National report

LLP-ERASMUS

Intensive Programme

Internet advanced promotional tools application for increasing awareness of social exclusions movement

Financial exclusion

in Italy

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Introduction

Notion and definition of financial exclusion

The term financial exclusion was first coined in 1993 by geographers who were concerned about limited physical access to banking services as a result of bank branch closures (Leyshon and Thrift, 1993). The term financial exclusion seems first to have been used in a broader sense to refer to people who have constrained access to mainstream financial services (Kempson and Whyley, 1999).Since then, a number of commentators have added their views of how financial exclusion should be defined.

The general consensus is that it refers to people who have difficulty accessing appropriate financial services and products in the mainstream financial services market. Two aspects of this definition are important: First the reference to appropriate products and secondly to the mainstream financial services market – as much of the exclusion appears to arise from a failure of the mainstream commercial providers to supply a range of products and services that are appropriate to the needs of all sections of society.

According to the European Commission (2008), financial exclusion is: 'A process whereby people encounter difficulties accessing and/or using financial services and products in the mainstream market that are appropriate to their needs and enable them to lead a normal social life in the society in which they belong.'

Importance of Financial exclusion

The Italian welfare system is characterized by some peculiar features, which have been institutionalized and reproduced into specific policy schemes for a long period of time: the importance of the bread-winner model and of the family in supporting its members. The interaction between the two in a context of weak State support to the family, make social protection rely upon the labor market position of the breadwinner and on family subsidiary.

Giving attention for financial exclusion could be a means to reduce consequences of financial exclusion. for example a country can reduce over-indebtedness which has been defined in the following way: 'People are over-indebted if their net resources (income and realizable assets) render them persistently unable to meet essential living expenses and debt repayments as they fall due.' (Stamp, 2009). more over a country can also adopt Policies to Support Financial

Inclusion for instance The most recent program (NAP inclusion 2007-2016) deals with financial exclusion in a limited manner, with an emphasis on financial education rather

than on access to services. for instance Financial exclusion and over-indebtedness are two issues that the European Commission has recently decided to address at a European level.

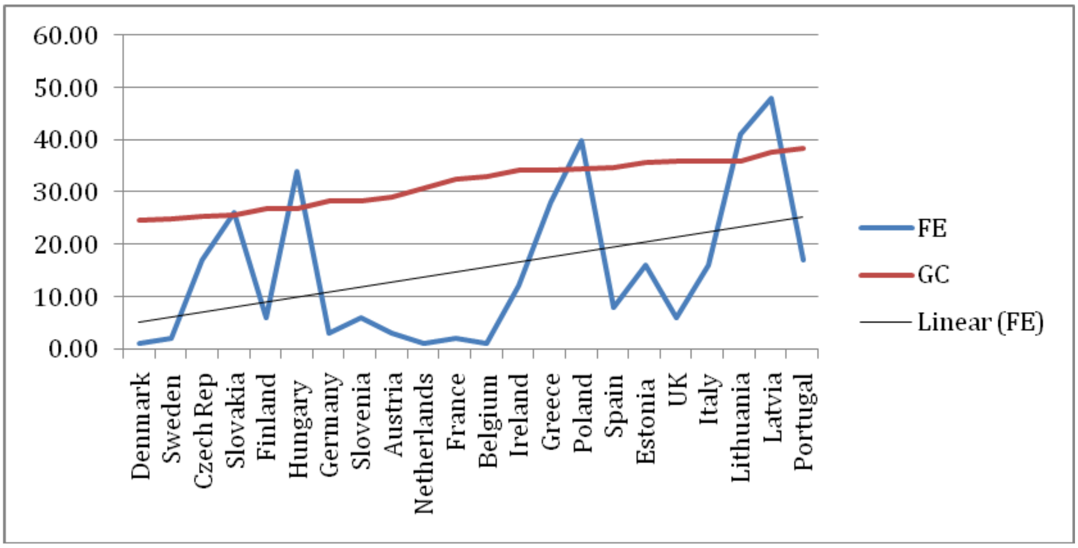
Historical background of financial exclusion in Italy.

In Italy, Banca d'Italia, since the 1960's, carries out bi-annual surveys with the aim of gathering data on the incomes and savings of Italian households. Over the years, the scope of the survey has grown and it now provides data on the access to the Italian banking system (Banca d'Italia 2002, 2004, 2006, and 2008). The most recent survey, in 2008, found that 10,8 per cent of workers in Italy lacked a bank account of any kind (Banca d'Italia 2008). A survey carried out in 2005 in France, Spain and Italy has attempted to understand the behaviour of people on low incomes (unemployed or employed on a temporary basis) with regard to credit access (Nieri, 2006). Bank of Italy, 2008 shows that 10,8 per cent of households lack any savings, that is they have no assets at all. Moreover In Italy, people are deterred from opening an account if it does not have an overdraft facility to ease access to money paid in. The Eurobarometer reports that 7% of the population in the EU15 is considered to be financially excluded, meaning that they have neither access to a transaction/deposit bank account, savings account nor revolving credit (European Commission 2004). Financial exclusion appears to be a growing problem in the EU. According to Eurostat (2005), around 16% of the EU population lives on less than 60% of the median national income, the low-income threshold set to measure relative poverty. However, the picture of financial exclusion levels in Europe is rather heterogeneous. perquisites to tackle financial exclusion. The fact that Italy, compared to the other EU countries, has a very unbalanced social expenditure: it is a big expender in pensions, but targets very little resources to families and active labor market policies. It is true that Italy has a very low adult male unemployment rate and very strong family ties (low divorce rates and few single parent families), but in general social expenditure is below the EU15 average and resources targeted to women and youth unemployment (which are very high) are inadequate. Additionally, Italy somehow shows limited use of non-cash instruments.

1. Level and structure of financial exclusion

There are 3 types of financial services we have researched in details: banking, unsecured credits and savings.

Levels of financial exclusion:



Source: Eurobarometer 60.2

The wealthy countries with high GDP which have low index of income distribution such as Denmark, Sweden, Germany,Gini having low financial exclusion. On the contrast, the ones which have the high Gini index like Poland or Latvia constitute high finacial exclusion. However, a wealthy country and a poor country can have the same Gini coefficient , even if the wealthy country has a relative equal distribution of affluent residents and the poor country has a relative equal distribution of cash-strapped residents. Gini is only accurate when the GDP and income data that a country produces. For instance, Ireland and Poland have the same Gini (34,3) but both of countries have a big gap of GDP so the FE is different.

Levels of transaction banking exclusion:

It asks about the holding of a range of financial products, including transaction accounts (with a cheque book and/or a payment card facility), deposit accounts (which pay interest but have no payment card or cheque book) and other savings products including life assurance policies, stocks/shares, collective investments (unit trusts) and bonds.

There is 26 per cent of individuals in Italy lack of a transaction account,19 per cent lacked an account of any kind (unbanked). This found that 7 per cent of households lacked an account with payment facilities, while only 16 per cent had no evolving credit.

Table 2. Levels of financial exclusion in individual EU countries

Italy	Unbanked	Deposit account or marginally banked (no payment card or cheque book)	No transaction bank account	No revolving credit
	19	7	26	16

Source: Eurobarometer 60.2

Levels of credit exclusion

A large proportion of people on low incomes did not have any revolving credit facilities (overdraft, credit card or loan). Table 3 indicates that levels of credit exclusion were 56 per cent in Italy. However, only 13 per cent of respondents said that they had applications for loans rejected. Adding to these the people who said they did not apply because they expected to be rejected gives a figure of 16 per cent of people who needed credit but were excluded or chose to self-exclude.

Table 3. Levels of revolving credit and savings exclusion

No revolving credit	Have a loan	No savings	Financially excluded
56	13	50	16

Source: Eurobarometer 60.2 and 2003.5

STRUCTURE OF FINANCIAL EXCLUSION

Previous research in Europe20 has shown that complete financial exclusion among households has very strong links to low income. It was, therefore, most common among people who were not in paid work and in households where there was no wage earner. Consequently unemployed people, lone parents and people unable to work through disability had above average levels of exclusion. There was also a link with age, with the youngest and oldest people being most likely to be excluded, and a link with educational attainment so that the more education someone had received the less likely they were to be excluded. Financial exclusion was also very prevalent among ethnic minorities and migrants.

For instance, in Italy, young people (aged 18-25) and adults aged 65 and over were most

likely to be financially excluded. Younger people were the ones who were most likely to be excluded, while the older adult over 25 years old were likely to be financial included.
Although a great deal has been written about the difficulties accessing financial services faced by people living in rural areas. Actually, people in urban areas were to be excluded more than ones in rural area. Beased on gender, this shows that women were more likely to be completely financially excluded than men.
There was a strong link between financial exclusion and level of education received and also with income. So the less well-educated people were and the lower their household income, the more likely they were to be excluded from all forms of financial services and vice vers.

FORECASTING OF LEVEL AND STRUCTURE OF FINANCIAL EXCLUSION IN ITALY

Many researches has highlighted that the situation of financial exclusion in Italy is not good: both BCE and FMI expressed worries on this topic. BCE in its usual bulletin n access to credit showed that in the period from 2012 and 2013 Italy, together with the other Mediterranean countries, is the nation in which PMEs showed major drops on turnover and profits. According to FMI, the Italian banking system, even if Italy would have in theory a good capitalization, shows anyway a too strong contraction of credit.

In general, we can say that the situation in Italy on this topic is not good: businesses and individuals find more and more difficult to access to credit. The worst part of the financial crisis is already gone, but there is still a structural problem in the way in which people access credit and in the way in which bank give it. Therefore, if the situation will not change, in the next years we will see this situation getting worse: it will become more and more difficult to start a business or find money to buy expensive goods (like houses or cars, which are extremely important goods for Italian families).

Nevertheless, the government is trying to improve the situation through measures that we will see later and many institution of different kind (public and private) are operating to improve access to credit.

In few words, it is likely that the situation will not improve soon, but hopefully over time it will be possible to find ways to fight financial exclusion in an effective way both by private institutions and government.

2. Causes and consequences of financial exclusion

CAUSES of Financial Exclusions in Italy

The reasons for financial exclusion are complex and these barriers do not often act in isolation. Therefore, any individual may be prevented or deterred from using financial services for several reasons. As some research survey highlighted, generally in Italy people with low income, less education, part of an ethnic minority or with migrant background are more likely to be financially excluded than others. As sited in the European commission report there are list of factors that could be a cause for financial exclusion.

Societal factors

Demographic changes and technological gap: the ageing population has difficulty in staying up-to-date with all the new ways of dealing with money. As "self-exclusion people", who are so defined because they do not show the loans necessity, in fact they are over 65 years old people, generally pensioners, with a low education, without debts, who live in the Centre of Italy. Additionally,"exclusion people", who are the very excluded from the banking system, are 30 years old, unemployed, often immigrants, that live in a rent house and have debts forward friends or familiars, without any postal/bank account. Therefore the technological gap may be a cause for those people not to stay up-to-date.

Supply factors

On the supply side, there is a problem of design and delivery. Mainstream financial products are built for people on regular, stable, moderate incomes. A different design with a small charge for an account and lower fees might suit some financially excluded people better.

Another issue is caused by *Marketing and Service delivery* methods: they can be unclear and lead potential clients to abandon the request or to mistrust financial institutions.

On the supply side, the design of financial products and their marketing and distribution are shaped by another factor: the choices of financial services institutions and the regulatory and institutional framework which they operate. Financial exclusion arises from the way the financial services market works. Increased competition and technological improvements mean that the market focuses on, first, identifying and serving the most commercially attractive customers, and second, searching for cheaper delivery channels. Better pricing and segmentation of risk have helped those who are low risk, but they have made life more difficult for those who are (or are perceived to be) higher risk. As already said, innovations like internet banking have increased access for some, but they leave other people behind (including some older people, people with disabilities, and the poor). Technology is expensive and can be hard to access.

Finally an important problem is the *complexity of choice* because of too many products proposed that make difficult to choose for the target public.

From the demand sector, two issues arise: one is the *belief* that bank accounts are *not for poor people or low self-esteem* and the other is the *concern about costs* because potential clients fear costs might be too high or lack information

Some studies puts in evidence that financial exclusion in Italy is largely influenced by the social exclusion. Recently, the Bank of Italy started to pay attention to this issue and the last survey on Household Income and Wealth included, for the first time, an analysis on the level of financial literacy.

Generally, The phenomenon of people unbanked or underbanked is quite relevant in Italy. If we measure the percentage of banked in terms of possession of a current account, according to Bank of Italy at the end of 2004 the share of people holding a bank account or a post account was 85,5%. Two are the main causes:

1. High costs of banking services; Duties and taxes on banking services represent in Italy a heavy burden for people on low incomes, reducing the convenience of using banking services (average costs of 150 euro per year plus 34,20 euro as taxes)

2. High diffusion of cash payments; by international standards Italy still shows limited use of non-cash instruments. There were 62 non-cash transactions per capita in Italy in 2006. compared with more than 150 a year in the Eurosystem countries in 2004-05. This situation is due to several reasons, the most important of which are cultural attitude and life style in rural areas and the hidden economy.

CONSEQUENCES

Financial exclusion can generate **financial consequences** and **social consequences** by affecting directly or indirectly the way in which the individuals can raise, allocate, and use their monetary resources. These consequences are affecting individuals' patterns of consumption, the way they participate to economic activities or access social welfare and the distribution of incomes and wealth. They impact the way in which people behave both in terms of purchase decisions and the way in which they choose to spend their time, as well as their overall quality of life. Financial exclusion is also tightly linked to social exclusion. Indeed, the access and use to basic financial needs such as a bank account and simple transactions are decisive to the integration of people in the current European society. The same certainty goes for the links between financial exclusion and over-indebtedness. This over-indebtedness could be understood as a result of access and use difficulties. Similarly, it has been shown that access difficulties to bank accounts, means of payments or credit, can lead to use difficulties. Generally consequences of financial exclusion in Italy can be summarized associo-economical and financial consequences. For instance, the different dimensions of financial exclusion regarding each one of the keys areas of essential financial services such as transaction banking, credit and savings.

- ✓ ***Banking***

For transaction banking, a further distinction can sometimes be made between access difficulties and use difficulties consequences.

Financial consequences

The cost of banking services bought separately is generally higher than those accessed within a stable relationship with the bank. Consequently, occasional payments of utility bills, payment of taxes, bank transfers to third persons, cashing cheques and money orders at the banking counter are more expensive for those who are not customers of the bank. Therefore there are relevant negative economic consequences of dealing occasionally with banks.

Social consequences

Not having access or not knowing how to use properly bank services can, depending on history, status and life experience of people facing it, have an impact on self-esteem and lead to (self)-isolation and depravation of social connections and social relationships with friends or family.

- ✓ ***Credit***

Financial consequences

People unable to get credit from banks or other mainstream financial providers often have to use intermediaries or sub-prime lenders where the charges are higher and the terms and conditions may be inferior. Those who are totally "credit excluded" and who cannot gain access to any type of credit also face negative consequences.

- ✓ ***Savings and asset building***

Financial consequences

Without savings, people have no means of coping with even small financial shocks or unexpected expenses and those who keep savings in cash do not benefit from interest payments. The most recent survey, in 2008, found that 10.8 per cent of workers in Italy lacked a bank account of any kind (Banca d'Italia 2008). Banking is important for the economic development: the more a country is financialised, the more people who have no access to financial products face difficulties and will suffer from important financial, economical and social consequences.

3. Government role in preventing financial exclusion

Access to credit is obviously a crucial element for the economic health of a nation: this is why every government sets up measures and policies to ensure that families and most of all firms can be financed. This issue became particularly evident during the financial crisis that started in 2008, arose in the USA, spread across the world and had a strong effect on financial exclusion in Italy, making more difficult for families and firms to have access to credit. As a consequence, it was essential to reinforce the national and regional policies to contrast this effect: this was made by exploiting the already existing norms and by creating new ones.

The short-term ones had a basically temporary and exceptional nature (e.g. moratoriums on loans and financial support to banks under the condition that the latters would have guaranteed a flow of credit to PMEs and families); on the other hand, the more structural measures mostly included the creation of special funds. For example, the *FondoCentrale di Garanzia* (a fund that granted a public guarantee for loans along with the firms' ones) was reinforced, while other funds were recently created (e.g. *Fondo per l'accesso al mutuo prima casa per le giovanicoppie* and *Fondo di Garanzia per Studenti* respectively focused on young couples looking for the first house and students). Finally, strong partnership between public and private organisation were incentivized.

In general, the measures can be divided in three categories: the moratoriums on loans and other policies meant to support firms and families.

With respect to the moratoriums, a most important one is the "*Avvisocomune*" (2009), which was an agreement between the Ministry of Economy and Finances, the Italian bank association (ABI) and the association of the representatives of PMEs: according to it, the payment many kind of loans to firms were postponed from 6 to 12 months. An "*agreement for credit to PMEs*" followed this measure: through the latter, all firms could resume to pay their loans with more bearable instalments on a longer term. In 2009 the "*Piano famiglie*" was also launched: the provision envisaged a postponement of family loans to 12 months for low-income families.

Moreover, the government launched some other measures to help firms and families. One was the *Plafond PMI* of *Cassadepositi e prestiti*: it consisted of the possibility for this institution, which is controlled by the Ministry of Economy and Finances, to use the earnings from the bonds issued by Poste Italiane (the Italian postal service) to finance banks in order to grant access to medium and short-term credit to PMEs. Another one was the *FondoCentrale di Garanzia per PMI* described above. Other measures were the *hybrid instruments of capitalization*, also called *Tremonti bonds* from the name of the Italian minister of finance who launched them, which where special financial tools issued by banks which were in good financial conditions before the crisis; the financing of PMEs by European Investment Banks thanks to partnerships with Italian credit institutions; the employment of the fund of *CassaDepositi e Prestiti* to help firms in operations related to export and internationalization and an agreement between SACE (an insurance company) and ABI (the Italian bank association) to facilitate the access to credit for PMEs.

To help families, solidarity funds were created to help families and young couples to buy their first home (postponement of loans related to it) and afford costs related to new-borns (subsidized rate loans) and to help students with postponed loans.

Italy is administratively divided in 20 regions. Each region can set some rules of its own regarding economic development: therefore, in addition to the national measures, it is important to consider the ones of every single region. In general this measures consist of the creation of "Guarantee Funds" with the same function of to the national one but financed through regional and European funds, the creation of monetary funds in banks and the reinforcement of the "*Confidi*" system (which is a network of consortiums composed of public institutions like trade associations and private banking groups). The measures described above are a general description: for a more detailed list of the policies of each single region it is advisable to read the document 13/125/CR10b/C11 of *ConferenzadelleRegioni e delle Province Autonome*.

4. Institutions and their actions

In Italy, the main way to fight financial exclusion is microfinance: this activity consists in giving little amount of credit to people or little businesses that have not access to it. Moreover, most of them combine this objective with a "social" point of view, this means that the focus is often on the "social businesses" rather than on the more "for profit" ones. The organizations described hereafter are mostly involved in this field:

- **BancaEtica and other "ethical banks"**

This banks is one of the most important between those institutions named *ethical banking*: this means that the financing to businesses is strictly relatedssssss to ethical parameters. Only businesses that can demonstrate that they respect this kind of principles can have access to credit: this principles include labour rights (absence of child work, good working conditions, etc.), respect of the environment and so on.

BancaEtica is present in the whole country and its customers are both families and businesses. Microcredit is one of the main tools used by this institution: by financing who cannot access credit, it fight poverty and help the social development. This activity is divided in two main sectors: the first one is focused on individuals and the other on little businesses involved in social activities.

This is not the only ethical bank on the Italian territory, other examples can be found on a more local level but with the same focus and activities.

- **Microcredito di Solidarietà**

This is an institution that has as an objective to help that segment of citizens that has no access to credit: whilst it has a "social" background, this institutions is not a "charity" one, but like BancaEtica evaluates the ethical profile of the applicant together with the financial one.

It has been founded in 2006 and it is owned for about an half by Monte deiPaschi di Siena bank and for the rest by administrative institution of Comune and Provincia of Siena and religious and volunteering institutions. It is therefore present in the Siena area and operates through Monte deiPaschi di Siena bank.

Like many others, the objective is to help people with financial problems and their families or to help to start new businesses.

- **Banca di Credito Cooperativo (Roma) and otherbanks**

Many "standard" banks provide microcredit: one example is BCC. This is usually made by obtaining funds by government activities. The objective is always the same and in this case the area in which BCC operates is local (Roma area). In addition to small businesses and people with financial problems, the focus here is also on the segment of people detained in prisons: the objective is to help this people and their families that can have financial difficulties because of the imprisonment.

- **Caritas and otherreligiousinstitutions**

Caritas is a religious institution: it has been founded in 1971 and belong to CEI (ConferenzaEpiscopaleItaliana), that is the permanent union of the Italian bishops. Its objective is "to promote charity, social justice and peace": it is divided in 220 "diocesan caritas" that are present on all the Italian territory at a local level. Caritas performs many activities, and recently added to them a microfinance one: it give funds to individuals with a social focus (so that women, ethnic minorities and young people are preferred). In this case this activity is a rather young one for the organization so that it is not quite well-structured.

In Italy it is possible to find many other institutions that operates in the religious environment (mostly catholic ones): they usually are focused on the social environment (immigration, poverty), clearly rely on religious values and are run together by laymen and ministers.

- **InteresseUomo: FondazioneAntiusuraOnlus and other anti-usury foundations**

This foundation has been founded in 2002 by CE.St.Ri.M. (Center of research and study on south territories of Italy) and by Provincia di Potenza and Anci (Italian Association of Comuni) of Basilicata. The objective of this institution is to fight usury by helping people with financial difficulties by helping them in getting credit and organizing activities of legal and psychological help. They also organize meeting and conferences in schools and other to improve the general knowledge of the importance of managing well money and how to get credit without going to "loan sharks".

They operate through the “anti-usury fund” (a governmental one, focused on people that have not access to credit and may turn to loan sharks). They are present in some regions on the whole nation: Sicilia, Basilicata, Lazio, Emilia-Romagna and Piemonte.

This is not the only anti-usury foundations: there are many of different kind and dimension: they can be religious or institutional and usually operate on a local level. Most of them operate using governmental funds and fight this phenomenon (strongly present in the south but recently also in the north because of organized crime).

- **A.S.C.A: Agenzia Social per la Casa**

This institution has a very specific focus: the objective is to help people in managing to find a house when in financial troubles. This is made, among other things, by giving micro-loans and helping its partners on the local area that operates with the same objective. The operationallevelis the regionof Lombardia.

- **Fondazione Risorsa Donna and other “gender-related” institutions**

This association, founded in 2001 by the association Women’s World Banking in Italy. Here the focus is on women: this means that the objective of this institution is to help women, that must overcome not only the problem of the lack of access to credit but also sexual discrimination, in finding funds. Women are helped in starting new businesses but also simply in understanding the culture of saving. Itoperates on the local are of Rome.

It is possible to find other institutions of this kind on a local level in the whole nation.

- **A final general overview**

We have seen many examples of institutions that fight financial exclusion through the powerful tool that is microcredit. There are a lot of other institution like these: they can be owned by local government institution (like Province or Comuni), can be division of “standard” banks or can be part of religious institutions. It is possible to find a list of this institutions on the website of Rete Italiana di Microfinanza (www.microfinanza-italia.org).

5. Other activities against financial exclusion

We have seen that some mainstream commercial providers (banks, credit providers and insurance companies) have been active in finding and implementing solutions to financial exclusion in different areas of financial services provision. These include:

- developing new products and services that are more appropriate to the needs of people who are financially excluded;

- working in partnership with not-for-profit organisations or government to reduce costs and barriers to access, and

- promoting financial education to encourage the use of financial services by those reluctant to do so and to raise levels of financial capability.

1. Developing new products and services

In general, most of the new products and services developed by commercial providers have focused on banking. Developments in other areas of financial services are more commonly done through partnerships with others. Commercial banks in Belgium, Germany, Italy, the Netherlands and the United Kingdom have developed simple, low-cost transaction bank accounts to meet the needs of people on low and unstable incomes. For example, banks in Ireland, the accounts do not have an overdraft facility which means that they can be offered without the need for credit screening and also overcome the fears of people who are unbanked that using an account could lead to financial difficulties. Some banks do, however, permit these accounts to be overdrawn by a very small amount (up to 20€) to allow people to access the money in their account when it is less than the smallest sum dispensed by a cash machine. They also take advantage of developments in technology – such as the use of electronic payments and debit cards in place of cheques – to reduce the costs and risks of serving people for whom these would otherwise be a barrier. It is often a condition of opening one of these accounts, that the customer does not have an existing account. Experience has shown, however, that simply having a basic account available is insufficient to ensure that they are made available to people who are unbanked.

2. Partnerships to widen access and reduce costs

Banks and other financial institutions also work in partnership with not-for profit organisations or government to widen access to affordable financial services. Here there are examples that span all types of financial products.

Commercial banks have, for example, assisted others to set up their own banking services. In Belgium, the Postal Bank was created in 1995 by Fortis, working with the national government. From the outset, this offered a basic bank account as well as a conventional current account – some eight years before other banks offered a basic account. During 2007, Fortis also worked with the Irish Post Office to launch Postbank, which offers basic banking services that are intended to be attractive to the unbanked.

It is, perhaps in the area of consumer credit where partnerships can play an important role. Because the costs of providing small loans to potentially high risk customers tend to be high, banks and other mainstream lenders are either prevented from lending to many people on low incomes by interest rate ceilings, or find it unprofitable and/or a risk to their reputation where a ceiling does not exist. Either way, partnerships with not-for- profit lenders offer a way of meeting otherwise unmet needs. Consequently a number of commercial credit providers have provided general funding to local not-for-profit credit initiatives as part of their more general charitable giving.

For example, in France some credit card issuers (Cofinoga, Cetelem, Cofidis) work in partnership with NGOs, and provide the loan capital for the development of micro-credit. Loans are, additionally, 50 per cent guaranteed by the state through the Fonds de CohésionSociale created in 2005. Unlike the co-operative banks (see section 7.2 below) they tend to concentrate on less disadvantaged groups (such as students).

3. Financial education

In new member states, in particular, financial education plays an important role in educating people about the advantages of transaction banking and other financial services.

Elsewhere in Europe, banks have played an active role in financial education and raising levels of financial capability generally. This includes programmes designed to improve money management and budgeting and prevent over-indebtedness and, consequently, tackle one of the causes of financial exclusion.

People at risk of financial exclusion often need more than education and require encouragement to develop confidence in financial services and ensure that they are able to communicate adequately with financial intermediaries. Companies that have developed products or services for this market have, therefore, produced easily understood, honest and comprehensive advertising and promotional material and have worked with trusted intermediaries to promote take-up.

In Italy, special funds to provide financial help to people which are at risk of usury practices or which already fell in the usury trap. This initiative is a complement to the law introducing "Rules on usury practices", introduced by the Italian Government and financed by the Treasury. However, regular people acting as consumers can not benefit from this tool in case of usury experience. There are proposals to extend the access to these Funds to regular people acting as consumers.

The solutions developed for the moment have to be considered as "experiences": what can be the social benefit of small credits with regular instalments proposed to low-budget people? How high is the risk? What adequate criteria have to be identified for a more appropriate risk analysis? What might be the conditions to enlarge the supply? How appropriate are they to combat over-indebtedness or to educate on budget management?

Those experiences rely on partnerships between lenders, not-for-profit organisations and governments. Moreover, usually, the lenders assume the back office, the not-for-profit organisation the front office and the government finances a part of the activities and assumes a more or less important part of the risk. The objective is certainly to try to finalise an "adequate credit model" to propose to low-income people who can be implemented at a larger scale and in a less stigmatizing way.

6. Characteristic of (name of organization)

PlaNet Microfinance Italia is an international organization involved in the promotion of financial inclusion through microfinance: it has been founded 1998 in Paris but over the years it spread all over the world. PlaNet Finance Italia is its Italian branch.

The logo of the organization is

PlaNet Finance

And its website is http://www.planetfinance.org/italia/index.php.

The first CEI of this NGO was Arnaud Ventura: in this moment, the association has a network of affiliated offices in Europe and USA and operates also in the developing countries.

In Italy, PlaNet Finance Italia has been founded in 2000 in Milan and contributes to the operations of the whole organization through many activities linked to microfinance like fundraising, increase of awareness, local and international microfinance projects.

During time, it has created partnerships with Capgemini (a consulting company) to sustain the development of its activities and with Comune of Milan. Moreover it has studied with BancaPopolare di Milano and Boston Consulting Group how to develop activities of microventure capital and developed many international and local projects. It is also associated with the Italian Microfinance Network.

As already said, PlaNet Finance operates on an international level: the activities of this institution are divided in 4 main groups. First of all, PlaNet Finances gives expert advice to all those operates in the field of microfinance but also to governments, financial institutions or other institutions promoting financial inclusion. It also offer tutoring activities to micro-entrepreneurs. Then it support many financial institutions and micro-entrepreneurs. Moreover, it operates through activities of micro-insurance: PlaNet Guarantee fights the uncertainty and vulnerability of poor people and little businesses through micro-insurance systems and partnerships with those businesses that operate in this sector (like insurance companies, banks etc.) Finally, Planet Rating can offer performance studies to the institutions that operates in micro-finance to improve transparency and the social performance.

In Italy, PlaNet Finance operates in two main fields: awareness of microfinance and concrete projects. It organizes conferences on the many aspects of microfinance: in this international events, this organisation try to increase the knowledge of the possibilities offered by microfinance to all those people that have problems in getting access to credit (poor people, women) and of the links with other issues like sustainable development and social responsibility of businesses. PlaNet Finance Italia also organizes debates: these are meeting of 15-20 participants belonging of all actors in the sector to promote dialogue. Finally it has created the University Meets Microfinance program: this program include workshops, conferences, mentorship and other: it is organised with other European universities and public and private partners, with the patronage of European Union.

From the point of view of the concrete projects, PlaNet Finance Italia created an help desk to help micro-entrepreneurs in the Milan area: it helps them in creating their own businesses, facilitating the access to credit and helping them in all the steps. The main target are young people, women, immigrants and unemployed over 35. It also works with immigrants, helping them in improving their social and economic condition: in practice, this is done by supporting them through continuing education courses and improving their access to credit. Finally, PlaNet also performs international activities helping little businesses in the south of the world with the help if Italian partners (private and public institutions).

The partners of this institution are many and belonging to different fields: public partners (governmental and universities), private partners that can be consult companies, foundations or technical (e.g. Sinapto, an IT consulting company)

Conclusions

The phenomenon of people unbanked or under banked is quite relevant in Italy. The Italian Bank Association is working on boosting banks to improve transparency. As far as banks, they are mainly concerned about the inclusion of a specific market segment, that of migrants.

Financial exclusion appears to be a growing problem in Italy as well as in the EU. There are several possible responses to this financial exclusion problems. for instance when we consider financial providers, now a day's Banks and other financial providers have become increasingly involved in microfinance activities therefore its strongly recommended that Microfinance providers need to grow in order to be able to serve the high level of unmet demand. Additionally, The linkage banking model (non-profit organizations linking low-income clients with banks) should be further strengthened through joint programmes and reinforced cooperation between banks and NGOs.

Since pressure from the government and public opinion have successfully encouraged the banking sector to adopt voluntary codes of conducts regarding basic bank accounts provision, Italy as a country should remove specific obstacles to the involvement of some people in the banking system (for example, people 'blacklisted' for not repaying loans) and limit practices of financial services institutions that exploit financially excluded people through high credit fees and lack of transparency. Additionally, the Government can contribute directly to the provision of financial services to low-income people by providing funds to non-profit associations conducting financial education programmes, commissioning research projects to investigate the causes of financial exclusion, and recommending measures to combat them. It is also important to encourage microfinance initiatives and networks on a national level and provide funding, especially for associated non-financial services such as advice and counseling.

For the EU its recommended to constantly included The fight against financial exclusion in the National Strategic Reports on Social Protection and Social Inclusion elaborated by each country within the EU framework. Additionally, Clear indicators of the extent of the financial exclusion problem need to be developed, as well as common definitions of the different types of financial exclusion.

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