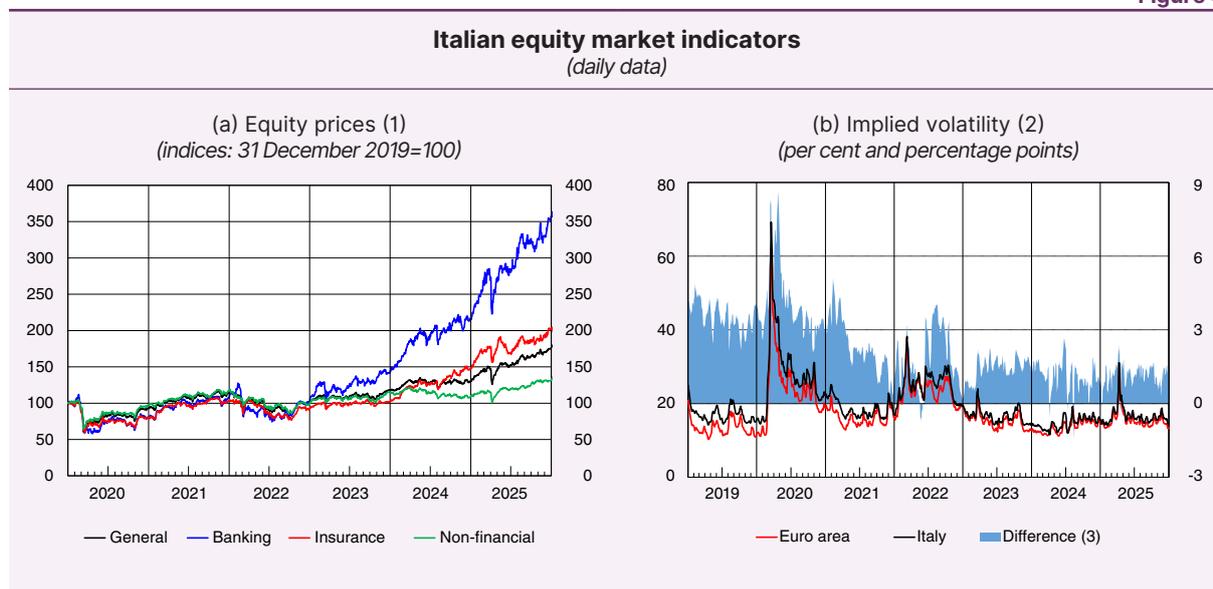
Debt securities issued by Italian financial corporations are mainly held by other domestic financial intermediaries (with a share of just under 50 per cent) and by foreign investors (36 per cent). Bonds issued by the non-financial private sector are mostly owned by residents of other countries (over three quarters).²³

Figure 3



Source: LSEG.
(1) Yield spreads between the benchmark 10-year government bonds of the countries in the key and the corresponding German Bund.

Figure 4



Sources: LSEG and Bloomberg.
(1) Datastream general and sectoral indices. – (2) Implied volatility in the prices of 2-month options on the FTSE MIB index for Italy and on the Euro STOXX 50 index for the euro area. 5-day moving averages. – (3) Difference between implied volatility in Italy and in the euro area. Right-hand scale.

²³ See the IMF's Special Data Dissemination Standard Plus database for more information.

4.2 Banks

The Italian banking sector remains sound, with high levels of capitalization and profitability. Credit quality is stable and high, although there are risks of deterioration in an environment of low economic growth and considerable uncertainty in the relations between the main global economic areas. Market indicators are still highly favourable: the price-to-book ratio for Italian listed banks is well above 1 and generally higher than for the main euro-area banks.

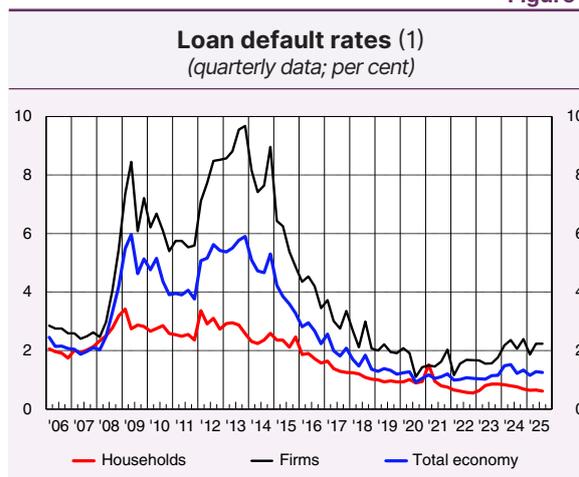
Asset quality remained high in the first nine months of 2025 in an uncertain macroeconomic environment. The loan default rate was 1.3 per cent in the third quarter (Figure 5). Profitability improved slightly year on year in the first half of 2025, with an increase in return on equity (ROE), net of extraordinary components, from 14.3 to 14.8 per cent (Figure 6). However, revenues from core business activities declined, as the increase in fee income did not offset the decline in net interest income. Gross income expanded largely as a result of trading performance, dividends and non-recurring items.

Bank funding returned to moderate growth on an annual basis in September 2025, mostly driven by the increase in deposits and, to a lesser extent, in bond issuance. The marginal cost of funding fell during the year, in line with the reduction in key interest rates. Recourse to Eurosystem refinancing operations declined. All banks have higher levels of liquidity than the regulatory minimums, and the one-month liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) are high for a vast majority of institutions.

The ratio of common equity tier 1 to risk-weighted assets (CET1 ratio) reached 16 per cent for the sector as a whole last June. The average level of capitalization of Italian significant banks is broadly in line with that of all the significant banks in the countries participating in the Single Supervisory Mechanism (SSM).

According to estimates consistent with the macroeconomic scenario published by Banca

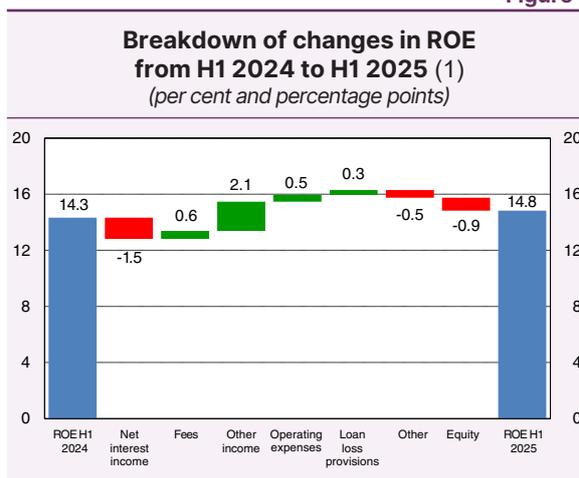
Figure 5



Source: Banca d'Italia, *Financial Stability Report*, 2, 2025 (Central Credit Register).

(1) The loan default rate is calculated as the annualized ratio of the quarterly flow of adjusted NPLs to the stock of performing loans at the end of the previous quarter. Data seasonally adjusted where necessary.

Figure 6



Source: Banca d'Italia, *Financial Stability Report*, 2, 2025 (consolidated supervisory reports for banking groups and individual supervisory reports for stand-alone banks).

(1) Changes are expressed as a ratio to equity. A green/red bar indicates a positive/negative contribution to ROE in the first six months of 2024, giving the final ROE value for the first half of 2025.

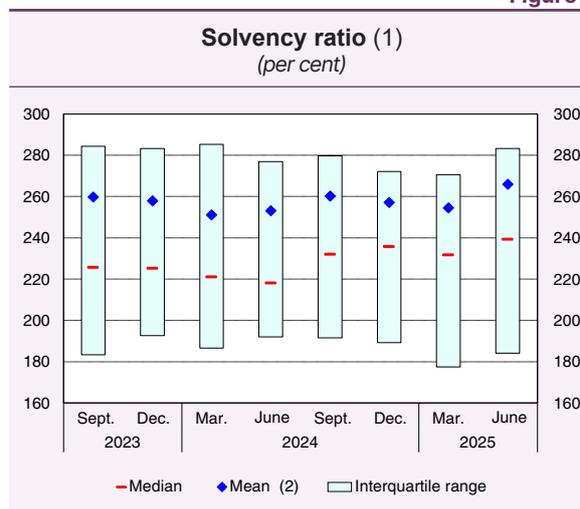
d'Italia last October, banks' overall profitability is expected to decline moderately in 2026 and 2027; loan loss provisions are expected to turn upwards slightly.

4.3 Insurance companies

The risks to financial stability arising from the Italian insurance sector remain stable and moderate. In the first six months of 2025, the average solvency ratio of Italian insurance companies rose to 266 per cent (Figure 7), remaining above the average level for European insurers (247 per cent; see the box 'The importance of the Italian insurance market according to EIOPA's analysis of systemic risks stemming from European insurers').

The rise in bond prices reduced net unrealized losses (€5.4 billion in June) and helped improve the sector's profitability in the first half of the year. In the life sector, ROE rose compared with 2024, to 9 per cent, thanks in part to strong premium income growth (11 per cent). Profitability rose in the non-life sector as well, to 12 per cent.

Figure 7



Source: IVASS.

(1) The solvency ratio is calculated as the ratio of eligible own funds held for coverage to the solvency capital requirement established under Solvency II. The regulation requires a ratio of 100 per cent or more. The data are taken from the quarterly Solvency II supervisory reports based on the quantitative reporting templates. – (2) Weighted average with weights equal to the solvency capital requirement.

THE IMPORTANCE OF THE ITALIAN INSURANCE MARKET ACCORDING TO EIOPA'S ANALYSIS OF SYSTEMIC RISKS STEMMING FROM EUROPEAN INSURERS

EIOPA established the Systemic Risk Assessment Framework (SRAF) in 2022, following the adoption of the holistic framework¹ for the assessment and mitigation of systemic risk in the global insurance sector by the International Association of Insurance Supervisors (IAIS).

The SRAF aims to develop a common European approach for the implementation of the Holistic Framework and a structure that allows EIOPA and national authorities to assess current and potential systemic risks in the insurance sector, both at European and national level, combining international standards with European specificities. The analysis, carried out annually using various indicators,² allows for a comparative and integrated assessment of systemic risk across

¹ The Financial Stability Board (FSB) reaffirmed its decision to use IAIS Holistic Framework assessments instead of an annual identification of global systemically important insurers (G-SIIs), as the former provides a more effective basis for assessing and mitigating systemic risk in the insurance sector than the latter. For more details, see FSB, 'The FSB reaffirms its decision to use IAIS Holistic Framework assessments instead of an annual identification of global systemically important insurers', 25 November 2025.

² The tool encompasses 73 key indicators grouped into 10 risk categories. Each key indicator is assigned a risk level that helps identify potential areas of attention, also in light of their development over time. In addition, 24 ancillary indicators are computed to better understand the developments in the key indicators. For more information, see EIOPA, *Financial Stability Report*, December 2024.

jurisdictions, as well as for the identification of possible vulnerabilities in national markets that could have implications at European level. The resulting evidence strategically contributes to safeguarding the financial stability of the insurance sector.

Based on the results of the analysis concluded in September 2025, which leveraged end-2024 data, the Italian insurance sector remains systemically important at European level. It is the third largest market behind France and Germany, accounting for 11 per cent of total assets in the European insurance market and 10 per cent of total premium income. The growing diversification of risks assumed by Italian insurance companies reduces the system's vulnerabilities.

The capitalization of the Italian insurance sector continues to be among the highest in Europe. Moreover, the fact that the insurers' investment strategies are well aligned with their obligations towards policyholders in terms of financial duration limits the effects of interest rate changes on Solvency II balance sheets.

The interconnectedness risk of the Italian insurance sector remains at a medium-low level. Exposure to public sector securities remains significant, albeit declining steadily, while Italian insurers' investments in instruments issued by banks are below the European average.

In Italy, the growth in premium income – which was greater than that recorded at European level – and the contraction in redemptions helped strengthen the liquidity position of insurance companies, encouraging the system's stability and the balance between cash outflows and inflows. The soundness of the Italian insurance sector is further confirmed by its improved ability to convert assets into cash and cash equivalents: in December 2024, the median liquid asset ratio³ of Italian insurance companies was well above the European one.

³ The indicator is calculated as the ratio of liquid assets to total assets. Liquid assets are calculated by applying haircuts to the different asset classes using the methodology defined by EIOPA at European level to monitor the liquidity risk in the insurance sector.

The diversification in non-life risk coverage increased, with the share of motor vehicle liability insurance falling (to 30 per cent) and premium income rising for medical expense insurance and for fire and other damage to property insurance. The entry into force of the requirement for Italian firms to insure against natural catastrophes will further support premium income growth in the latter segment.²⁴

²⁴ The 2024 Budget Law (Law 213/2023) requires Italian firms to take out insurance to cover damage to tangible fixed assets directly caused by natural disasters and catastrophes (earthquakes, flash floods, landslides, flooding and river overflows). The deadline for large and medium-sized enterprises to take out mandatory insurance coverage was set at 31 March and 1 October 2025, respectively. For small and micro enterprises, the deadline was 1 January 2026; it was extended to 31 March 2026 for fisheries and aquaculture businesses, for food and beverage retailers, and for hospitality businesses (Decree Law 200/2025). Premium income for risks stemming from natural catastrophes is almost entirely concentrated in fire and other damage to property insurance and in other motor vehicle insurance. See Banca d'Italia, *Financial Stability Report*, 1, 2025 for more details.

Liquidity risk continued to abate, owing to the increase in premium income and the decline in surrenders. In September, the ratio of surrenders to premium income in the life sector stood at 70 per cent, still above historical levels but significantly down year on year.

The portfolio of investments for which insurers bear the risk continues to be mainly made up of public sector securities (44 per cent, more than two thirds of which are Italian government bonds) – although their share has been shrinking over the past five years – and of corporate bonds (22 per cent), mostly in the investment grade segment.

Exposure to climate-related risks is medium to low, thanks in part to the higher share of securities aimed at financing activities with a positive environmental impact in the total corporate bond portfolio (11 per cent in June, from 9 per cent in the first half of 2024).

4.4 The asset management industry

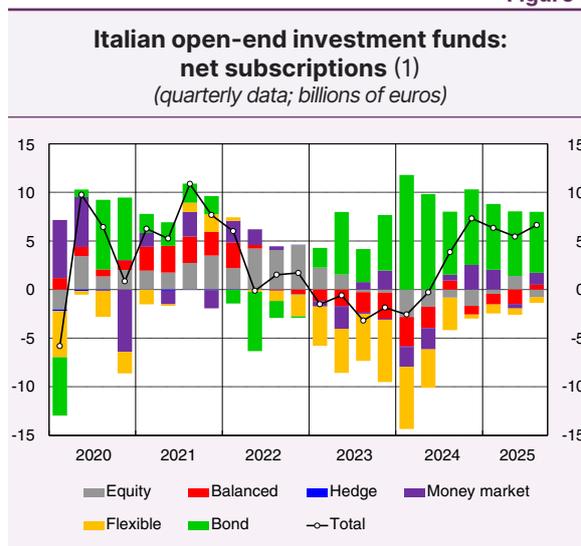
Risks in the asset management sector remain limited. The assets of open-end investment funds managed by Italian companies and groups totalled €680 billion in the third quarter of 2025, about half of the total assets of funds distributed in Italy.

After falling in the first two quarters, the net inflows of Italian open-end investment funds returned to growth (Figure 8). Inflows were concentrated in bond funds, although those specializing in the purchase of US government bonds recorded net outflows following US tariff-related tensions and concerns over the US federal budget.

Borrowing from banks and other financial intermediaries by Italian investment funds is still limited, as is their derivative exposure. Liquidity risk is low for Italian open-end investment funds in the mixed and bond segments as a whole. Only 2 per cent of the assets of non-equity funds are in funds that are considered vulnerable because of their exposure to exceptionally high potential redemption requests.²⁵

In the first half of 2025, the total assets of non-real estate alternative investment funds (AIFs) rose to €57 billion (11 per cent of Italian funds' total assets); their leverage is low and liquidity risk is limited.

Figure 8



Source: Assogestioni.
(1) The data refer to Italian and foreign funds run by asset management companies that are Italian or part of Italian groups.

²⁵ See Banca d'Italia, [Financial Stability Report](#), 2, 2025 for more details.

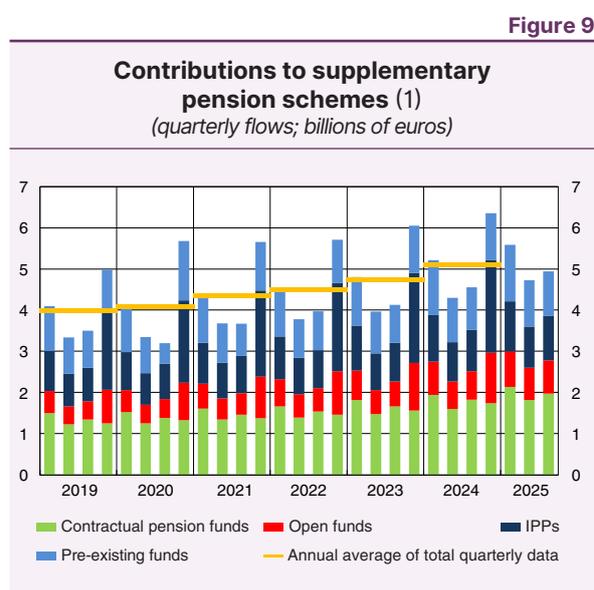
The total assets of real estate funds increased slightly in the first half of the year. New investment in this sector was concentrated in the commercial real estate segment, where prices held stable. The risks stemming from these funds remain low, partly because of Italian law which provides that they can only be set up as closed-end funds.

4.5 Pension funds

The risks to financial stability stemming from the activity of pension funds remain low. This is partly due to their structure as defined-contribution schemes, which removes potential mismatches between assets and liabilities, and to the composition of portfolios, largely mirroring benchmarks that are broadly diversified across geographical areas and business sectors.

In the first nine months of 2025, the contributions to supplementary pension schemes grew by 10 per cent year on year, with larger-than-average increases for contractual and open funds, and smaller increases for individual pension plans implemented through life insurance contracts (IPPs). Over a longer time horizon, contributions – adjusted for largely foreseeable seasonal effects – are still regular and trending higher (Figure 9).

In the first three quarters of 2025, the favourable performance of financial markets, especially equity markets, resulted in positive returns across all schemes and types of funds. Returns continued to be positive also over long time horizons, which are better suited to the long-term nature of pension savings.



Source: COVIP.

Total assets in the supplementary pension sector amounted to €256 billion at the end of the third quarter of 2025, up by more than 5 per cent since the beginning of the year. The increase is due equally to contributions net of outflows and to the higher prices of securities in the portfolio.

The sector's exposure to liquidity risks is limited by regular contributions, tight caps on early withdrawals and a large share of investments in readily marketable financial instruments. In 2025, a sample of Italian pension funds participated in the EIOPA stress test on the liquidity risk of European funds, mainly associated with derivatives transactions.²⁶ The results confirmed that Italian funds have sound balance sheets and sufficient resources to cover the liquidity needs implied by the EIOPA stress test scenarios.

²⁶ See EIOPA, [2025 IORP Stress Test Report](#), December 2025 for more information.

