Governing finance: Consolidation and control in the Italian banking system

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On 29 September 2025, Banca Monte dei Paschi di Siena (MPS) completed its acquisition of a controlling stake in Mediobanca, long regarded as one of the most influential institutions in Italian finance. Ten months earlier, on 13 November 2024, the Italian Ministry of Economy and Finance (MEF) had sold most of its remaining stake in MPS after having rescued it in 2017, following a series of unsuccessful acquisitions and heavy losses linked to the global financial crisis. What initially appeared to be a return to normal market competition among private actors in fact marked the beginning of a broader wave of extra-ordinary financial operations which, over the course of 2025, reshaped the ownership structure and governance of the Italian banking system, ultimately enabling MPS to take control of Mediobanca. Although the government formally withdrew by disposing of its shares in MPS, political influence over the financial sector continued through more indirect – though no less significant – channels, particularly through use of the government's so-called 'golden powers' over strategic sectors.[1] We begin by tracing the key stages of these developments (section 1), before examining whether the mechanisms through which public intervention in the banking system operates (section 2) are aligned with the broader public-interest objectives that financial regulation is intended to protect (section 3). In the final section (4), we propose an interpretative framework for explaining the apparently paradoxical outcome of a privatisation process that may ultimately increase, rather than reduce, public influence.

Politics and finance in Italy over the past year: Facts, background and controversies

The Italian banking system, traditionally central to the financing of Italian capitalism, has undergone a profound transformation. The privatisations of the early 1990s shifted ownership towards the market, separating commercial banks from the charitable foundations that had historically controlled them and initiating a prolonged period of restructuring.[2] The 2008 financial

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[1] Introduced by the Monti government through Decree-Law No. 21 of 2012, the golden-power regime grants the government special powers — including the power to veto transactions, block acquisitions, or impose conditions — in relation to foreign investments in strategic sectors (Pericu 2024). During the Covid-19 pandemic, the Conte and Draghi governments extended the scope of the golden-power regime not only to the healthcare sector but also to the financial sector, in order to prevent foreign investors from acquiring strategic Italian assets at depressed prices. They also extended notification requirements to all entities established within the European Union, including those based in Italy (Chamber of Deputies 2025).

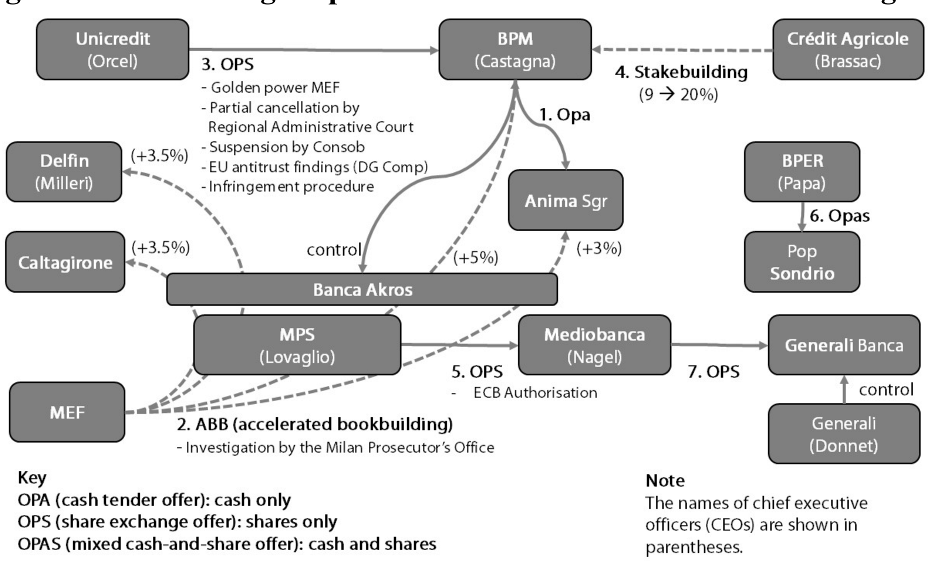
[2] The Amato Law (Law No. 218/1990) and the Ciampi Law (Legislative Decree No. 461/1998) transformed publicly owned credit institutions into joint-stock companies, transferring control to banking foundations. In return, those

crisis accelerated consolidation within the sector (Quaglia 2014). The difficulties experienced between 2015 and 2017 – culminating in the resolution of several banks in Veneto region – intensified this process further, leading to the emergence of a small number of large banking groups and a sharp reduction in the number of financial institutions operating in Italy. According to the Bank of Italy, 643 banks with more than 30,000 branches were operating in the country in 2015. By the end of 2024, the number had fallen to 420 banks with fewer than 20,000 branches. This represents a contraction of around 35 per cent both in the number of banks and in the number of branches (Bank of Italy 2025).

The creation of the Single Supervisory Mechanism (SSM) and the Single Resolution Mechanism (SRM) shifted prudential supervision to the European level, while the trend towards consolidation was justified in terms of greater resilience and efficiency in a context of narrow interest margins and increasingly demanding capital requirements. It is against this backdrop that the new wave of mergers and acquisitions in 2024–2025 should be understood, distinguished by a more overtly political approach to the identification of strategic assets.

From the perspective of corporate strategy, the transactions of the past year appear to have been driven by a variety of objectives: the creation of large national banking groups with broader territorial reach and diversified business activities; changes in ownership structures aimed at securing control over strategically important institutions and strengthening vertical integration; and more tactical defensive moves designed to ward off unwelcome or hostile takeover attempts. These different motives have intersected in seven key transactions over the past year (summarised in Figure 1).

Figure 1. Interlocking corporate transactions in the Italian banking sector, 2024–2025



Source: Authors' elaboration.

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foundations were required to dispose of their shareholdings in the banks, diversify their investment portfolios, and use the proceeds to support non-profit and charitable activities.

Note: In a public tender offer (OPA), a bidder offers to purchase shares in a listed company from any shareholder willing to sell, at a predetermined price. In a share-exchange offer (OPS), the bidder proposes to exchange their own shares for those of the target company. A mixed cash-and-share offer (OPAS) combines cash and shares as consideration.

The sequence began in the banking and asset-management sector. In November 2024, Banco BPM launched a public tender offer for Anima Holding, which was completed in April 2025.[3] The deal increased Banco BPM's stake in Anima to 89.9 per cent, allowing the bank to retain a much larger share of the fees that had previously been divided between the asset manager and the distribution network. The offer received a high level of shareholder support, with approximately 68 per cent of the remaining shareholders tendering their shares, and enabled the group to realise the full benefits of integrating the two businesses. The result has been a strengthening of non-interest income and greater resilience during less favourable market conditions, particularly in anticipation of a normalisation of interest margins.

Shortly after Banco BPM launched its takeover bid for Anima Holding, on 13 November 2024 the Ministry of Economy and Finance (MEF) used Banca Akros, part of the Banco BPM group, to sell a 15 per cent stake in MPS through an accelerated bookbuilding aimed at Italian and international institutional investors. As a result, the State's holding was reduced from approximately 26.7 per cent to around 11.7 per cent. The shares were acquired by Banco BPM (5 per cent), Anima SGR (3 per cent), Caltagirone (3.5 per cent) and Delfin (3.5 per cent). Major global institutional investors, including UniCredit, Norway's sovereign wealth fund and BlackRock, were not invited to participate in the placement.[4]

A few days later, on 25 November, UniCredit launched a share-exchange offer for Banco BPM. Over the course of 2025, however, the bid became the focus of growing political and regulatory tensions. On 18 April, the Government issued a decree invoking its so-called golden powers, thus intervening in an unusual manner in what was essentially a domestic transaction between two major Italian banking groups. Although UniCredit has foreign shareholders, it is an Italian company incorporated under Italian law. The decree imposed a series of unprecedented conditions, including limits on the bank's loan-to-deposit ratio, a requirement to wind down almost all of its Russian operations by early 2026, and restrictions affecting industrial partnerships and aspects of the group's organisational structure (UniCredit Group, April 2025).[5] Following the Government's intervention, the Italian securities regulator, Commissione Nazionale per le Società e la Borsa (Consob), suspended the deadline for UniCredit's offer for thirty days in order to give shareholders additional time to assess the implications of the decree. On 12 July, the Regional Administrative Court of Lazio partially annulled some of the conditions on the grounds that they were

[3] 'Creazione di un nuovo «campione nazionale» integrato nel settore dell'assicurazione vita e del risparmio gestito', https://gruppo.bancobpm.it/media/dlm_uploads/1730912604_Comunicato-stampa-OPA.pdf.

[4] 'Italy's Monte dei Paschi Sale Sparks EU Scrutiny after Global Investors Sidelined', *Financial Times*, 24 June 2025.

[5] 'The Future of Payments: Uniting with European Banks to Launch a Stablecoin', 26 September, https://www.unicreditgroup.eu/en/one-unicredit/articles/2025/september/we-have-joined-forces-with-eight-major-european-banks.html.

disproportionate. A few days later, a formal letter from the European Commission – which, as we shall see, foreshadowed the opening of infringement proceedings – challenged the scope of the decree, arguing that it was incompatible with the principles of the EU internal market and with the supervisory responsibilities of the European Central Bank and the Single Supervisory Mechanism. On 22 July, UniCredit's board of directors decided to withdraw the offer, citing dissatisfaction with the conditions imposed under the Government's exercise of its golden powers and the uncertainty created by public intervention in the takeover process.[6] In November, UniCredit also lodged an appeal with the Council of State challenging the Government's use of those powers, arguing that it was necessary to obtain greater legal clarity in the interests of its shareholders.[7] Taken together, these developments and the extensive institutional activity they generated marked a significant turning point in the relationship between European law, national intervention powers, and the regulation of capital markets.

Following UniCredit's share-exchange offer for Banco BPM, the French bank Crédit Agricole began, from December 2024 onwards, to increase its stake in Banco BPM through a series of derivatives transactions, raising its overall economic exposure to the bank from 9 per cent to 20.1 per cent. At the same time, Crédit Agricole stressed that it had no intention of acquiring control of the bank or increasing its holding to the threshold that would trigger a mandatory takeover bid, while nonetheless consolidating its position as Banco BPM's largest long-term shareholder.[8]

Meanwhile, another development of major historical and symbolic significance centred on Mediobanca, long regarded as the principal hub of Italy's traditional network of financial and corporate relationships. Between January and September 2025, Banca Monte dei Paschi di Siena (MPS) launched a share-exchange offer for Mediobanca, later converting it into a mixed cash-and-share offer by adding a cash component of €0.90 per share.[9] The bid was strongly opposed by Mediobanca's board of directors, led by its chief executive, Alberto Nagel.[10]

Indeed, only a few months after the MPS bid was announced, Mediobanca responded by launching a share-exchange offer for Banca Generali,[11] most likely as a defensive move based on the assumption that the ultimate objective of Mediobanca's new shareholders was to gain control of

[6] 'Offerta pubblica di scambio volontaria totalitaria promossa da UniCredit S.p.a. sulle azioni ordinarie di Banco BPM S.p.a', press release, https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/it/investors/dedicated-to-investors/CS-UniCredit-rinuncia-offerta-Banco-BPM-22072025.pdf.

[7] 'Audizione presso la Commissione parlamentare di inchiesta sul sistema bancario, finanziario e assicurativo', Resoconto n. 19, 27 November 2025, https://webtv.senato.it/webtv/commissioni/audizione-commissione-sistema-bancario-3.

[8] https://pressroom.credit-agricole.com/news/the-european-central-bank-authorizes-credit-agricole-s-a-to-increase-banco-bpm-stake-to-19-9-66a2b-94727.html.

[9] 'MPS presenta un'offerta pubblica di scambio volontaria sulla totalità delle azioni di Mediobanca per un corrispettivo totale di euro 13,3 miliardi, interamente in azioni', press release, https://www.gruppomps.it/static/upload/str/stradebianche_pr_ita.pdf.

[10] 'Approvato il comunicato dell'emittente in relazione all'Ops di MPS su Mediobanca', press release, https://www.mediobanca.com/static/upload_new/com/comunicato-stampa-comunicato-emittente-11-luglio-2025v3.pdf.

[11] Mediobanca (2025a): https://www.mediobanca.com/it/investor-relations/mediobanca-28-aprile.html.

Assicurazioni Generali.[12] The proposal, however, met with opposition from Mediobanca's shareholders, including Francesco Gaetano Caltagirone, who rejected it on the grounds that it was not aligned with the group's strategic objectives. Among those who abstained – thereby contributing to the failure of the share-exchange offer launched by Mediobanca's board for Banca Generali – were Delfin and a number of institutional investors, including the pension funds Enasarco, Enpam, and Cassa Forense.[13] These pension funds are subject to oversight by both the Ministry of Labour and Social Policies and the Ministry of Economy and Finance, as welfare and pension institutions regulated under Italian law and supervised by the competent government departments (Ministry of Labour and Social Policies 2025).

With Mediobanca's defensive strategy having failed, MPS' mixed cash-and-share offer was able to proceed successfully. Following approval by the Italian Competition Authority (AGCM) in July 2025, MPS acquired an initial 62.3 per cent stake on 15 September, before increasing its holding to approximately 86 per cent by the end of the month.[14] Alberto Nagel and the rest of the board subsequently resigned, and a process of reorganisation at the top of the group was set in motion.

As Italy's third major domestically controlled banking group was taking shape alongside Intesa Sanpaolo and UniCredit, a "fourth pillar" was also emerging around BPER Banca. On 6 February 2025, BPER launched a mixed cash-and-share offer for Banca Popolare di Sondrio. The Italian Competition Authority (AGCM) approved the transaction on condition that six branches be divested within ten months, a narrowly targeted remedy limited to the areas where the combined market share of the two banks was considered significant.[15] After an initial acceptance rate of 58.49 per cent, the reopening of the offer period in July increased BPER's holding to more than 80 per cent, strengthening its extensive branch network across northern Italy through an alliance with Unipol. As a shareholder in both banks, Unipol supported the transaction and tendered its shares in response to BPER's offer for the Banca Popolare di Sondrio. The limited and highly targeted antitrust remedies suggest that the competition authorities regarded the local effects of the merger as readily manageable.

The sequence of transactions is shown in Figure 2.

[12] The success of MPS' share-and-cash offer for Mediobanca enabled Caltagirone and Delfin — both shareholders in MPS — to combine their direct stakes in Generali (6.469 per cent and 10.053 per cent respectively) with the indirect influence arising from Mediobanca's 12.776 per cent holding in the insurer, https://www.consob.it/web/consob-and-its-activities/w/assicurazioni-generali-spa-azionariato.

[13] G. Pons, 'Mediobanca, l'assemblea dice «no» all'offerta su Banca Generali', *la Repubblica*, 21 August 2025.

[14] 'MPS presenta un'offerta pubblica di scambio volontaria sulla totalità delle azioni di Mediobanca per un corrispettivo totale di euro 13,3 miliardi, interamente in azioni', cit.

[15] 'Offerta pubblica di scambio volontaria totalitaria su Banca Popolare di Sondrio', press release, https://group.bper.it/dettaglio-comunicato/6febbario2025.

Figure 2. Timeline of major corporate transactions in the Italian banking sector

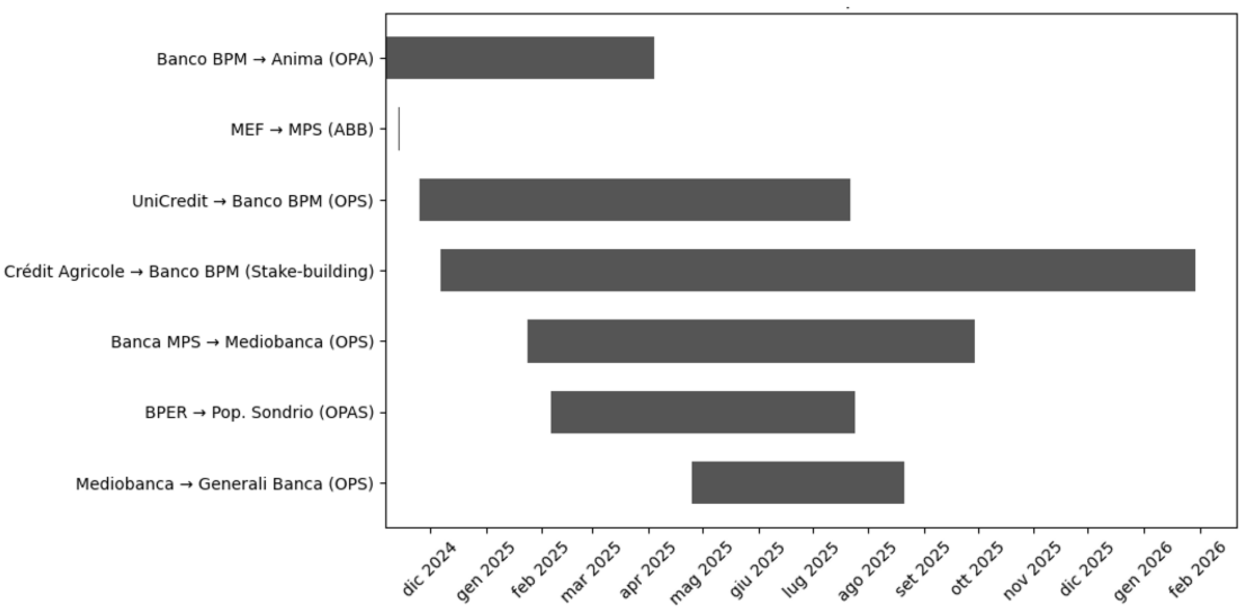

Table 1 summarises the principal transactions discussed above, the actors involved, and their outcomes. Taken together, these transactions shed light on different aspects of the relationship between finance, markets, and politics in Italy in 2025.

As noted above, the government – far more than the regulatory authorities – played a decisive role in shaping the outcome of the banking consolidation process.

From a competition-policy perspective, the Italian Competition Authority (AGCM) approved the BPER–Popolare di Sondrio transaction subject to structural remedies, namely the divestment of a small number of branches, designed to prevent the emergence of dominant positions in local credit markets. In doing so, it followed a well-established approach typically adopted in retail banking markets, where competition remains largely local in character.

As regards market transparency, Consob broadly endorsed all of the transactions, both through its approval of the offer documents and through its supervisory oversight of market disclosures. The takeover bid for Anima provides a case in point. In the prudential sphere, all authorisation decisions fell within the remit of the European Central Bank, since they concerned significant institutions, with the Bank of Italy acting in its capacity as the national competent authority.

Table 1. Overview of the principal transactions since November 2024

No.	Launch Date	Bidder	Target	Instrument	Completion Date	Outcome / Progress	Policy / Regulatory Notes
1	06/11/24	Banco BPM	Anima Holding	Takeover bid	04/04/25	89.9% acceptance rate	Vertical integration aimed at strengthening the group's position in the asset-management sector
2	13/11/24	Ministry of Economy and Finance (MEF)	MPS	Accelerated Bookbuild (ABB)	13/11/24	Sale of a 15% stake	Reduction of the State's shareholding from 26.7% to 11.7%
3	25/11/24	UniCredit	Banco BPM	Share-exchange offer	22/07/25	Withdrawn following the Government's exercise of golden powers, a partial suspension by the Regional Administrative Court (TAR), and objections from the EU	Golden-power decree imposing conditions; EU concerns regarding the respective competences of the ECB and the Single Supervisory Mechanism (SSM)
4	07/12/24	Crédit Agricole	Banco BPM	Stake-building	—	Authorisation granted to increase its holding to 20%	Strengthening of Banco BPM's largest shareholder, creating a degree of protection against hostile bids
5	24/01/25	Banca MPS	Mediobanca	Share-exchange offer	29/09/25	86% acceptance rate	A landmark case symbolising the reconfiguration of power centres at the heart of Italian financial capitalism
6	06/02/25	BPER	Banca Popolare di Sondrio	Share-and-cash offer	25/07/25	Acceptance rate above 50%; control exceeding 58%; merger process under way	Antitrust approval subject to branch divestments; Unipol played a key role as an industrial shareholder
7	25/04/25	Mediobanca	Banca Generali	Share-exchange offer	21/08/25	Rejected by the shareholders' meeting	Proposal defeated, with 10% voting against and 32% abstaining

The Government's intervention was more far-reaching. Despite internal disagreements,[16] the Government made extensive and unprecedented use of its golden powers in the UniCredit–Banco

[16] G. Colombo and G. Pons, 'UniCredit-Bpm, governo spaccato. Forza Italia critica il golden power', *la Repubblica*, 19 April 2025.

BPM case, intervening in relation to a company incorporated in Italy, albeit one with foreign shareholders, and imposing stringent conditions concerning the withdrawal from Russian operations, the maintenance of key balance-sheet indicators, and the management of strategic assets. The European Commission subsequently opened a formal dialogue on the matter, questioning whether these conditions were compatible with EU law and with the supervisory responsibilities of the ECB and the Single Supervisory Mechanism. In Italy, legal challenges brought before the administrative courts led to an initial ruling by the Regional Administrative Court of Lazio in July 2025, which was followed by further legal developments. Discussions at EU level continued throughout the autumn. Finally, in late November 2025, the Commission initiated infringement proceedings against the Italian government, arguing that the golden-power regime, as designed and applied, was excessively broad and discretionary, capable of impeding the functioning of the single market, encroaching upon the competences of the ECB, and liable to be used not to protect national security but rather to pursue wider economic and industrial-policy objectives.

More recently, the MPS case has also attracted the attention of the judiciary, with a particular focus on the state's disposal of part of its shareholding in the Siena-based bank. In June 2025, the Milan Public Prosecutor's Office opened a criminal investigation into the placement process. The Special Currency and Financial Police Unit of the Financial Police (Guardia di Finanza) obtained documents from the institution that coordinated the transaction – Banca Akros, part of the Banco BPM group – and examined possible irregularities in the allocation of shares and the selection of investors. Investigators suspect that the sale may have been restricted to a selected group of investors already involved in, or closely connected to, major banking transactions. These included Banco BPM (which acquired a 5 per cent stake in MPS), Delfin S.p.A. (the Del Vecchio family holding company, approximately 3.5 per cent), Caltagirone Holding S.p.A. (approximately 3.5 per cent), and Anima Holding S.p.A. (approximately 3 per cent) (*Corriere di Siena*, 2025). The offences under investigation are alleged undisclosed coordination among investors and market manipulation. At the time of writing, those under investigation include MPS chief executive Luigi Lovaglio, Francesco Milleri on behalf of Delfin, and Francesco Gaetano Caltagirone.

Whatever the outcome of the administrative and criminal proceedings, the recent reorganisation of ownership structures within the Italian banking system has brought the relationship between politics and finance back to the centre of public debate, with what appears to be a shift in the balance of power in favour of the former. What consequences are likely to follow?

Channels of political influence over finance

The dominant view in the economics literature holds that political influence over banks distorts the allocation of credit and, more generally, reduces efficiency in the provision of financial services, with adverse consequences for both profitability and financial soundness (La Porta et al. 2002). Yet despite the prevailing theoretical perspective, which suggests that finance, like other sectors of the economy, operates most efficiently under conditions of competition among private firms, experience has shown that banks with close political ties can, particularly during periods of crisis, prove more resilient than their privately controlled counterparts. The German Sparkassen during the global financial crisis of 2008 provide a well-known example (Hallerberg and Markgraf 2018). The effects of political influence on the financial sector are therefore far from straightforward. Whether such influence is beneficial or harmful depends on the circumstances. The first step is to distinguish between the different channels through which it is exercised.

The first and most obvious channel through which politics can influence finance is ownership. Public authorities may exercise influence over banks through their position as shareholders. A recent study by Bulfone and Moschella (2025), focusing on the Italian case, shows that the effects of political influence on bank performance vary considerably depending on ownership structure. Shareholdings subject to political influence – such as those held by banking foundations – can have positive effects when they are minority stakes, as in the case of UniCredit and Intesa Sanpaolo. By contrast, controlling stakes, as in the case of MPS, may contribute to outcomes as severe as financial distress and eventual nationalisation. Bulfone and Moschella explain this difference primarily in terms of the incentives facing controlling shareholders. A dominant shareholder has a strong interest in preserving control and may therefore resist mergers or acquisitions, thereby forgoing the potential benefits of consolidation, including economies of scale and other efficiency gains.[17] Closely related to public shareholdings is the presence of political representatives within a bank's governing bodies. In this case, political influence is exercised through representation on the board of directors. An empirical study based on a large sample of Italian cooperative banks suggests that an important distinction must also be made here. The presence of politicians had a negative effect on bank performance only when they occupied executive positions within the organisation rather than serving merely as non-executive members of the board (Carretta et al. 2012).

Beyond the formal mechanisms of corporate governance, politics can also shape the financial sector through informal networks based on party affiliation, ideological affinity, or simply personal connections. A second channel through which politics influences finance is therefore relational in nature. This is the form of influence exercised, for example, through the shareholdings held by banking foundations and other public institutions that are regarded as being subject, to varying degrees, to government influence.[18] Here too, the effects are inherently ambivalent. Such relationships may help direct banking activity towards legitimate objectives such as local economic development and social cohesion, but they may also be used to advance particular interests. Relationship banking can be particularly effective in supporting small and medium-sized enterprises, marginal borrowers, and even innovative firms with a long-term perspective. At the

[17] Whereas the Amato Law, by creating the banking foundations, required them to maintain majority control of the banks they owned, the Ciampi Law reversed this approach by requiring them to dispose of their controlling shareholdings (Chamber of Deputies 2013).

[18] See: 'Infrazione Ue all'Italia per «golden power» sulle banche', www.ansa.it, 21 November 2025. As in the case of UniCredit's offer for Banco BPM, where the Government "can presumably influence the votes of the former banking foundations (6 per cent) and of Enasarco (3 per cent)" within Banco BPM, G. Pons, 'Via libera di governo e Banco Bpm alla scalata di Crédit Agricole', *la Repubblica*, 8 December 2024.

same time, however, it is more vulnerable to political interference and the resulting distortions in the allocation of credit. The tension is therefore inherent: relationship-based finance necessarily involves discretion, but with discretion comes the risk of misuse (Lončarski and Marinč 2020).

Yet the most distinctive role of the state, in finance as in other fields, is not to intervene directly or indirectly, but to define the rules of the game. Before it becomes a participant, it acts as rule-maker.

Precisely in order to preserve the impartiality of the regulator in a sector in which the state is itself a major participant – not least as the largest borrower – responsibility for supervising particular segments of the financial system and specific aspects of financial activity has been delegated to independent regulatory authorities. Any major transaction resulting in a change in control of a financial institution is subject to scrutiny by a number of bodies, including the Bank of Italy, the European Central Bank, Consob, and the Italian Competition Authority. The Banking Union has further strengthened the independence of the European system of central banks from the risk of interference by national governments by assigning responsibility for the supervision of systemically important banks to the ECB (Howarth and Quaglia 2016).

As noted above, after the Meloni government invoked its golden powers to make UniCredit's share-exchange offer for Banco BPM subject to a series of specific conditions, the European Commission opened infringement proceedings against Italy on 21 November 2025. The Commission argued that the Government had violated the EU single market rules governing the free movement of capital and had encroached upon the European Central Bank's supervisory responsibilities with respect to systemically important banks.[19]

At first sight, the dispute appears to embody a classic tension between two competing principles: free competition within integrated international markets and state intervention in defence of strategic national interests.[20] On closer inspection, however, the opposing sides of the dispute are less clearly defined than they initially appear. It is far from obvious that, in this particular case, the Meloni government intervened in the national interest. UniCredit is, after all, an Italian bank, albeit one with a substantial proportion of foreign shareholders.[21] Banco BPM, by contrast, conducts most of its business in Italy – with a strong concentration of its activities in northern Italy[22] – yet its shareholder base also includes a significant foreign component. Nor is it self-evident that the European Commission's primary objective is the indiscriminate promotion of the free movement of capital on a global scale. A more plausible interpretation is that it seeks to encourage the

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[19] The Transition 5.0 Decree (Decree-Law No. 175/2025, converted into law on 15 January 2026) introduced a significant revision of the golden-power regime, providing for coordination with European authorities in its application to the financial sector.

[20] The point was made clearly, for example, by the Minister of Economy and Finance, Giancarlo Giorgetti, when commenting in the Senate on UniCredit's takeover bid for Banco BPM: "There is a market, and there are the laws of the market. Then there is another law — and I did not write it — the golden-power law", R. Dimito, 'Offerta di UniCredit su Bpm: il Mef rilancia il golden power', *Il Messaggero*, 28 November 2024.

[21] Which led deputy Prime Minister, Matteo Salvini, to remark: "UniCredit is a foreign bank", Alliance (2024), 'BPM, governo teme per risparmio gestito ai francesi', 25 November 2024.

[22] Three quarters of the more than 1,400 branches belonging to the group are located in the North, A. Mandala and V. Za, 'What would a UniCredit-Banco BPM combination look like?', www.reuters.com, 25 November 2024.

emergence of pan-European banking groups[23] capable of competing with their American and Chinese counterparts.[24]

Conversely, it is open to question whether Europe's ability to act and to protect strategic interests – even in sectors covered by golden-power provisions – really depends on promoting cross-border banking mergers, rather than on the creation of genuinely European safe assets. After all, in the absence of a common European sovereign bond, even a European banking champion capable of competing with its American counterparts would remain dependent on US Treasury securities and, more broadly, on access to dollar liquidity.

Finally, politics influences the banking sector through the most traditional instrument of public intervention: taxation. Through the tax system, the state can do more than simply levy taxes on banks as it does on other sectors of the economy. It can also shape the tax base in pursuit of broader policy objectives, such as offsetting negative externalities, taxing unproductive rents, and, more generally, promoting distributive justice.

This brings us to the debate over the taxation of what some Italian politicians have called the "excess profits" of the banking sector. The discussion would benefit from moving beyond the ideological preconceptions that characterise both sides of the debate and instead focusing on a dispassionate and rigorous examination of the distinction between profits and rents, and of how best to define the tax base so as to tax the latter rather than the former.

The 2026 Budget Law (Law No. 199/2025) gave effect to the idea of increasing the tax burden on the financial sector through a range of measures, generating considerable tensions within the governing coalition. A first set of measures targeted banks by increasing the taxation of dividends, encouraging the distribution of previously accumulated reserves in the form of taxable dividends, and raising the regional business tax (IRAP) by two percentage points, from 4.65 to 6.65 per cent. Despite the stated objective of "taxing excess profits", these measures do not directly or proportionately target the rents generated in recent years by unusually high interest-rate spreads. Instead, they affect all banks indiscriminately, with potentially distortionary effects (Galli et al. 2025).

A second measure was the doubling of the so-called Tobin tax – the tax levied on financial transactions – from 0.1 to 0.2 per cent. Although the measure does not discriminate between taxpayers as such, it imposes a progressively heavier burden on investors as the frequency of trading in the same securities increases. In this way, it discourages short-term speculative trading while favouring longer-term, more stable forms of investment. Regardless of the revenue it generates, such a tax can have the beneficial effect of encouraging investors to adopt a longer-term perspective (Amato and Fantacci 2012: 76–78).

[23] Consistent with Andrea Orcel's justification for the transaction — "Europe needs stronger and larger banks" (UniCredit: 'Orcel non lascia (Commerz) ma raddoppia (su Bpm)', 25 November 2024, *Radiocor* 2024) — in order to "compete with the world's other major economic blocs", (A. Rinaldi, 'Lo scatto di Orcel (UniCredit) su Banco Bpm, mossa e gioco d'anticipo: «Banche più grandi»', *Corriere della Sera*, 25 November 2024.

[24] Among the world's ten largest banks by total assets, only two are located in a European Union member state, namely France. The top six are all headquartered in the United States or China (Jimenea *et al*. 2025).

During the parliamentary debate on the Budget Law, an institutional dispute with a largely symbolic character but significant political overtones also resurfaced. An amendment tabled by the governing coalition sought to state explicitly that the gold reserves held by the Bank of Italy "belong to the Italian people". The proposal immediately attracted the attention of the European Central Bank, which expressed strong reservations in a formal opinion issued on 2 December 2025 (ECB 2025). In response to the ECB's objections, the Government revised the wording of the amendment to make clear that the new provision would not affect the application of EU law, thereby confirming the essentially symbolic nature of the measure.

As the foregoing discussion makes clear, any meaningful assessment of political intervention in the financial sector – fiscal or otherwise – must begin with a careful consideration of the objectives it is intended to achieve. The next section turns to that question.

Objectives of political influence over finance

Any proper assessment of public intervention in the financial sector must take account of the distinctive characteristics of finance itself. Credit is inherently social in nature because it is founded on a relationship: that between debtor and creditor (Fantacci 2017). Yet this relationship cannot be left entirely to contractual freedom, because it depends on something that neither party controls: the standard by which obligations are measured and the stability of value over time in the face of an inherently uncertain future. For this reason, public intervention in finance is indispensable. In John Maynard Keynes' words, the state intervenes twice: first as guarantor of payment and then as the authority that determines the conditions under which payment remains sustainable (Keynes 1930). Put differently, the state's role is not only to ensure that debts are repaid, but also that they remain repayable; not only that obligations are honoured, but also that their burden does not become intolerable; not only that promises are kept, but also that keeping them does not become excessively onerous as a result of unforeseen events. Finance therefore has not only a social dimension but also an inherently political one. It is not simply another industry in which the normal rules of market competition can be allowed to operate. Rather, it engages a range of collective interests that are recognised and protected by the legal order, beginning with the Constitution, and which merit closer examination.

The first objective that justifies public intervention in the financial sector is stability. Responsibility for safeguarding it rests primarily with the central bank, both in its role as regulator and supervisor and as lender of last resort, with a view to preventing and managing financial crises. In situations of insolvency, however, governments may also become involved, for example through rescue operations or the nationalisation of failing institutions.

Article 47 of the Italian Constitution provides that "the Republic encourages and safeguards savings in all forms". The second paragraph of the same article makes clear which forms of saving are regarded as particularly deserving of protection: owner-occupied housing, agricultural land, and productive investment acquired through direct or indirect share ownership. One of the principal functions of financial intermediaries is to channel savings into these and other forms of investment.

Asset management represents a significant component of banking activity. By September 2025, assets under management in Italy had reached almost €2.6 trillion (Assogestioni 2025). It is therefore easy to understand why the sector has recently been the focus of intense merger and acquisition activity. Italy is a particularly attractive market for investment in this area, combining a high propensity to save, a relatively stable political environment, and some of the highest management fees in Europe.[25]

Yet investors' priorities do not always align with the protection of savings as a matter of public interest. The closure of bank branches that often accompanies banking consolidation has led to the disappearance of banking services from many peripheral and rural areas, undermining rather than strengthening the protection of national savings. Moreover, the increasingly pronounced separation between asset management and lending risks weakening the link between saving and investment on which the traditional case for the public benefits of thrift has long rested. Recent financial crises – from the collapse of the Nasdaq bubble and the subprime mortgage crisis to the potential risks associated with artificial intelligence – have repeatedly shown that when savings are channelled into financial products disconnected from productive investment, they can undermine rather than enhance national prosperity, harming both economic growth and the equitable distribution of wealth.

Private saving can be regarded as a public virtue only insofar as it is transformed into investment, thereby contributing to capital accumulation and national prosperity. There can be no genuine saving without investment (Fantacci 2015). This is the implicit assumption behind Adam Smith's portrayal of the prudent saver as a benefactor of society (Smith 1776, p. 340). It is also implicit in the Constitution, which in Article 47 provides that the Republic "regulates, coordinates and oversees the provision of credit". The extension of credit is one of the core functions of financial intermediaries and is closely linked to the protection of savings. Indeed, it is the precondition for it, both at the microeconomic and macroeconomic level. For an individual bank, lending is what justifies the collection of deposits. For the economy as a whole, investment is what makes saving possible ("loans make deposits").

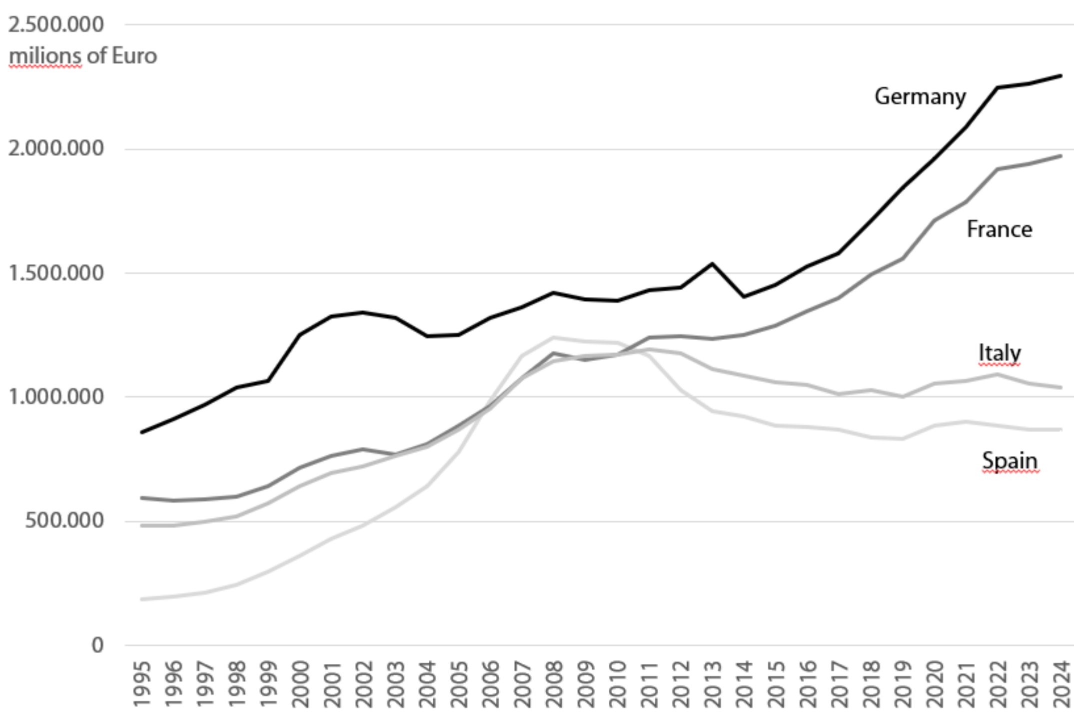
From this perspective, the two preceding objectives can be regarded as subordinate to this third one. A stable banking system that did not provide credit would serve no useful purpose and would ultimately harm the interests of all creditors, from depositors to shareholders, because it would fail to convert savings into productive investment.

It is therefore particularly troubling that the volume of bank lending in Italy has declined over the past decade, not only in absolute terms but even more markedly relative to the other major European economies. Lending to businesses expanded rapidly following the introduction of the euro, supported by inflows of foreign capital. In less than a decade, the volume of corporate lending doubled and even exceeded that of France. From 2012 onwards, however, in the wake of the

[25] F. de Bortoli, 'Banche, la grande caccia al risparmio degli italiani: ma è meglio avere campioni globali o più concorrenza?', *Corriere della Sera*, 2 December 2024.

sovereign debt crisis, lending began a steady decline, eventually falling back to levels last seen twenty years earlier, at around €1 trillion. This is roughly half the level of business lending in France and Germany, where lending began growing strongly again over the same period (Figure 3). Given that bank credit remains the principal source of finance for Italian firms, this contraction has inevitably been reflected in weak investment, sluggish employment growth, and stagnant output.

Figure 3. Total bank credit to non-financial firms



Source: 'Private Sector Debt: Loans, by Sectors, Consolidated - Million Units of National Currency', Eurostat.

The ongoing changes in the ownership and governance of Italian banks may also help to explain the growing divergence between the savings they attract through deposits and the investment they support through lending. Crédit Agricole Italia, for example, serves around six million customers but, despite holding €331 billion in deposits, had extended only €100 billion in loans.[26]
By extending credit, banks contribute to the creation of money in the form of bank deposits.[27] They therefore share in the public function of money creation, which they perform alongside the central bank and under its supervision, while also sharing in the revenues that arise from it

[26] 'Dove si schiera Parigi', *Milano Finanza*, 14 December 2024.
[27] Bank deposits created by commercial banks, together with the coins and banknotes issued by the central bank, constitute the principal monetary aggregate used to measure the money supply (M1).

(seigniorage). For this reason, banks also serve as a key channel through which monetary policy is transmitted: their behaviour can either amplify or weaken its effects. It is in this sense that Schumpeter described banks as the *ephors* – the guardians and overseers – of the exchange economy, emphasising the political significance of their role in determining which investments receive financing (1934, p.74).

In addition to money creation, financial intermediaries also contribute to another public function: the transfer of money through the operation of the payments system. This function involves not only banks but also other providers of payment services and digital-money services. It was in the name of protecting the payments system as a strategic national asset that Cassa Depositi e Prestiti (CDP, the state-owned development bank controlled by the Ministry of Economy and Finance) opposed the acquisition by the US private-equity fund TPG of the Digital Banking Solutions (DBS) division of Nexi, a digital payments and financial infrastructure provider in which CDP holds a stake of almost 20 per cent. The division includes the National Interbank Network (RNI), a key component of Italy's payments infrastructure.[28]

As transactions become increasingly digital, awareness is also growing of the vulnerabilities associated with reliance on payment systems controlled by foreign companies. The growing use of dollar-denominated[29] stablecoins could further exacerbate these concerns. This helps to explain the initiative launched by a group of European banks, including Banca Sella and UniCredit, to develop a euro-pegged stablecoin.[30] At the same time, the more widespread electronic payments become, the more the use of privately issued money — whether created by banks or by fintech firms — tends to displace the use of public money issued by the central bank, thereby weakening the channels through which monetary policy is transmitted. For this reason, and in order to preserve monetary sovereignty and the status of money as a public good, European policymakers are considering the case for issuing a central bank digital currency, commonly referred to as the "digital euro".[31]

Concluding remarks

In Italy, the consolidation of the banking sector did not follow immediately upon privatisation but began several years later, from 1996 onwards, under the impetus of the Prodi government. Its primary rationale was therefore not market-driven but political: to foster the emergence of national banking groups large enough to compete at the European level (Inzerillo and Messori 2000). Today, the objective is to create European banking champions capable of competing on a global scale.

[28] 'La Cassa Depositi e Prestiti blocca la vendita della maggioranza del business bancario di Nexi S.p.A. a TPG Capital', *Arena digitale*, 12 November 2025.

[29]. Cryptocurrencies pegged to the value of a fiat currency or another asset.

[30] https://www.unicreditgroup.eu/it/press-media/press-releases-price-sensitive/2025/april/press-release1.html.

[31] On 19 December 2025, the Council of the European Union adopted its negotiating position on two legislative proposals aimed at establishing the legal framework for the issuance of a digital euro. The Council described the digital euro as a means of strengthening the single currency and, by extension, enhancing the European Union's strategic autonomy and economic security (Council of the European Union, 2025).

Yet, twenty-five years after the launch of monetary union, this ambition remains largely unrealised, as highlighted by the Draghi Report.

Underlying these developments is a theoretical assumption that is often accepted rather uncritically: big is beautiful. Larger size is associated with economies of scale, the accumulation of expertise, the attainment of the critical mass required for major infrastructure investments, greater innovative capacity, easier entry into new markets, and enhanced credibility. These are precisely the arguments advanced, for example, by UniCredit's chief executive, Andrea Orcel, in an open letter published in the *Financial Times* to support the completion of the European Banking Union and to explain the rationale behind UniCredit's expansion plans, not only with respect to Banco BPM but also Germany's Commerzbank.[32]

The business case for consolidation therefore appears to dovetail with the political objective of creating national or European champions. Because of the benefits it may bring to customers, consolidation has paradoxically come to be seen not as a threat to competition but as something that may actually strengthen it. In the words of Carlo Messina, chief executive of Intesa Sanpaolo, in an interview with the *Financial Times*: "I welcome further consolidation or greater competition in the Italian banking sector."[33] To be sure, not all customers benefit to the same extent, as the impact of banking consolidation on branch closures clearly demonstrates.

The issue, then, is not whether political intervention in favour of – or in opposition to – consolidation is desirable. Any consolidation process has political implications because it affects a range of politically sensitive issues, including access to credit, the geographical distribution of bank branches, financial inclusion, the financing of infrastructure, and, ultimately, the financing of public debt. This is why the law grants the Government special powers enabling it to impose conditions on a transaction or even prohibit it altogether.

When it comes to finance, political intervention is unavoidable, because matters of general public interest are inherently at stake. The real question is not whether to intervene, but in pursuit of what objectives. Admittedly, some policy choices require balancing objectives that are often in tension with one another and may at times appear contradictory: local embeddedness and international reach, national and European interests, technological efficiency and relationship-based finance. It is the responsibility of political authorities to define clearly the public-interest objectives that financial institutions are expected to pursue, regardless of their ownership structure, and to identify the policy instruments best suited to achieving them.

The wave of corporate transactions that reshaped the Italian banking sector in 2024–25 was characterised by an increasingly close interplay between market forces and public intervention. The motives discussed in the first part of this article – vertical integration, the creation of regional banking groups, and strategic defence – formed, so to speak, the fabric of the business objectives pursued by managers and private owners, which became intertwined with the objectives of public policy. The nature of public intervention has itself changed. It is now exercised less through direct

[32] 'Europe Must Decide on the Banking Union. Commerzbank and Banco BPM Are Test Cases That Ask If We, as a Bloc, Are Serious about Greater Integration', *Financial Times*, 20 December 2024.

[33] 'Intesa Sanpaolo Chief Calls on Governments to Stay Out of Banking Deals', *Financial Times*, 22 December 2024.

share ownership and increasingly through alternative channels, notably the use of golden powers and informal personal networks. Hence the apparent paradox of a privatisation process that has, at the same time, increased public influence. Ultimately, however, what defines political intervention in finance is not the instruments through which it is exercised, but the collective objectives it seeks to advance and, indeed, the particular community whose interests it serves. The key question in each case is whether the interests being pursued are those of the European Union, of Italy, or of a particular political faction, possibly acting in concert with private interest groups.

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