

Varese investors are virtuous

Pubblicato: Mercoledì 6 Maggio 2015



The crisis has not only reduced the purchasing power of our incomes, as highlighted by the **survey by the Research Department of the Chamber of Commerce in Varese**, but has also partially changed the habits of investors, who, in Italy, are on a par with saints, poets and sailors. Italians are a nation of virtuous savers, a characteristic that has enabled many families to withstand, with dignity, the effects of the crisis, which, in many cases, coincided with the loss of employment of one or both of the breadwinners. And the fact that Italians have “**a private nest egg**” that, according to the economist **Marco Fortis, the vice Chairman of the Fondazione Edison**, is about twice the national debt protects Italy from any danger of defaulting.

We asked **Flavio Debellini**, the head of the **Banca Popolare di Bergamo** in Varese Province, to comment on the findings of the survey. With over **100 branches** throughout the province, which was once even included in the name of the bank (“Credito Varesino”), the **BPB**, which is part of the **UBI Group**, is an interesting observatory to understand how investors in Varese Province have reacted to the fall, in real terms, of their incomes.

Mr Debellini, which finding of the survey were you most struck by?

“The fact that overall taxable income has increased and that the average of the Varese taxpayer is above the national average. This means that the system held, despite the negative dynamics relating to employment being more marked here, given than our province is highly industrialised.”

When it comes to savings, have taxpayers in our province been virtuous?

“Certainly, the data shows that the deposits of the families tend to grow, apart from a short variation in 2011 and 2012, which coincided with the peak in the feeling of mistrust of the system. So, the wealth has almost never fallen.”

What do the people of Varese invest in?

“Before the crisis, there were two large sectors: property and government stocks. However, although the property market previously had a better return than a bank account, today, this type of investment is falling, because with more precarious income flows, it can’t guarantee a secure return. It’s undeniable that it’s currently more difficult to collect rents, and there’s been a great increase in expenses. Even the demand for government stocks isn’t in as much demand as in the past, because they’re less profitable. Investors tend to turn to the emerging markets, which actually emerged a long time ago, because they have economies that have double-digit growth, but always very carefully considering their choices.”

And what about the share market?

“In Italy, investing in shares is still very low. The investor always looks for his coupon, and above all, wants to be able to convert invested capital into liquid assets, with a certain ease and at any time. As a result, he prefers other instruments.”

At the beginning of the crisis, at a conference at Ville Ponti, the economist Giacomo Vaciago said there was no shortage of money, but investments weren’t being made because there weren’t any valid ideas to invest in. Do you share this view?

“The reason why it was very difficult, for many years, to make investments, was because of the general

atmosphere of mistrust that reigned in the country, so Vaciago was right. Today, there's a recovery in investments, in families, who need money to purchase a house and a car, and in businesses. The data from the Bank of Italy show that investments vary between 5% and 10% of overall savings."

The survey by the Chamber of Commerce also refers to the deflation that began in 2014. What should we fear about this?

"We're not culturally equipped, because Italians have always had something to do with inflation. The concern is as follows: if I wait for prices to fall, demand will become paralysed and then production will slow down. The consumer will only buy what he can't postpone. It's a phenomenon that individuals and businesses shouldn't underestimate, although we should point out that what is strong about many companies in the province is their exports, so they don't suffer the fall in domestic demand very much, as the trade balance, which is very positive, demonstrates."

di Translated by Prof. Rolf Cook