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**RESEARCH SEMINAR**

organized by the

Centre for European Research in Microfinance

**Prof. Gianfranco VENTO**

(Regent's College, London, UK)

***“Financial Innovation, Social Goals  
and Microfinance:  
Are Public Policies and Regulation in the EU  
Countries on the Right Track?”***

**Thursday, May 3<sup>rd</sup>, 2012**

From 4.00pm to 5.30pm

At the **Salle des Conseils** (ground floor)  
of the **Warocqué School of Business and Economics**  
Université de Mons – UMONS

**Abstract:**

Financial innovation is currently questioned because it seems to create benefits mostly for the industry members and underestimates social costs; the recent financial crisis offered many confirms and examples. However, in micro and retail banking, many innovations improved the quality of life of millions of people and reduced the costs of products and services. Microfinance itself can be considered a successful financial innovation, broadly speaking.

On the other hand, the huge sovereign deficits and debts in the post-crisis era impose to maximize the impact of the public interventions addressed to reduce financial and social exclusion, in order to get the most from the existing scarce resources. Microfinance, by definition, has an explicit social goal, which is to give access to financial services to those who are financially excluded. Many studies argued that a widespread access to financial services can generate many positive externalities. Provided that microfinance is a key tool within ‘social finance’, the goal of this analysis is to investigate whether the public policies and the regulatory frameworks in the EU countries are designed towards the above-mentioned goals as well as if there are inconsistencies among the goals and the instruments used.

After an overview about public policies and regulation within the EU, the paper highlights the case of Italy, where recently a specific legislation for microcredit has been introduced. In Italy the public policies are mainly implemented through the Italian Agency for Microcredit as well as through a large number of programs promoted or sponsored by local governments. Nevertheless, the vast majority of these programs apparently did not meet their goals, because they were not well designed or contained conflict of interests. On the other hand, the recent regulatory framework seems to be designed for maintaining the Italian microfinance industry as a very limited phenomenon within the financial system and many grey areas have not been clarified.

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Please confirm your presence to [cermi@ulb.ac.be](mailto:cermi@ulb.ac.be) by April 30<sup>th</sup>, 2012.

