

THE GOLD IN THIS ITALIAN BANK IS ACTUALLY 430,000 WHEELS OF PARMESAN

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Credito Emiliano, a bank in Italy's Emilia-Romagna region, offers loans in exchange for uniquely Italian collateral: golden wheels of Parmigiano-Reggiano cheese.

Housed in a high-security complex surrounded by barbed wire, the bank, known locally as Credem, holds some 430,000 wheels of Parmigiano-Reggiano made by farmers in the area. The stacks sit 20 wheels high and are carefully monitored. Credem staffers regularly clean, rotate, prick, and even taste each wheel.

All told, these assets are reportedly worth around €190 million.

Parmigiano-Reggiano, or, as most Americans know it, Parmesan, is a northeastern Italian delicacy. Quality Italian Parmesan (e.g., not the stuff that comes pre-flaked in a plastic container) has a protected designation of origin, designated by the acronym “D.O.C.”

To qualify for D.O.C. status, specialty foodstuffs like Parmesan must satisfy rigid requirements. Under Italian law, D.O.C. Parmesan must be made in one of four areas: Bologna, Mantua, Modena, or Parma. Regulations specify the exact recipe and process cheesemakers must use, and aging requirements of 18 to 36 months.

“The producers face very long lead times,” Nikolaos Trichakis, an assistant professor in the Technology and Operations Management unit at Harvard Business School (HBS), told Forbes. “They basically have working capital tied to inventory for two years.”

Parmesan is particularly sensitive to market fluctuations, according to Trichakis, who co-authored a study at HBS called “Credem: Banking on Cheese.” Considered a luxury item, D.O.C. Parmesan is one of the first indulgences to go when belts are tightened during economic downturns. A 1 percent difference in demand can result in a whopping 10 percent change in market price, Trichakis says.

Credem is about 22 miles from Parma, the area from which the cheese gets its name.

“We are a traditional bank active in supporting Parmigiano-Reggiano producers,” Fausto Filippi, a banker from Credito Emiliano, said in a [video](#) covered in [The Washington Post](#). “The decision to use Parmigiano-Reggiano for this type of credit program is simply due to the fact that this is a typical product that is unique to this area.”

“They could shorten the maturation to cut down on costs,” Trichakis said, “But then the cheese that we eat would not be as tasty.” Client satisfaction is always a good investment.