

## EDITORIAL

This issue of *Moral Cents* explores Italian banking. The articles provide penetrating observations and critiques about the structure of the banking system, regulations and regulatory bodies, questionable practices like the revolving door, and governance failures at specific institutions. I believe the reader should gain increased insight into an industry that has a considerable influence on the EU's fifth largest economy.

The first article "The Italian Banking System" by Nicola Bilotta, illustrates clearly the structure of the banking system in Italy. There are three characteristics driving the evolution of the industry, one of which is that Italy has a preponderance of small and mid-size banks. These characteristics led to some critical problems facing the industry, which the author also examines in detail.

The next article, "Supervisory Bodies in the Italian Banking System" by Andreas Kanaris-Miyashiro is a study of Italian banking regulators, Banca D'Italia and CONSOB. It first offers a theoretical discourse on the purpose and models of financial supervision. The roles of the bank regulators have changed over time. The effects of these changes have not been all good and the author opens a window to how regulators contributed to the Italian banking crisis.

One problem with Italian regulators is they are party to a revolving door culture where public employees who have served at high levels then move to banks and private firms. Andrea Gorga writes about the effects of this practice and gives numerous examples in "Italian Banking and the Revolving Door." There is a need for improving policy on this issue and Gorga offers useful suggestions.

A study of Italian banking is not complete without a couple of case studies on how and why Italian banks failed. Nicola Bilotta writes two case studies focusing on three banks: Banco Popolare di Vicenza, Veneto Banca, and Banca Monte dei Paschi di Siena. These case studies are a must read for readers who want a deep dive into Italian bank management, risk assessment and governance.

Finally, we cap this issue with an interview with Professor Giulio Sapelli, who proffers an expert's view of the topic. Professor Sapelli is an economist with decades of study and work in the field. Currently he is Professor of Economic History at Università degli Studi di Milano.

We hope readers obtain a measure of pleasure and enlightenment from this issue!