

The distribution of share capital of Italian Banking Companies

by
EMANUELE RIENZI

1. — In the course of the comprehensive investigation made in 1945-46 by the Economic Committee of the Ministry for the Constituent Assembly to throw light on the present problems of Italian economy (1) a special inquiry dealt with the distribution of share capital among Italian joint stock companies. An inquiry of this kind, in the nature of a census, had never before been attempted in Italy; it was therefore of special interest and presented, of course, considerable difficulties. The survey—made by the writer—was limited to those joint stock companies which on Dec. 31, 1945, had a capital of more than one million lire; nevertheless it covered some three thousand three hundred companies with a share capital amounting to more than 66,000 million lire, some 950,000 shareholders, and about one million three hundred thousand persons in their employ.

I believe the results obtained are very interesting not only to Italians but also to the foreign reader, especially in those countries where it has not yet been possible to make similar surveys and where therefore the most varied and conflicting conjectures are current on this subject. The Italian inquiry, ordered by a legislative decree, has indeed made it possible to throw light on the essential features of some much discussed points. It has more especially shown the distribution of the capital of companies among the several groups of shareholders, the

degree in which it is concentrated in the hands of private shareholders, the network of government holdings and those of public corporations, the grouping of the companies, the importance of foreign capital invested in Italian companies, etc. etc. These several aspects of the question are illustrated in one of the three volumes of the general investigation now being printed; and we refer readers to it for detailed information. Here I shall only draw up a summarized table (Table I) which shows, in a very general way, the degree of concentration of share capital for some of the main branches of economic activity.

The inferences which may be drawn from the Table I are in themselves significant. In the first place it shows the undoubtedly high degree of general concentration. Taken as a whole, 1.02 % of the shareholders are shown to have possessed (on Dec. 31, 1945) nearly 85 % of the share capital of the companies for which returns were made; while 0.13 % of their number owned 56.4 % of the capital; and the great mass of the shareholders (83.33 % of the total number) only held 6.1 %. These general data naturally acquire much more significance when they are studied more thoroughly with the qualifications which give them concrete shape, above all when the relations between government and private shareholders are defined and a study is made of the concentration both in the several branches of industry and trade, and in the several groups in which the companies can be classified as regards the amount of their capital. Analytical inquiries on the subject are now being made and will be published as soon as they are ready. We will here only take into consideration for a summary study the Italian Banking Companies.

(1) The results of this general inquiry, new in Italy, have been collected in 13 volumes, of which three are now under press; they provide a rich source of information and data for persons desirous of obtaining an understanding of the fundamental questions of Italian economy and their bearing on the present transition stage of the country. (Ministero per la Costituente - Rapporto della Commissione Economica, voll. 13 - Roma, Istituto Poligrafico dello Stato, 1946-1947).

TABLE I
CONCENTRATION OF SHARE CAPITAL IN SOME BRANCHES OF ECONOMIC ACTIVITY

Categories of shareholders	General		Industrial Co		Commercial Co		Financial Co		Insurance Co	
	% of shareholders	% of cap. owned	% of shareholders	% of cap. owned	% of shareholders	% of cap. owned	% of shareholders	% of cap. owned	% of shareholders	% of cap. owned
Shareholders owning shares for a value of lire:										
1) Up to	70.03	2.74	53.22	2.3	73.93	1.8	60.36	1.4	71.02	5.4
2) From 10,001 to 25,000	13.29	3.4	20.09	3.6	7.96	3.7	20.39	3.2	14.47	6.4
3) " 25,001 " 50,000	8.36	4.6	13.39	5.1	6.63	3.2	9.33	3.5	6.72	6.1
4) " 50,001 " 100,000	4.02	4.4	6.56	5.0	3.80	3.5	5.35	3.7	3.82	7.1
5) " 100,001 " 500,000	3.28	10.4	5.24	11.5	4.65	13.0	3.99	7.3	3.18	15.9
6) " 500,001 " 1,000,000	0.47	4.9	0.71	5.1	1.32	11.3	0.32	2.1	0.36	6.6
7) " 1,000,001 " 5,000,000	0.42	13.1	0.61	13.4	1.40	32.7	0.25	4.5	0.38	19.9
8) " 5,000,001 " 10,000,000	0.06	6.1	0.08	6.0	0.13	12.9	0.09	5.7	0.03	6.2
9) " 10,000,001 " 50,000,000	0.06	17.3	0.08	17.5	0.09	16.9	0.11	21.4	0.05	15.9
10) Over 50,000,000	0.01	33.1	0.02	30.5	—	3.3	0.01	47.0	0.01	10.5
	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

2. — So as to fix the limits of the inquiry clearly I will here set forth some qualifications:

a) First of all, as above stated, the inquiry deals with the Banking Companies which, on December 31, 1945, had a capital of more than 10 millions lire (2) and with most of the Banking Companies with a capital of 1 to 10 million lire. It is therefore based on purely nominal monetary values, as at that date the cases of revaluation of capital and capital increases based on the depreciation of the lira were still few and unimportant. It was only in 1946 that a notable series of banks increased their capital either by revaluation or by new subscriptions. These increases are an aspect of a general phenomenon of Italian economy, running parallel to that of the depreciation of the lira, a phenomenon which has acquired special intensity in the case of industrial companies in these first months of 1947 and which may be expected also to have further developments in the case of the Banking Companies, and above all in that of the more important (3). But however

(2) It should be noted that by capital we mean " subscribed capital ". It is a general practice of the Banking Companies in Italy that subscribed capital and paid-up capital coincide. Exceptions to this rule are rare. Indeed, the total subscribed capital of the Banking Companies differs from the paid-up capital only by a quite negligible fraction.

(3) The adjustment of the capital of the banks is also

this may be, under the modalities adopted such increases should not make any marked alteration in the comparative position as shown by this analysis. On the other hand, the date selected (the end of 1945) is of special importance. It is perhaps the one best suited for studying the conclusion of that phase of our economy between the two world wars which offers such characteristic features when viewed from the standpoint of capitalist economy.

Likewise, all the data used in this study relate to the situation existing on December 31, 1945.

prompted by the rules in force which limit the total volume of the deposits the Banks may freely handle to an amount equivalent to 30 times their capital and reserves. Any deposits made by the public in excess of that ratio must be held with the Bank of Italy or else invested in government securities. Now in Italy the process of inflation has led to a very great rise in deposits, which are greatly in excess of the legal ratio. This is more especially the case for the three so-called " Banks of National Interest " which, on December 31, 1945, had a nominal aggregate capital and reserves of 1,894 million lire as against deposits amounting to 115,176 million (1:62). This phenomenon has been accentuated in 1946 during which there was a further increase in deposits, offset by no variation in the nominal capital. It should be noted that the ratio of 1:30 is now being re-examined; studies and proposals have been made to render the system in force more elastic and efficient; substantially, the tendency is to transform it from a system set up exclusively for protecting depositors, to one of reserve requirements having two main objects: a) the control of credit; b) the guarantee of a source of funds available for the Treasury.

b) In the second place, our inquiry refers only to a certain group of banks, i.e., *Deposit Banks set up in the form of share companies*. This excludes on the one hand those banks which are not authorized by the Italian Banking Law to accept demand deposits (4) even if they be organized as share companies (as for instance, industrial credit institutes, mortgage credit institutes, etc.); on the other hand, those banks which, though authorized to accept demand deposits, are not organized as share companies, and therefore the five Public Law Credit Institutes (*Istituti di Credito di diritto pubblico*) and all Savings Banks.

Both the Savings Banks—which have very fine traditions in Italy—and the Public Law Credit Institutes, occupying positions of primary importance, are not taken into consideration for a purely formal reason, that of their juridical structure. (This should be borne in mind, so as to avoid misunderstandings, and above all the conclusion that the special legal figure of Limited Company entails any substantial difference in the activity of banks so organized as compared to the activities of banks otherwise organized. Such a conclusion would be erroneous. Thus, for instance, the Public Law Credit Institutes (*Banca Nazionale del Lavoro, Banco di Napoli, Banco di Sicilia, Monte dei Paschi di Siena, Istituto di S. Paolo of Turin*) now carry on a business which is substantially the same as that of Banking Companies of similar proportions, and the two largest, the *Banca Nazionale del Lavoro* and the *Banco di Napoli*, do the same kind of business as the great commercial banks properly so called. The *Banca Nazionale del Lavoro* more especially is in this respect typical, and affords a really successful example of a great Bank carrying on all the usual banking transactions, founded with capital subscribed by the Government and by several other public bodies (5).

(4) As a single exception to this rule the *Credito Fondiario Sardo* (Sardinian Mortgage Credit Bank) is included, which until a few years ago had a special department for receiving deposits.

(5) The *Banca Nazionale del Lavoro* can undoubtedly be classed with the great commercial banks for the work that it performs. But in addition to this—and here is a feature related to the functions and principles of public utility which distinguish it—this Bank engages in some credit transactions of a

It would undoubtedly be interesting to analyse also the structure and distribution of the capital and endowment funds of the several public corporations transacting ordinary credit business, but this study—for which the data have long been available and are as a whole known—may be made in another article. Here it has been thought advisable to restrict ourselves to Limited Companies, for which it had not yet been possible to make an exhaustive study on which to form a fully informed opinion.

c) In the third place, it has been thought advisable to consider along with the Deposit Banking Companies a group of the more significant Co-operative Banks (not all of them) with a capital exceeding 1 million lire. This seemed desirable so as to give statistical expression to some comparisons on matters common to both groups.

d) Lastly, the Banking Companies reviewed are 77 in number; the Co-operative Banks added to the list are 27.

What is the position occupied by this body of Banks in the general framework of the Italian banking system? What is its importance?

As is known, the principal Italian banking businesses authorized to collect demand deposits (the so-called Credit Institutes — *Aziende di Credito*) are usually classified in five groups: Public Law Credit Institutes (*Istituti di Credito di Diritto pubblico*) (5) Banks of National Interest (*Banche d'interesse nazionale*) (3); Ordinary Credit Banks (*Aziende di Credito Ordinario*) (159); Co-operative Peoples' Banks (*Banche popolari cooperative*) (114); Savings Banks and Pledge Banks (*Casse di Risparmio e Monti di Pegno*) (84). This gives us a total of 365 concerns which hold about 99% of all the deposits collected by all the so-called Credit Institutes (*Aziende di Credito*) and almost 98% of their global capital (6). The situation of these 365

special character by means of autonomous departments organized as special branches of its work (mortgage credit, hotel and tourist credit, cinema credit).

(6) In December 31, 1945, the 365 principal Banks held deposits for 425,021 million lire (deposits plus current accounts, inclusive of interbank accounts) out of the 430,843 million collected by all the 1,290 Credit Institutes (*Aziende di credito*) then in business. Their total capital (capital and endowment funds plus reserves) amounted to 10,876 million lire as compared to

Banks, as regards deposits and capital, is summarised in Table II, compiled on the basis of the data of the Economic Studies Service of the Banca d'Italia.

December 31, 1945), equivalent to about 45% of total deposits.

The 27 Co-operative Banks considered among the 114 included in Table II, held de-

TABLE II
DEPOSITS, CAPITAL AND RESERVES OF THE PRINCIPAL ITALIAN CREDIT INSTITUTES

	Public Law Credit Institutes	Banks of National Interest	Ordinary Credit Institutes	Peoples Co-operative Banks	Savings Banks and Pledge Banks	Total
Number of Banks	5	3	159	114	84	365
Deposits and current ac/ (1) (inclusive of interbank ac.)	88,884	112,434	88,809	49,730	85,104	425,021
Capital or endowment fund (1)	1,350	1,500	1,576	447		
Reserves (1)	1,566	394	858	770	2,415	10,876

(1) Millions of lire.

The 77 Banking Companies here reviewed include first of all the three so-called "Banks of National Interest", i.e., the *Banca Commerciale Italiana*, the *Credito Italiano*, and the *Banco di Roma*; the others considered are the more important of the banks belonging to the third group (ordinary credit banks) with few exceptions of no importance (7). The total capital of the 77 Banking Companies stood at 2,864,782,143 lire, the reserves at 905,247,622; the nominal aggregate capital and reserves thus amounted to 3,770,029,765 lire, equivalent to about 35% of the capital funds of the 365 principal Credit Institutes. The deposits held by these 77 Banking Companies amounted in all to over 190 thousand million lire (on De-

posits amounting to 41,115,784,705 lire, equivalent to 82% of the total of the group, whose capital (capital plus reserves) amounted to about 760 million lire, equivalent to nearly 63% of the total capital belonging to the group, and to 7% of the total capital of the 365 Credit Institutes.

3. — In Table III, the 77 Banking Companies are classified in two groups and each group in three classes.

In group (a) are included all the Banking Companies dominated by individuals or private corporate bodies: this group, consisting of 69 concerns, may be described as the "private group".

In group (b) are included the Banking Companies dominated by public corporations, and therefore, broadly speaking, publicly owned; this second group, consisting of 8 concerns, may be described as the "public group".

It was easy to identify the two groups, as in the banking branch of Italian economy there are not, as in other branches, intermediate and ill-defined situations. In banking, the respective positions of public shareholders and of private are clearly distinguishable one from the other. In the case of Banking Companies the

a total capital of 11,133 million owned by all the 1,290 Credit Institutes. These figures are exclusive of the Post Office Savings Banks (*Casse Postali*) which on December 31, 1945, held deposits amounting to 101,203 million lire. Thus the total mass of deposits existing in Italy at the end of 1945 amounted to 532,046 million lire.

(7) A few of the 77 banking companies considered are not included among the 159 ordinary credit banks dealt with in the monthly statistics published by the Banca d'Italia because though their capital exceed 1 million lire, they do not hold the minimum volume of deposits required for inclusion in the monthly survey made by the Banca d'Italia. This difference, which is moreover of no importance, is due to the different principle adopted in making the respective enquiries (capital instead of deposits).

TABLE III

DISTRIBUTION BY GROUPS AND CLASSES OF THE CAPITAL AND SHAREHOLDERS OF ITALIAN BANKING COMPANIES

Groups & Classes	N° of Companies	Total N° of shareholders	Total amount of capital (lire)	Categories of Shareholders							
				up to L. 500,000				Over L. 500,000			
				Shareholders		Share value		Shareholders		Share value	
				N°	% of total	Amount lire	% of total	N°	% of total	Amount lire	% of total
(a) Private group											
Class I	3	32,277	380,000,000	32,240	99.875	152,153,700	40.05	37	0.125	227,846,300	59.95
Class II	20	20,743	582,000,000	20,617	99.44	197,761,430	33.98	116	0.56	384,238,570	66.02
Class III	66	23,497	177,874,343	13,436	99.56	82,954,063	46.63	61	0.44	94,920,280	53.37
Total (a)	69	66,517	1,139,874,343	66,303	99.68	432,869,193	38.00	214	0.32	707,005,150	62.00
(b) Public group											
Class I	4	21,678	1,650,000,000	21,053	99.874	100,762,300	6.11	25	0.124	1,549,237,700	93.89
Class II	2	5,431	54,907,800	5,427	99.92	6,606,900	12.02	4	0.08	48,300,900	87.98
Class III	2	37	20,000,000	35	94.59	322,250	1.61	2	5.41	19,677,040	98.39
Total (b)	8	27,146	1,724,907,800	27,115	99.89	107,692,150	8.62	31	0.11	1,617,215,640	91.38
Total (a) + (b)	77	93,663	2,864,782,143	93,418	99.73	540,561,353	18.86	245	0.27	2,324,220,790	81.14

control exercised by public Institutes, where it exists, is full and complete, with at least 80 % of their capital in public ownership; a similar undeniable prevalence of private capital exists in the other Banking Companies under private control.

The classes into which each group is divided have been limited to three. Class I brings together the Banking Companies with a capital of more than 50 million lire; Class II those with a capital of more than 10 and not exceeding 50 million lire; Class III those with a capital of more than 1 and not exceeding 10 million lire.

The position of the several classes in the two groups differs widely.

In the "private group" the secondary regional and provincial banks are very much more numerous. Thus in that group the 1st class numbers three banks with a total capital of 380 million lire; whereas 66 banks are included in classes II and III with a total capital of 959,874,343 lire.

The consistency of the "public group" is quite different. It consists almost entirely of banks of class I, composed as is well known,

of the three Banks of National Interest and of a regional bank (the *Banco di S. Spirito* of Rome); in each of the other two classes are placed two local banks of moderate importance. The four Banks belonging to class I held at the end of 1945 a total nominal capital of 1,650,000,000 lire as compared to a total capital of 74,907,800 lire held by the four Banks classified in the other two classes. The situation is one which was brought about by government action taken for rehabilitation, and more especially by the depression of 1931-33, and the then urgent need of coming to the assistance of the great commercial Banks with their frozen credits. It was thus that the Institute for Industrial Reconstruction — the I. R. I. —, through which the work of rehabilitating the banks has been carried out, became the largest shareholder in the public group. In spite of the discussions to which its functions have given rise, the I.R.I. is still the great Holding Concern for State participations; among these it holds most of the capital of the three Banks of national interest. To be precise, the I.R.I. holds 95.50 % of the shares of the *Banca Commerciale Italiana* (capital 700 mil-

lion lire), 80.8 % of the shares of the *Credito Italiano* (capital 500,000,000 lire), and 96.2 per cent of the shares of the *Banco di Roma* (capital 300,000,000 lire). It holds moreover in similar ratios the capital of two regional Banks. Altogether, it controls a banking capital amounting to 1,674,97,800 lire, equivalent to 58.46 % of the total capital of the Banking Companies we are reviewing. Lastly, three local Banks are affiliated to public Banking Corporations. These participations are of secondary importance in a total capital of 50 million lire. Thus the *Banco di Napoli* holds 96.8 % of the capital of the *Banca del Sud* of Messina; the *Monte dei Paschi* of Siena holds 82.6 % of the capital of the *Banca Toscana* of Florence; the *Cassa di Risparmio* (Savings Bank) of Bologna holds 100 % of the capital of the *Banco Felice Cavazza* of Bologna.

To sum up, the public group, consisting of a small number of banks, held a nominal capital of L. 1,724,907,800 (60.20 %); the private group consisting of 69 banks, had a nominal capital of L. 1,139,874,343 (39.80 %). Even if we major this amount by the capital of the Banking Companies not included in our survey and that of the several private banking firms, the sum only stands at L. 1,351,092,200. Thanks to the importance of the three Banks of National Interest, the public group was handling a volume of deposits amounting to 125,152 million 121,659 lira; the second, even if we were to include the Banking Companies not here considered and the private banking firms, only held deposits amounting to L. 78,833 million.

These figures clearly show the extent to which public ownership has entered the field of the Banking Companies, formerly reserved to private ownership, reducing the latter in Italy now to a definitely subordinate position in the banking system. Thus on December 31, 1945 the banking companies dominated by private capital only handled 24 % of the total volume of Italian bank deposits, as stated in the note 6; and moreover more than two fifths of this 24 % were managed not by "capitalistic" concerns, but by co-operative banks (Popular Banks and Rural Banks — *Banche popolari* and *Casse Rurali*). No less

than 76 % of the deposits were held by public institutes (Public Law Credit Institutes, Savings Banks and Post Office Savings Banks) or by Banking Companies dominated by public bodies.

This aspect of the present Italian banking system is closely connected with the problem of the nationalisation of the banks. This is not the place to discuss the problem from the point of view which are now being considered in Italy. Anyone who may wish for details on the matter can consult the results of the inquiry made by the Ministry for the Constituent Assembly which illustrates the several opinions about it (8). Here we will only remark that the transfer to public ownership of the three great commercial banks, which took place naturally, that is to say as the result of the spontaneous force of events in 1933, in the effort to find a solution for a dangerous situation, has shifted the objective point of the discussions on the subject of nationalisation.

Generally speaking, there is no more talk in Italy now of a general structural reform in this field; talk, if any, is only about amendments and improvements of the present structure. An important point to note is that few favour a return of the Banks of National Interest to the ownership of private shareholders. The great majority are against such a step, as they are convinced that the present arrangement has not been prejudicial to their efficiency, and may allow of more positive protection of general interest. A certain number would, indeed, wish that the existing situation, which arose empirically under the pressure of necessity, should be made permanent and improved by the liquidation of the minority of private shareholders still surviving in the three aforesaid Banks. On the other hand, there is a great preponderance of opinion in favour of the principle of preserving the present position held by private shareholders in the other Banking Companies. This general trend,—which has so far prevailed in France also—is in line with the prevailing opinion on the difference in the functions fulfilled by a great bank and those

(8) Rapporto della Commissione Economica - IV - Credito e Assicurazione - P. I. (page 329 et seq.).

fulfilled by the smaller banks whose work is limited to a region or a locality; and it reflects in a realistic spirit the requirements and peculiarities of the Italian banking structure which match the peculiar features of the economic structure of the country. As things stand, one conclusion would seem to be seriously justified and that is that the relations between public ownership and private ownership in the field of Italian banking activities have reached a fairly rational *de facto* balance, which is hardly likely to be displaced in any marked degree if the present political set-up continues. At most, it may be touched up in some particulars; thus, for instance, on the one hand the small participations still held by private shareholders in the three Banks of National Interest might be transferred to public ownership; and on the other, the participations held by public bodies in small banking companies might be transferred to private ownership. As a matter of fact, the problem of public or private ownership of the Banks no longer raises serious problems in Italy; the substantial problems now under discussion are of a different nature. They are the planning of national economic activities, the reorganisation of the public control of credit and investments, the profitability of the banks, the banking cartel, the revision of the territorial distribution of banking branches, etc.

4. — How were the shareholders and the subscribed capital distributed on December 31, 1945 among the several groups of Companies?

Table III already gives significant indications; but it somewhat over-simplifies the analysis by distinguishing only two groups of shareholders, to the first of which belong those holding shares for a nominal value not exceeding L. 500,000, to the second those holding amounts exceeding 500,000 lire. Table 3 is further elaborated in Table 4 which analyses in detail the distribution of the shareholders and of the capital, showing the absolute amounts and the percentages, classifying the shareholders in ten classes, rising from a minimum (up to a nominal value of 10,000 lire) to a maximum nominal of over 50 million lire. Moreover, so as to allow of interesting comparisons,

in addition to the two groups—private and public banks—into which the 77 Banking Companies fall, Table IV gives the figures for a third group consisting of the 27 more representative co-operative banks already referred to.

A mere comparison between the total number of shareholders and the total amount of capital of the groups and classes would lead to the conclusion that the capital of the Banking Companies is very much sub-divided. This would seem to be the case more especially for the group of the private banks but it would also be not inconsiderable in the case of the public group. Thus (a) in the "private group" a total capital of L. 1,139,874,343 is shown to be distributed among 66,517 shareholders; and (b) in the public group a total capital of L. 1,724 million 907,800 is held by 27,146 shareholders.

But the conclusions to which we are led are very different if we consider the classification of the shareholders and the capital among the several classes, divided according to the nominal value of the shares owned by each shareholder. For both groups the trend of this classification is of undoubted interest. The maximum density of the shareholders in the first classes is not matched by a similar density of capital; in the last classes we find instead the maximum density for the capital and the minimum density for the shareholders.

The comparison between the absolute and percentage figures of the sum total of the classes of capital up to L. 500,000 and of that of the classes of capital exceeding the maximum is particularly significant. Yet more so is the comparison between the first class (up to Lire 10,000) and the last two (from L. 10 million to L. 50 million and more).

Group of Privately Owned Banks: of the 66,517 shareholders returned for the 69 Banking Companies considered, 214 shareholders (0.32%) hold 62% of the capital (L. 707 million); the other 66,303 shareholders (99.68%) own only 38% of the capital (L. 432,869,193). 90.02% of the shareholders are included in the first class (up to L. 10,000), who own only 8.7% of the total capital; the classes of the largest capital holdings (IX and X) only account for 0.020% of the shareholders, but to them pertains no less than 29.63% of the capital.

DISTRIBUTION BY GROUPS AND CLASSES OF THE CAPITAL AND SHAREHOLDERS OF ITALIAN BANKING COMPANIES

Categories of shareholders in the . . .	1st class			2nd class			3rd class			Total		
	shareholders	%	amount of capital	shareholders	%	amount of capital	shareholders	%	amount of capital	shareholders	%	amount of capital
... private group												
Up to 10,000	36,098	93.35	48,285,700	17,571	81.70	33,227,980	5,771	5.71	16,135,108	59,874	90.02	97,648,688
10,001/25,000	1,033	3.105	17,444,700	1,441	6.95	24,059,600	4,14	4.14	6,859,200	3,085	4.58	31,393,630
25,001/50,000	593	1.83	21,215,600	753	3.63	27,028,700	1,30	1.30	12,527,800	1,674	2.52	47,672,110
50,001/100,000	283	0.88	20,964,400	489	2.36	35,373,420	1,40	1.40	11,246,920	911	1.38	67,184,740
100,001/500,000	214	0.73	44,643,300	374	1.80	77,141,800	1,70	1.70	33,184,930	778	1.18	154,970,125
500,001/1,000,000	13	0.04	8,026,800	48	0.23	36,249,150	6,33	6.33	19,041,400	89	0.13	63,318,410
1,000,001/5,000,000	2	0.07	29,959,700	49	0.24	109,427,600	30	0.32	61,299,320	101	0.15	202,697,520
5,000,001/10,000,000	2	0.01	11,127,000	12	0.06	79,549,400	3	0.03	12,657,900	16	0.02	103,495,800
10,000,001/50,000,000	—	—	—	7	0.03	158,981,520	27,31	27.31	—	7	0.01	178,621,000
over 50,000,000	1	0.005	178,621,000	—	—	—	—	—	—	—	—	—
	38,277	100	380,000,000	20,743	100	583,000,000	100	100	177,874,343	66,517	100	1,139,874,343
... public group												
Up to 10,000	19,799	91.32	27,164,600	5,346	98.44	41,157,800	7,57	7.57	322,660	25,180	92.75	31,645,360
10,001/25,000	1,107	5.18	19,849,000	59	1.09	911,600	1,66	1.66	—	1,228	4.54	17,760,500
25,001/50,000	387	1.86	15,154,300	16	0.29	610,500	1.11	1.11	—	493	1.81	12,760,800
50,001/100,000	177	0.82	12,915,500	3	0.06	226,800	0.41	0.41	—	180	0.66	13,241,300
100,001/500,000	123	0.57	29,676,000	3	0.06	700,200	1.27	1.27	—	126	0.46	22,379,100
500,001/1,000,000	10	0.05	6,004,000	—	—	—	—	—	—	10	0.04	6,004,000
1,000,001/5,000,000	10	0.05	15,514,500	2	0.04	3,131,200	5.70	5.70	—	12	0.04	18,645,700
5,000,001/10,000,000	—	—	—	1	0.02	20,397,000	17.15	17.15	—	3	0.01	40,071,400
10,000,001/50,000,000	1	0.004	16,785,000	1	0.02	24,772,700	15.83	15.83	—	5	0.02	41,557,200
over 50,000,000	4	0.02	1,510,933,300	—	—	—	—	—	—	4	0.01	1,510,933,300
	21,678	100	1,690,000,000	5,431	100	54,997,800	100	100	20,000,000	27,146	100	1,724,907,800
... cooperative group												
Up to 10,000	44,766	90.35	107,208,570	33,445	95.02	40,794,700	50.63	50.63	40,145,005	146,502	94.72	188,148,275
10,001/25,000	2,787	5.61	50,954,130	1,013	2.90	10,629,550	15.54	15.54	19,036,645	5,032	3.25	81,590,605
25,001/50,000	1,093	4.02	69,684,000	497	1.18	16,995,550	24.84	24.84	29,867,000	3,143	2.03	112,547,450
50,001/100,000	—	—	—	—	—	—	—	—	—	—	—	—
100,001/500,000	49,646	100	223,847,600	34,865	100	68,419,800	100	100	89,046,910	154,677	100	382,216,330

Group of Publicly Owned Banks: Of the 27,146 shareholders returned for the 8 Banking Companies considered, 31 shareholders (0.11 %), hold 93.76 % of the capital (L. 7,617 million 215,640); the other 27,115 shareholders (99.89 %) hold only 6.24 % of the capital (Lire 107,692,160). No less than 92.75 % of the shareholders are included in the lowest class (up to L. 10 thousand), and hold only 1.83 % of the capital; the class with the maximum holdings (over 50,000 million lire), represents only 0.014 per cent. of the shareholders but holds 87.60 per cent. of the capital.

We undoubtedly find a divergency in the degree of the phenomena noted as between the two groups of Banking Companies. For obvious reasons the phenomenon is much more marked in the group of publicly owned banks, in which the pulverisation of the mass of the shareholders is extremely high in the lower classes and the concentration of capital most marked in the higher classes, in which the I. R. I. has absolute prevalence, while the intermediate classes are much smaller than is the case for the group of the privately owned Banking Companies. The divergency should be noted. But it is a divergency which, viewed from the standpoint of the concentration of capital, does not allow of drawing a contrast between the two groups. Again, in the group of the privately owned Banking Companies the phenomenon of the concentration of capital exists in really remarkable proportions; as is only natural, the form of this concentration varies in each of the 69 Companies, and in some of them it is reduced to a minimum or disappears entirely; but seen in the aggregate—the only way in which the phenomenon can be publicly identified—it finds expression in incontrovertible figures. The Table here given afford very clear indications, and the data mentioned might seem sufficient. Should anyone however wish to study the phenomenon more minutely he need only examine attentively Table in those particulars which supply the analysis of the higher classes from VI to X. This analysis is decisive; it confirms the fact that even in the case of the Banking Companies dominated by private shareholders (individual of corporate bodies) the share capital is, generally speaking,

highly concentrated in the hands of a fairly small number of shareholders, and that we find it subdivided only in the case of the lower groups of shareholders, and more especially in the first in which holdings are very small; such subdivision in the lower categories is, in its turn a circumstance that facilitates the action of the exiguous predominating minorities.

Classes of the Private Group:

Class I, consisting of three inter-regional banks: the first category brings together nearly 93 % of the shareholders (30,098), who however hold only 12.7 % of the capital belonging to the class; on the other hand, the four larger categories (VII-X) bring together only 25 shareholders (approximately 0.080 %) owning almost 58 % of the capital.

Class II, consisting of 20 Regional and Provincial Banks: in the first category we find over 84 % of the shareholders (17,571), who however hold only 5.7 % of the capital of the class; on the other hand, the three higher categories (VII-IX) number 68 shareholders (0.33 %) possessing over 59 % of the capital.

Class III, consisting of 46 Banks, mostly of a local description. In the first category we find 94.4 % of the shareholder (12,205), who however hold only 9 % of the capital of the class; on the other hand, the three higher categories (VI-VIII) number 61 shareholders (0.45 per cent) possessing about 53 % of the capital.

A comparison with the 27 Co-operative Banks surveyed may be of use in showing more clearly the concentration of capital in the Banking Companies. The subdivision of capital in the co-operative banks is in their case a distinguishing feature, sanctioned by the law which fixes at L. 50,000 the maximum value of the shares any individual member may hold (9). Therefore, in the case of the co-operative banks, there are only three classes of shareholders corresponding to the lower categories. Among these three classes (see Table VI) a total capital of L. 382,216,330 was held by no fewer than 154,677 shareholders on December 31,

(9) This regulation is still in force although it has become anachronistic under the present conditions of the depreciation of the lira, and for some time past its revision has been desired.

1945. It is a fact that the first class accounted for 94.72 % (146,502) of the shareholders, holding about 50 % of the capital; nevertheless, the remaining half of the capital was distributed among 8,175 members (5.28 %). These data show, on the one hand, the confidence the co-operative banks had succeeded in securing among the class of small savers, and on the other make it doubtful whether steady and exclusive dominant minorities exist.

5. — The marked concentration of capital is therefore a typical general feature of the Italian Banking Companies as a whole. In the case of the major banks it is concentrated in a government holding; in the case of the medium sized and smaller banks it is concentrated in private hands. The former now form part of the National Estate; the latter head up to individuals, families, companies, small groups, varying in character and in their areas of activity, almost always Italian, in some cases foreign.

The relative importance of foreign capital in Italian Banking Companies may deserve the attention of the students of international economic relations, and we therefore add a few particulars on this matter.

Generally speaking, it should first be stated that international capital, although widely represented in almost all branches of Italian economy, has not large participations in the Banking Companies. During the present century it has gradually lost the initial importance it had for the Banking Companies which was originally without doubt very considerable, and it is now reduced to modest, marginal proportions. The phenomenon which might be described as "nationalisation" from the international point of view, has taken place parallel to that of the other internal "nationalisation", understood as meaning the change in the forms of ownership which, as above stated, has taken place *de facto* in the case of the three great commercial Banks under the pressure of various factors, among which the dangerous situation which arose during the economic depression. But while "internal" nation-

alisation has not yet been sanctioned by law, the possibility for foreign capital to hold shares in the major banks was limited by the Banking Law of 1936-37. Article 26 of that law prohibits foreign nationals from holding shares in the Banks of National Interest, except on condition that they renounce the right to vote. They can therefore only participate in such capital with full rights of control in the case of the Banking Companies of secondary importance.

As a matter of fact, only three Banking Companies are today controlled by foreign capital. Two of these may really be considered as branches of foreign banks organised in the form of Italian share companies (Barclay's Bank S. A. I., capital L. 50,000,000 and the American Express Company, capital L. 2 million 500,000); the third (Banca d'America e d'Italia, capital L. 200 million) is, on the other hand, a real Italian company in which the majority of the capital is foreign. All three are controlled by Anglo-Saxon capital. Taken as a whole, their capital amounted on December 31, 1945 to L. 252,500,000, equivalent to 8.8 % of the total capital invested in the 77 Banking Companies.

The concentration of capital in the case of the three Banks considered is very high, and may be compared to the degree of concentration found in the case of the Banking Companies owned by the Government through the agency of the I. R. I. The three foreign companies that exercise this control held, on December 31, 1945, nearly 9 % of the subscribed capital.

The capital belonging to foreign Companies or corporate bodies (including capital owned by the Holy See and by the extraterritorial ecclesiastical bodies) invested in Italian Banking Companies is insignificant. Held as minority "parcels" of more than L. 100,000 it has been estimated at about 12 million lire. The existence of minority capital holdings belonging to private foreigners has not been ascertained; but for the several reasons mentioned above its amount could not be such as to alter substantially the general situation here outlined.