BANCA D'ITALIA
EUROSISTEMA

RESEARCH AT THE BANK OF ITALY
DIRECTORATE GENERAL FOR ECONOMICS, STATISTICS AND RESEARCH
NEWSLETTER

NUMBER 78
APRIL 2025

Contents

Highlights

4th IFC Workshop on Data Science in Central Banking

(Rome, 18-20 February 2025)

The BIS Irving Fisher Committee on Central Bank Statistics (IFC) and Banca d'Italia jointly organized the 4th IFC and Banca d'Italia Workshop on '**Data Science in Central Banks**', which was held in Rome on 18-20 February 2025. The conference showcased how Artificial Intelligence (AI) and machine learning are transforming forecasting, supervision, and regulatory monitoring. From Large Language Models (LLMs) and Small Language Models (SLMs) to retrieval-augmented systems and nowcasting tools, central banks are experimenting with increasingly sophisticated methods to extract insights from unstructured data. Presentations highlighted practical applications, including legal document summarization, climate-related supervision, macroeconomic prediction, and Generative AI use in internal operations. The workshop emphasized the need for robust governance, data security, and skill development, positioning central banks not just as adopters but as ethical and strategic leaders in AI innovation.

The programme is available here.

Events organized by the Seminar Committee

The seminar series hosts internationally renowned speakers from academia, international organizations, and other central banks. The seminars offer an excellent opportunity to keep abreast of the most recent developments of the literature and allow economists at Banca d'Italia to share their research projects and professional knowledge with international experts of various fields.

The list of the events, together with the papers and slides, whenever available, can be found here.

Forthcoming events

11th International Conference on 'Sovereign bond markets: sailing in calm and stormy waters'

(Venice, 10-11 June 2025)

Banca d'Italia is organizing the '**11th International conference on sovereign bond markets**'. The event will be held at its Venice branch on 10-11 June 2025. The theme of this year's conference is '**Sovereign bond markets: sailing in calm and stormy waters**'. The conference will bring together academics and experts from Italian and international institutions and will also feature panel discussions on the major outstanding issues in sovereign bond markets. Co-organizers include the Bank of Canada, the Deutsche Bundesbank, the European Central Bank, Imperial College/Brevan Howard Centre for Financial Analysis, the Leibniz Institute for Financial Research SAFE, the London Business School/AQR Asset Management Institute, and the NYU Stern/Volatility and Risk Institute.

For further information, please see the call for papers.

2nd European Workshop on the Macroeconomic Implications of Migration

(Madrid, 26-27 June 2025)

The second edition of the '**European Workshop on the Macroeconomic Implications of Migration**' will take place at Banco de España, Madrid, on 26-27 June 2025. The event is co-organized by Banco de España, Banca d'Italia, the International Migration Economics Chair, the International Macroeconomics Chair, the Centre de Recerca en Economia Internacional (CREI) and the Global Migration Center at the University of California Davis. It aims to foster discussion and facilitate the dissemination of innovative theoretical and empirical research on the macroeconomic effects of migration. The keynote lectures will be given by Joan Monras (Universitat Pompeu Fabra and CREI), Mathilde Muñoz (University of California, Berkeley), and Esteban Rossi-Hansberg (University of Chicago). The full programme will be available soon at this link.

For further inquiries, please send an email to gaetano.basso@bancaditalia.it.

3rd Workshop on Microsimulation modelling 'Advancing microsimulation modelling: methods, applications, and innovations'

(Rome, 4 July 2025)

Banca d'Italia is organizing the third edition of the biennial workshop on microsimulation '**Advancing microsimulation modelling: methods, applications, and innovations**'. The event will be held in Rome on 4 July 2025. The workshop will bring together researchers, practitioners, and policymakers to explore innovative methodologies and discuss applications of microsimulation modelling. The workshop will focus on: the distributional and labour supply effects of policy changes to the tax and benefit system affecting households' disposable income; the development and application of microsimulation models for firms. Professor Camille Landais (London School of Economics) will deliver the keynote speech.

For further information, please send an email to MicrosimWorkshop@bancaditalia.it.

23rd Banca d'Italia Public Finance Workshop

(Rome, 4-5 September 2025)

Banca d'Italia is organizing the 23rd edition of its '**Public Finance Workshop**'. The conference will bring together academics and experts from national and international institutions to analyze the most topical and policy-relevant issues in public finance. More specifically, the programme will feature the following topics: fiscal policy and innovation-led growth; public investment and public support to private investment; economics of defense; sustainability and reform of welfare systems; managing the fallout of the green and digital transitions on inequality.

For further information, please see the call for papers.

Forthcoming events

Conference on 'Applied Macroeconomics in a Changing World'

(Oslo, 11-12 September 2025)

Banca d'Italia, jointly with the Bank of Canada and the BI Norwegian Business School is organizing a conference on '**Applied Macroeconomics in a Changing World**'. The conference will be held in Oslo on 11-12 September 2025 at the premises of the BI Norwegian Business School. Professor Paolo Surico (London Business School) and Silvia Miranda-Agrippino (Federal Reserve Bank of New York) will deliver the keynote speeches.

The call for papers is available here.

Conference on the 'Economics of Payments'

(Rome, 18-19 September 2025)

Banca d'Italia is organizing a conference on the '**Economics of Payments**'. The conference will bring together scholars, academics, and experts from national and international institutions with the aim of fostering debate and research on the functioning, evolution, and regulation of both retail and wholesale payment systems.

The call for papers is available here.

8th Banca d'Italia-CEPR Labour workshop on 'Labour market policies and institutions'

(Rome, 25-26 September 2025)

The eight edition of the Banca d'Italia-CEPR Labour workshop on '**Labour market policies and institutions**' will take place in Rome on 25-26 September 2025. The workshop aims at providing leading and emerging researchers in the field of labour economics an opportunity to present their work relevant for understanding the role of policies and institutions in shaping labour supply and demand, as well as in matching workers to jobs. The keynote lectures will be given by Christian Dustmann (UCL and CEPR) and Zoe Cullen (Harvard Business School). For registration to attend the conference and for any other enquiry please send an email to bdicepr_conf@bancaditalia.it.

The call for papers is available here.

2nd edition of the EPSI Conference

(Rome, 29-30 September 2025)

On 29-30 September 2025, Banca d'Italia will host the '**2nd edition of the EPSI (Economics of the Public Sector and Institutions) Conference**'. This annual conference brings together leading world scholars engaged in research on the above and related topics. This year keynote lectures will be delivered by Professor Guo Xu (Haas School of Business, UC Berkeley) and Professor Fiona M. Scott Morton (Yale School of Management).

The call for papers is available here.

Conference on 'Monetary Policy and Heterogeneity in Households, Firms, and Financial Intermediaries: Insights from Microdata'

(Rome, 13-14 October 2025)

Banca d'Italia, jointly with Collegio Carlo Alberto-Università di Torino and Norges Bank, is organizing the Conference '**Monetary Policy and Heterogeneity in Households, Firms, and Financial Intermediaries: Insights from Microdata**'. The event will be held in Rome on 13-14 October 2025. Diana Bonfim (Banco de Portugal), Marianna Kudlyak (Federal Reserve Bank of San Francisco)

Forthcoming events

and Tarun Ramadorai (Imperial College London) are confirmed keynote speakers for the event. The conference will bring together economists from academia and central banks to address key aspects of using microdata in empirical work and model estimation, so as to understand how banking activities, firms' investment choices and labour market dynamics shape the economy.

For further information, see the call for papers.

Workshop 'Women in Central Banking'

(Rome, 6-7 November 2025)

As part of the initiatives to promote Diversity and Inclusion, and in particular female presence in central banking, on the 6-7 November 2025 Banca d'Italia will host the third edition of the workshop '**Women in Central Banking**'. This workshop, which is co-organized with the Federal Reserve Bank of Dallas and Norges Bank, provides a platform for female PhD and post-doctoral students working on topics relevant to central banks to present their research and meet senior economists from a wide range of institutions. Clara Raposo (Vice-Governor of Banco de Portugal) and Chiara Scotti (Deputy Governor of Banca d'Italia) will give keynote lectures.

The call for papers is available here.

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No. 1487: **Impact assessment of the tax credit for investments in Southern Italy in the period 2016-2020** (April 2025)

Monica Andini and Alessio D'Ignazio

The paper evaluates the impact of the tax credit for investments in Southern Italy (Law 28 December 2015 n. 208) in the period 2016-2020. The measure belongs to the so-called "large regimes", for which the European legislation on State aid requires an effectiveness assessment, conducted on the basis of a specific Evaluation Plan presented by the national authorities to the European Commission. The paper considers only limited-liability companies, the only ones for which data were made available, recipients of over 80 percent of the total tax benefits granted.
The results indicate that the measure was effective in increasing firm tangible assets, credit granted and employment, while it had no appreciable effect on labor productivity. The positive effects were concentrated among smaller enterprises. The increase in the tax credit introduced in the Special Economic Zones did not produce any additional stimulus compared to the tax credit in its basic version.
Full text only in Italian

No. 1486: **Asset revaluations and credit conditions** (April 2025)

Michele Cascarano, Cristina Demma and Litterio Mirenda

The paper evaluates whether firms that carried out the extraordinary revaluation of balance sheets assets as of December 31, 2020, granted by DL 104/2020 ("August Decree"), gained access to bank financing at more favorable terms compared to companies that did not carry out the revaluation. It also analyzes the heterogeneity of the effects in relation to the main characteristics of the firms and the lending banks, identifying the underlying mechanisms.
Firms that revalued their assets benefited from lower interest rates on loans, received more short-term credit, and had a higher likelihood of establishing new banking relationships. These effects were more pronounced for more "opaque" firms, suggesting that the results depend on the increased information provided through the financial statements after the revaluation, especially in the case of banks that do not use internal rating models.
Full text

No. 1485: **Banking complexity in the global economy** (March 2025)

Raoul Minetti, Giacomo Romanini and Oren Ziv

The paper analyses the role of global banking networks in financial flows between countries. Specifically, it examines how cross-border loans do not always travel directly between lenders and borrowers but often pass through financial centers and indirect paths, such as subsidiaries of banking groups. The goal is to understand how this complex network influences the transmission of financial sanctions and the effectiveness of international banking integration policies.
In the case of financial sanctions, credit flows driven by actual demand and supply factors may move in the opposite direction to the movements observed in bilateral data, which also include loans that have merely transited through countries via financial intermediaries. More complex banking networks, involving a larger number of intermediaries across several countries, provide alternative pathways for financial flows during crises but reduce the diversification of funding sources.
Full text

No. 1484: **A high-dimensional GDP-at-risk and Inflation-at-risk for the euro are** (March 2025)

Matteo Santi

This paper presents risk indicators for GDP and inflation in the euro area and in its main Member States, as well as risk indices for divergence between countries. The indicators are estimated by means of a quantile regression model, leveraging a large dataset on the 2002-2023 period, and provide information on tail outcomes of GDP growth and inflation.
GDP growth conditional distributions display considerable asymmetry: while the left tail varies significantly in time, the right tail remains more stable; inflation distributions are comparatively more symmetrical and stable. The GDP-at-Risk of euro-area Member States tends to be less synchronous during periods of crisis, suggesting that recessions are associated with higher risks of

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divergence between countries. High inflation risks, on the contrary, appear more synchronous.
Full text

No. 1483: **Income distribution and growth in France: a long-run time-frequency analysis** (March 2025)

Alessandro Pietropaoli

The study employs original time-frequency techniques to investigate the complex relationship between income distribution and economic growth in France over the period 1915-2016, leveraging the availability of long-run data on various income distribution measures, real GDP per capita and key macroeconomic covariates.
The analysis shows that both the sign and the direction of the relationship between income distribution and economic growth vary depending on the time horizon considered. The association between the two variables is particularly significant in the medium and long term, while it is weaker and quite unstable at business cycle frequencies. In the medium-to-long run, higher GDP growth rates tend to precede a rise in income inequality. In the very long term, however, economic growth appears to benefit from a more equal income distribution, as captured by a higher income share held by the middle class.
Full text

No. 1482: **The macroeconomic effects of a greener technology mix** (March 2025)

Fabrizio Ferriani, Andrea Gazzani and Filippo Natoli

The paper constructs a monthly indicator of green technology development, defined as the share of patents specifically aimed at mitigating the effects of climate change in the total number of patents registered by US firms between 1980 and 2019. The indicator is used to analyze the impact of technological innovation on carbon emissions and on macroeconomic conditions in the United States.
A shift toward green technologies acts as a negative supply shock in the short run, reducing economic activity and increasing inflation. This effect stems from the adoption of less mature technologies, which makes industrial production temporarily less efficient. In the medium term, a sustained decline in emissions intensity emerges, highlighting the role of green innovation in facilitating the transition to a lower-emission economy.
Full text

No. 1481: **Energy prices, inflation and the ECB's monetary policy during the 2021-22 energy crisis** (March 2025)

Stefano Neri

The paper assesses the impact of the marked increases in energy prices in 2021-22 on inflation and economic activity in the euro area and analyses how the ECB's monetary policy affected the transmission to the main macroeconomic variables.
The results show that the sharp increases in energy prices over the period contributed significantly to the rise in inflation and led to a slowdown in euro-area real GDP. If the ECB had implemented a more restrictive monetary policy to counteract the effect of energy price increases on consumer prices, inflation and economic growth would have been much lower. If monetary policy had, on the other hand, countered only the indirect effects of energy price increases on consumer price increases, the adverse impact on growth would have been smaller.
Full text

No. 1480: **Women inventors: the legacy of medieval guilds** (March 2025)

Sabrina Di Addario, Michela Giorcelli and Agata Maida

The share of women inventors is significantly lower than that of men inventors. This study examines whether the low female propensity to patent in Italy can be explained by the traditional local conception of women's role in society, measured with their share among the founders of medieval guilds. The analysis uses data on guilds from the Central State Archive, administrative employer-employee records, and data from the European Patent Office.
The results show that Italian provinces with a higher share of women among the founders of medieval guilds today display a higher proportion

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of female inventors and more intense patenting activity by women. The estimates also reveal that these provinces currently have a higher percentage of women with a college degree, particularly in STEM fields, as well as greater female participation in the labour market.
Full text

No. 1479: **Minimum income and household labour supply** (March 2025)
Francesca Carta and Fabrizio Colonna

The paper analyses the impact of a guaranteed minimum income (GMI) scheme on the labour supply of partners, at the household level. Since the GMI is traditionally linked to the income of the whole household, the monetary incentives to work also depend on the employment status and income of the other household members. The analysis estimates the impact of a GMI in Italy, where there is a high incidence of single-income households due to low female employment.

The GMI introduces strong complementarities into the work decisions of partners that are absent from individual income schemes such as unemployment benefits: in our simulations, it pushed partners to either both be employed or both non-employed. Compared with an individual type of transfer that reduces inequality to a similar extent, the GMI has a more limited impact on employment and is restricted to low-income households with only one earner (usually the male partner).
Full text

Other recent Working Papers

December 2024 — February 2025

No. 1478: Uncovering the inventory-business cycle nexus
Luca Rossi

No. 1477: Business loan characteristics and inflation shocks transmission in the euro area
Valentina Michelangeli and Fabio Massimo Piersanti

No. 1476: Artificial intelligence and relationship lending
Leonardo Gambacorta, Fabiana Sabatini and Stefano Schiaffi

No. 1475: FraNK: fragmentation in the NK model
Alessandro Moro and Valerio Nispi Landi

No. 1474: Monetary policy shocks and inflation inequality
Riccardo Degasperi, Seokki Simon Hong and Giovanni Ricco

No. 1473: Partial identification of treatment response under complementarity and substitutability microdata
Tiziano Arduini and Edoardo Rainone

No. 1472: The macroeconomic effects of reducing a central bank monetary policy portfolio: a model-based evaluation
Anna Bartocci, Alessandro Notarpietro and Massimiliano Pisani

No. 1471: Green granular borrowers
Margherita Bottero and Michele Cascarano

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No. 935: **A novel multi-step-prompt approach for LLM-based Q&As on banking supervisory regulations** (April 2025)

Daniele Licari, Canio Benedetto, Daniele Bovi, Praveen Bushipaka, Alessandro De Gregorio, Marco De Leonardis and Tommaso Cucinotta

The study explores the use of Large Language Models (LLMs) to answer complex interpretative questions on banking regulations. In particular, it presents a method for identifying relevant regulatory texts with which to expand the information available to the model, beyond the information provided in the question itself. The study also introduces a system for automatically assessing the quality of the answers provided by the model.

The results indicate that the inclusion of additional regulatory references retrieved by applying the proposed method, enables LLMs to better understand and contextualize the questions, leading to the generation of more accurate and comprehensive answers than would otherwise be obtained. The approach we propose thus increases the utility of these models in supporting human experts.

Full text

No. 934: **Between sanctions and subsidies: reshaping the semiconductor ecosystem** (April 2025)

Lilia Patrignani, Michele Savini Zangrandi and Alessandro Schiavone

Amid rising geopolitical tensions, the semiconductor industry has become a central focus of both industrial and security policies. This paper analyzes the policies implemented by major countries, considering both restrictive measures (such as export and investment controls) and public incentives, while assessing their economic impact and implications for the global value chain. We estimate that global subsidies for the sector will exceed $400 billion over the next decade, ten times the amount allocated between 2005 and 2019. These incentives are expected to drive more than $700 billion in private investment, with over half flowing into the United States. Meanwhile, the US is intensifying export controls to limit China's access to advanced technologies. Heavy-handed government intervention, in the context of high uncertainty surrounding future demand, however, raises concerns regarding the economic sustainability of some of these projects.

Full text

No. 933: **Navigating regimes: does knowledge of current inflation matter for households?** (April 2025)

Marco Flaccadoro, Concetta Rondinelli and Stefania Villa

Data on consumer inflation are regularly published by statistical institutes, but it remains uncertain how well they are known by households. Using data from Banca d'Italia's Conjunctural Survey on Italian Household, this paper documents the extent to which their inflation and consumption expectations respond to information about current inflation at different stages of its cycle.

The analysis shows that, on average, households that are informed about the current level of inflation revise their expectations of future price growth upwards when inflation is rising and downwards when it is falling. Being informed also affects consumption expectations: knowledge of high inflation dampens expected spending, while low inflation encourages it, especially among the less affluent; households therefore adopt a supply-side perspective and associate higher inflation with a worsening economy.

Full text

No. 932: **Fragmentation and the future of GVCs** (April 2025)

Francesco Paolo Conteduca, Michele Mancini, Giacomo Romanini, Simona Giglioli, Alessandro Borin, Maria Grazia Attinasi, Lukas Boeckelmann and Baptiste Meunier

The study analyses a scenario of global trade fragmentation in which trade barriers prevent the exchange of certain products between two opposing blocs, one led by the United States and the other by China. Using a general equilibrium model, the research assesses the impact of these restrictions on welfare and the reorganization of global value chains.

According to the model's results, trade barriers

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between blocs reduce global welfare, especially in China and some Western countries more dependent on trade. Global value chains would reorganize on a more regional basis without breaking entirely. Direct trade between blocs would decline, while indirect trade through neutral countries would increase, making it more difficult to assess supply chain vulnerabilities to sourcing risks.
Full text

No. 931: **EU industrial policy between crises and the twin transition** (April 2025)

Claire Giordano, Giacomo Roma, Alessandro Schiavone, Filippo Vergara Caffarelli and Stefania Villa

The paper analyses the impact of the shocks that have affected the European Union (EU)'s industrial economic activity and international competitiveness since 2020. It then describes EU industrial policy instruments, adopted at both national and European level, and the initiatives undertaken to counter these crises and to face the twin green and digital transition and the new geopolitical context. Finally, it provides some policy considerations.
The sectors most affected by the recent shocks and the structural transformations linked to the green and digital transition are the energy-intensive, mechanical, electronic and automotive industries. The EU approach to industrial policy increasingly emphasizes sectoral initiatives to promote investment in strategic sectors and to increase economic and national security. A competitiveness-enhancing industrial policy would require a rethinking of current rules, greater cooperation between European institutions and Member States, and targeted and adequate funding.
Full text

No. 930: **Data dependency, inflation projections and interest rate decisions** (April 2025)

Vincenzo Cuciniello, Giuseppe Ferrero, Elisa Guglielminetti and Alessandro Lin

Between 2022 and 2023, with inflation still high, the ECB introduced three criteria – inflation outlook, underlying inflation dynamics, and monetary policy transmission – to guide its data-dependent approach to policy rates. This study examines the impact of these criteria on inflation forecasts and their implications for monetary policy calibration.
During the 2021-22 inflation surge, forecasts incorporating underlying inflation and monetary policy transmission outperformed staff projections over a one-year horizon. However, in the subsequent disinflation phase, these forecasts overestimated inflation and underperformed relative to staff projections, raising concerns about an overly restrictive monetary policy stance.
Full text

No. 929: **Adoption and expected impact of Generative AI: evidence from Italian households** (April 2025)

David Loschiavo and Mirko Moscatelli

This work documents the extent to which generative artificial intelligence (AI) is used and trusted, and its perceived impact on the job market in Italy using data from the Bank of Italy's *Conjunctural Survey on Italian Households* for the period between August and September 2024.
About a quarter of the respondents to the survey had used generative AI tools in the 12 months prior to the interview. Usage was more frequent among men, young people and workers of the information and communication, education, and professional and scientific activities sectors. The expectation that this technology will increase their productivity or provide them with new job opportunities is more widespread among young workers and those in the information and communication sector.
Full text

No. 928: **Underlying Composite Inflation (UCI): a novel indicator to track inflation developments** (April 2025)

Valentina Aprigliano and Francesco Corsello

This paper presents a new synthetic indicator of underlying inflation (*Underlying Composite Inflation*, UCI), estimated using an econometric model that captures the persistent component of consumer inflation, filtering out short-term volatility and idiosyncratic factors. The

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methodology is applied to both the euro area as a whole and to its four largest countries. The paper analyses the predictive ability of the indicator with respect to the evolution of consumer inflation.
Empirical analysis shows that the UCI provides a more stable and accurate signal of the underlying dynamics of inflation and has a better forecasting ability than the indicators commonly used in the Eurosystem. It can be usefully employed in the assessment of inflation risks for monetary policy purposes.
Full text

No. 927: **Applying artificial intelligence to support regulatory reporting management: the experience at Banca d'Italia** (April 2025)

Canio Benedetto, Sara Crestini, Alessandro de Gregorio, Marco de Leonardis, Andrea del Monaco, Daniele Gulino, Paolo Massaro, Francesca Monacelli and Lorenzo Rubeo

This paper describes the use made of AI/ML at Banca d'Italia in the management of statistical and supervisory reports. It summarizes the results of the studies carried out to improve data validation and enrichment, as well as to increase the efficiency of operational processes, most of which have been implemented in the actual pipelines. The lessons learnt are also thoroughly presented and the areas of current and future research are briefly outlined.
Applying AI/ML to regulatory reports management requires specialized know-how, diversified teams and the necessary IT infrastructure. At the beginning, it is useful to stimulate the creativity of the staff involved in the operational processes. Attention to transparency in communicating the results is also key and a careful evaluation of costs and benefits should always be considered. In a nutshell, the approach is: start small, get results, invest in enabling factors, and then scale up.
Full text

No. 926: **Energy price shocks and their effects on the main macroeconomic variables: a Bayesian SVAR analysis** (April 2025)

Luigi Infante, Francesca Lilla and Michela E. Pasetto

This paper analyses the dynamics of crude oil and natural gas supply and demand, and assesses their impact on both energy prices and economic activity (namely, investments, industrial production and value added) in the Italian industrial sector. With respect to the existing literature, the main contribution of the work is to integrate the European natural gas market and the global crude oil market into one econometric model.
The results show that energy price movements are primarily explained by demand shocks, rather than supply shocks, both in the crude oil and natural gas markets. Adverse shocks in both the supply and demand of oil and gas lead to a decrease in industrial production, value added and investments in Italy. These effects are stronger and more persistent in the energy-intensive sectors in the event of crude oil supply shocks.
Full text

No. 925: **Here comes the flood: the climate risk of residential mortgages in Rimini** (April 2025)

Ivan Faiella and Luciano Lavecchia

The risk of coastal flooding is increasing due to climate change. The work estimates the expected impact of these events on the mortgage portfolio of some banks operating in the municipality of Rimini, an area particularly exposed to that risk. The analysis considers different future scenarios, with and without adaptation measures; among the latter, the impact of Parco del Mare, a coastal barrier to contain sea-level rise, is assessed.
Adaptation measures significantly reduce the mortgage portfolio expected losses, with a noteworthy heterogeneity among intermediaries. The analysis highlights significant gaps in the availability and quality of data; that information, in particular that relating the location of the exposed properties and the damage they could suffer if the event materializes, is essential for an accurate assessment of the physical risks arising from climate change.
Full text only in Italian

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No. 924: **The Great Divide: productivity dynamics in the United States and the euro area after the pandemic** (April 2025)

Luisa Carpinelli, Rosalia Greco, Stefania Romano, Luca Rossi and Eliana Viviano

From the mid-1990s to 2008, productivity in Italy stagnated, while growth in the euro area lagged behind the US. Following a period of partial convergence, productivity in the US surged again after the pandemic, outpacing both the euro area and Italy. This paper explores the potential reasons behind these recent trends.

The divergence observed in the past years is driven by cyclical, sectoral, and structural factors: the energy crisis hit the euro area harder; the ICT sector boosted growth more in the US than in Europe, and both total factor productivity (TFP) and capital intensity increased more in the US. In Italy, the main drag on productivity dynamics remains declining capital intensity, while TFP was less affected by the pandemic crisis compared with the euro area.

Full text

No. 923: **Migration flows and policies in Italy and in other European countries** (April 2025)

Gaetano Basso, Elena Gentili, Salvatore Lattanzio and Giacomo Roma

The paper describes the dynamics of migration in Italy and in the other four main countries of the euro area (Germany, France, Spain and the Netherlands), relating them to demographic trends and the labour market. It also illustrates the regulation of the entry of foreigners in the main European countries, with reference to integration policies, fiscal aspects and the conditions for acquiring citizenship.

Without migration flows, the working-age population will decline significantly in all the major euro area economies. Fewer foreigners enter Italy than in other countries and they are generally poorly educated. Some recent reforms have opened up new possibilities for the regular entry of foreign workers into Italy, but their integration is still limited, particularly in terms of language learning and vocational training.

Full text

No. 922: **Comparing the systemic risk of Italian insurers and banks** (April 2025)

Michele Leonardo Bianchi and Federica Pallante

This study analyzes the contribution and exposure to systemic risk of Italian banks and insurance companies by estimating two indicators on a daily basis over the period 2007-23. The first indicator (delta conditional value-at-risk, ΔCoVaR) assesses the impact of severe declines in the stock prices of a single intermediary on the overall index of banks and insurance companies as well as on the general Italian stock market index. The second indicator (marginal expected shortfall, MES) measures the effect of a crash in the two indices on the stock prices of each intermediary.

The ΔCoVaR estimates show that sharp declines in the stock prices of the largest banks and insurance companies would have a similar impact on the banking and insurance system. Unsurprisingly, however, the MES estimates indicate that a shock affecting the financial system as a whole (where the banking component is predominant) would have a greater impact on banks than on insurance companies.

Full text

No. 921: **Market risk of securities held by Italian banks and insurances companies** (April 2025)

Michele Leonardo Bianchi and Federica Pallante

This paper estimates market risk measures (value-at-risk and expected shortfall) relating to the exposures of Italian banks and insurance companies to debt securities, equity securities, and fund shares. The estimates are conducted on a daily basis for the period 2016-23, using market data for the main risk factors and supervisory information for individual securities held in the portfolios of banks and insurance companies.

The main factors affecting the overall market risk of banks' and insurance companies' securities portfolios are interest rate risk and credit risk. Compared with banks, insurance companies are more exposed to financial instruments with more volatile returns but benefit more from diversification due to their higher share of investments in private bonds and fund shares. Overall, their market risk is comparable to that of banks.

Full text

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No. 920: **Country demographic and socio-economic structure and household consumption** (April 2025)

Francesca Carta and Domenico Depalo

Since the second half of 2023 and throughout 2024, household consumption growth in the euro area has remained weak, despite favourable cyclical conditions. This paper analyses the impact on consumption of recent demographic and socio-economic structural trends in the euro area, such as population ageing and the increases in the female employment rate, in the share of immigrants and in the use of remote work.

The analysis shows that female employment raises consumption expenditure, while remote work reduces it, but their impact is smaller than that of the traditional determinants of consumption (disposable income and interest rates). After the pandemic, the positive contribution of female employment diminished, while the negative impact of remote work increased. Holding the population constant, an increase in immigration would reduce aggregate consumption, but taking into account the associated increase in population, the net effect is positive.

Full text

No. 919: **The Italian venture capital market** (April 2025)

Raffaele Gallo, Federico Maria Signoretti, Ilaria Supino, Enrico Sette, Paolo Cantatore and Marco Luigi Fabbri

This study describes the main features of and recent trends in the venture capital (VC) market in Italy, an important part of the financial system that supports the creation and development of high-growth companies (start-ups). Specifically, it explores the possible reasons for its slower growth compared with other leading euro-area countries and the current efforts to foster its development at the domestic and EU level.

In 2021-23, investments in the Italian VC market were only one-fifth of those in France and Germany. The reasons for this gap are mainly linked to three characteristics of the Italian market: the number of innovative projects that lead to start-ups is relatively low, the VC fund sector is underdeveloped, and the difficulties in the investment exit phase are great. It is important that initiatives supporting market growth address the obstacles at each stage of a start-up's development.

Full text

No. 918: **The slowdown of productivity in the euro area and the role of input prices** (April 2025)

Fabrizio Colonna, Filippo Scoccianti and Eliana Viviano

The post-pandemic economic recovery in the euro area was marked by robust employment growth and modest increases in value-added. As a result, productivity stagnated. This paper uses a three-input production model (intermediate goods, labour and capital) to assess whether these developments can be attributed to shifts in the relative prices of production factors.

Supply chain disruptions, the energy crisis and the monetary policy response have caused the prices of intermediate goods and capital to surge, favoring labour-intensive production processes. We estimate that the relative price shock explains the productivity slowdown in 2022-23 and that this effect may be prolonged due to the lagged adjustment of the factor mix and, above all, of capital endowments.

Full text

No. 917: **ESG metrics in CEO compensation: incentives and sustainability in the major EU economies** (March 2025)

Federico Fornasari and Nicolò Galasso

In recent years, ESG metrics have been incorporated into CEOs' compensation plans, sparking a debate about their potential to enhance sustainability and the risks they might pose to firms' economic performance. This paper provides a comparative analysis of the adoption of ESG-linked executive compensation in listed companies across the major EU economies between 2018 and 2022.

In the period under examination, it has become an increasingly common practice among larger companies to link CEO compensation to ESG objectives, which were almost always achieved by CEOs with no negative effects on corporate economic performance. However, the analysis suggests that an opportunistic selection of ESG

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targets and greenwashing may be widespread phenomena, raising doubts about the effectiveness of CEO remuneration in promoting sustainability.
Full text

No. 916: **Digitalization in Italian local governments in 2022: the results of the IDAL survey** (March 2025)

Emanuela Ciapanna and Walter Giuzio (Coordinators), Luciana Aimone Gigio, Andrea Benecchi, Carlo Bottoni, Mario Cannella, Marco Corradetti, Annalisa Frigo, Lucia Modugno and Elisa Scarinzi

The paper analyses the data collected by the Survey on the Digitalization of Local Administrations (IDAL) conducted by the Bank of Italy in 2023. The survey recognized the state of digitalization of local government entities at the end of 2022 and the progress recorded in the previous two years, describing the differences between types of administrations and geographical areas. The data can provide a reference point for assessing the effectiveness of the implementation of the National Recovery and Resilience Plan.
During the years 2020-22, there was an acceleration of digitalization in local governments, both through a greater diffusion of infrastructures and platforms that allow access to digital services and thanks to the increase in investments in new technologies. The level of digitalization was higher in all the regions and in the larger municipalities, as well as in services dedicated to businesses compared with those for households. The differences between macro-geographical areas were less significant.
Full text only in Italian

No. 915: **The impact of public incentives on the birth of innovative start-ups** (March 2025)

Giuseppe Albanese and Raffaello Bronzini

The study evaluates the effect of a regional policy implemented in Lazio aimed at promoting the creation of innovative firms through the funding of projects submitted by professors, researchers and young graduates. It examines the policy's impact on the birth of innovative firms as well as the economic performance of the firms financed by the intervention.
The programme has proven effective in fostering the creation of innovative enterprises: among the projects submitted, nearly all of those that received funding resulted in start-ups, whereas only half of the unfunded projects led to firm creation. While start-ups benefiting from the incentives exhibited a survival probability comparable to that of similar enterprises, they experienced slower growth in terms of revenue, employment and total assets, due to a lower proportion of firms achieving a particularly strong performance.
Full text

No. 914: **The effects of the reform of the judicial map on the functioning of civil justice** (March 2025)

Sauro Mocetti, Ottavia Pesenti and Giacomo Roma

The paper assesses the impact of the judicial map reform, implemented between 2013 and 2014, on the functioning of the civil justice system in Italy. The merger of smaller courts and branch offices resulted in a significant increase in the size of the judicial offices. The effects of the resulting economies of scale and specialization on the demand for and supply of justice are examined, providing some indications as to the optimal scale for providing this public service.
The reform has led to a reduction in new cases, presumably due to the higher costs associated with an increased distance from the courts. The effect is greater in some areas where there is greater discretion in the decision on whether to initiate a case, such as torts. The reform has also increased the ability to settle cases and reduced their duration, with improvements especially in more complex matters and in courts that were initially less efficient.
Full text

No. 913: **The micro-determinants of portfolio gyrations in mutual funds: evidence from machine learning models** (March 2025)

Fabrizio Ferriani and Sabina Marchetti

This paper uses machine learning techniques to identify the main factors behind portfolio reallocations decided by equity mutual fund managers that invest in emerging markets. These

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techniques, combined with the use of a large set of characteristics referring to individual securities, enable a granular analysis of these factors.
Firm size and market characteristics, such as capitalization and trading volume, are the factors that most affect portfolio reallocations. Their relative importance changes over time (e.g. during periods of financial turmoil), depending on the characteristics of mutual funds (such as an active or passive investment strategy), and in relation to the type of investors targeted by the fund (professional or retail).
Full text

No. 912: **An analysis of energy poverty in the European Union** (March 2025)

Abreham Adera, Luciano Lavecchia, Raffaele Miniaci and Paola Valbonesi

Energy poverty, i.e. difficulty in buying essential energy products, affects millions of households and is a significant challenge for the European Union, given the ambitious objectives of the energy transition. This work analyses the European dimension of the problem by using EU Household Budget Survey data (EU-HBS) for the years 2010, 2015 and 2020 and developing an indicator that evaluates high energy costs for households in economic difficulty (Low Income High Cost - LIHC).
Energy poverty affected around 14 per cent of the European population on average in 2015, almost one fifth of the population in France, Germany and Spain and 7 per cent in Italy. An insufficient data harmonization process and the lack of essential information (such as the amount of energy expenditure) limit the comparison between countries and the construction of a European indicator; the quality of data collected by current surveys needs to be improved.
Full text

No. 911: **The Italian automotive sector in the green transition: empirical evidence and insights from industry experts** (March 2025)

Andrea Orame (Coordinator), Gianmarco Cariola and Gianluca Viggiano

The paper examines recent dynamics and structural aspects of the Italian automotive sector, placing them in the international context and interpreting them in light of the transition to electric vehicles. In addition to presenting quantitative evidence, the study incorporates qualitative insights gathered in a series of interviews with industry experts.
The Italian automotive sector is the third largest in Europe by value added, with a supply chain that extensively involves other industries. The transition to electric vehicles is progressing, driven by European regulations, environmental awareness and technological progress. However, the specialization in technologies unrelated to electric engines, a limited presence in the electronics and software sector and the small size of the companies involved could all make the transition challenging.
Full text only in Italian

No. 910: **Households' portfolio composition 2010 – 2023: evidence from the Financial Accounts and from the Survey of Household Income and Wealth** (March 2025)

Federico Apicella, Andrea Colabella, Angelo Nunnari and Francesco Pipitone

The study analyses the composition of Italian households' portfolios from 2010 to 2023 using both Financial Accounts data, which enable the evaluation of trends over the entire period, and granular information from the Survey on Household Income and Wealth (SHIW) conducted between 2010 and 2020. It also examines investment trends in life insurance products and individual savings plans (PIR).
Between 2010 and 2023, the weight of direct investments in bonds decreased, while that of managed savings products, including investment in life insurance, increased. The share of assets held in deposits remained broadly constant. According to the SHIW, reallocation of financial assets was widespread among all types of households in the period 2010-2020, and was more pronounced among wealthier households and those residing in large cities. Investments in individual savings plans (PIR) remained limited.
Full text only in Italian

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No. 44: **Banks' collateral valuation for commercial real estate loans: lessons from AnaCredit**
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Selection of Journal articles and books

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