Statistics and analyses

Report on financial investments of Italian households

Behavioural attitudes and approaches

2016

Survey

CONSOB
Commissione Nazionale per le Società e la Borsa

The Report presents evidence on the investment choices of Italian households with the aim of gaining insights as to how they manage investment decisions and the main risks they may take.

The Report is based on the Multifinanziaria Retail Market Survey and on the Observatory on 'The approach to finance and investment of Italian households', both conducted by GfK Eurisko and representative of Italian retail financial decision makers. For more information about the data, please see the Methodological notes at the end of this Report.

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Le scelte di investimento delle famiglie italiane

Ricchezza e risparmio delle famiglie nell'area euro

Negli ultimi anni, la ricchezza netta delle famiglie dell'Eurozona è aumentata (+3,2% nel 2015), mentre è rimasta sostanzialmente invariata in Italia (+0,4% circa nel 2015), dove l'aumento delle attività finanziarie (+5,2%) è stato controbilanciato dalla riduzione delle attività reali (-3%; Figure 1.1). Nell'area euro, il rafforzamento della situazione economica delle famiglie (testimoniato a partire dal 2013 dalla ripresa dell'occupazione e dall'aumento del reddito disponibile; Figure 1.2) è andato di pari passo con il costante miglioramento del *sentiment* degli operatori e il graduale ritorno del tasso di risparmio sui livelli pre-crisi (13%). In Italia, pur mostrando un andamento analogo a quello dell'Eurozona, il tasso di risparmio resta molto al di sotto dei valori di lungo periodo, segnando un divario crescente rispetto alla media europea (rispettivamente, circa il 10% e il 13% a fine 2015; Figure 1.3). Una maggiore percezione del rischio e un minore interesse per gli investimenti finanziari continuano a orientare le preferenze delle famiglie verso prodotti liquidi (circolante e depositi), prodotti assicurativi e fondi pensione, a fronte di una contrazione del peso di azioni e obbligazioni. Un andamento simile si registra anche in Italia, dove i fondi comuni hanno tuttavia sperimentato un netto recupero (Figure 1.4). Per quanto riguarda le passività finanziarie, nell'Eurozona la posizione delle famiglie è rimasta solida, come emerge anche dalla leggera diminuzione, a partire dal 2013, dell'incidenza del debito sia sulle attività finanziarie sia sul Pil (rispettivamente, 32% e 61% a fine 2015). I dati per l'Italia rimangono stabilmente inferiori alla media dell'area euro (attestandosi, rispettivamente, a 23% e 43% nel 2015), malgrado il differenziale si sia ridotto nel corso degli ultimi anni (Figure 1.5). I prestiti bancari alle famiglie, dopo la significativa contrazione negli anni precedenti, mostrano graduali segnali di ripresa a partire dalla fine del 2014, grazie al contributo positivo sia dell'offerta sia della domanda (Figure 1.6 e Figure 1.7) e alla costante diminuzione dei tassi sui prestiti bancari (Figure 1.8).

Conoscenze finanziarie e tratti comportamentali

Il Rapporto 2016 conferma il basso livello di conoscenze finanziarie delle famiglie italiane. Solo poco più del 40% degli intervistati è in grado di definire correttamente alcune nozioni di base, quali inflazione e rapporto fra rischio e rendimento; concetti più sofisticati riguardanti le caratteristiche dei prodotti più diffusi registrano percentuali anche inferiori (fino all'11%; Figure 2.1). Il livello di conoscenze finanziarie, omogeneo tra generi, è più elevato per i soggetti più istruiti e i residenti in Italia settentrionale (Figure 2.2). Più del 20% degli intervistati dichiara di non avere familiarità con alcuno strumento finanziario (il dato scende all'8% per il sotto-campione degli investitori), mentre il restante 80% indica più frequentemente i titoli del debito pubblico e le obbligazioni bancarie, seguiti da azioni quotate e fondi azionari (Figure 2.3). La ridotta alfabetizzazione finanziaria incide sensibilmente sulla comprensione dell'andamento dei mercati e di nuovi fenomeni congiunturali. Con riguardo, ad esempio, ai titoli di Stato dell'Eurozona connotati da rendimenti negativi, la stragrande maggioranza degli intervistati non è in grado di esprimere un'opinione (40%) ovvero considera tali strumenti troppo rischiosi (38%); soltanto il 23% del campione si mostra in grado di comprendere il fenomeno ponendolo in relazione con il *trade-off* rischio-rendimento (Figure 2.4).
Oltre allo scarso livello di conoscenze finanziarie, le scelte degli individui possono essere influenzate anche da una percezione distorta delle proprie competenze (*overconfidence*).

Circa l'85% degli intervistati si attribuisce capacità almeno nella media con riferimento alle decisioni di risparmio, amministrazione del bilancio familiare e controllo delle spese inutili (mentre si reputano sopra la media rispettivamente il 28%, 30% e 38% dei decisori finanziari); il dato scende a 69% e 61% rispettivamente con riguardo alla capacità di comprendere prodotti finanziari di base e di compiere scelte di investimento corrette (valutate sopra la media dal 21% e dal 13% del campione; Figure 2.5). La propensione a ritenere le proprie capacità superiori alla media è significativamente maggiore fra gli investitori rispetto ai non investitori; mostra una certa variabilità per genere e ambiti decisionali (in particolare, le donne si valutano in maniera molto positiva rispetto al controllo delle spese più frequentemente degli uomini, ma mostrano l'attitudine opposta rispetto alle scelte di investimento) e sembra essere correlata a età e ricchezza finanziaria (Figure 2.6 e Figure 2.7).

Il concetto di diversificazione dovrebbe far parte del bagaglio conoscitivo anche degli investitori meno esperti. Le evidenze raccolte, tuttavia, rivelano che solo il 6% degli intervistati conosce le implicazioni di una corretta diversificazione delle attività finanziarie, mentre il 52% o ne coglie solo un aspetto, dichiarandosi disposto a investire in numerosi titoli a basso rischio (erronea diversificazione), o non comprende il *trade-off* fra rischio e rendimento, dichiarandosi disposto a investire soltanto in prodotti a basso rischio e alto rendimento. Gli altri intervistati segnalano l'attitudine verso taluni *bias* comportamentali, quali: il cosiddetto *small-portfolio bias* (ossia la tendenza a investire una piccola somma di denaro in una sola attività finanziaria, riferibile al 20% del campione); l'*overconfidence in private information* (i.e. la propensione a comprare solo titoli che si conoscono molto bene, evidenziando una possibile sopravalutazione della propria capacità di accedere a informazioni 'importanti'; 18%); l'*information overload* (ossia la disponibilità a investire in pochi titoli poiché non si è in grado di elaborare troppe informazioni, riferita dal 10% degli intervistati; Figure 2.8). Le diverse declinazioni di scorretta diversificazione si ritrovano più spesso tra i meno istruiti e i meno benestanti mentre, con riguardo alle differenze di genere, gli uomini sembrano più inclini all'*overconfidence in private information* e le donne propendono più di frequente verso la *erroneous diversification* (Figure 2.9). Emerge, infine, che le conoscenze finanziarie non mettono totalmente al riparo da errori, poiché gli individui con un livello di *literacy* elevato più frequentemente degli altri sembrano esposti alla cosiddetta erronea diversificazione ovvero rivelano la non comprensione della relazione rischio-rendimento (Figure 2.10).

Un ulteriore fattore che può incidere sulla qualità delle scelte finanziarie è l'attitudine verso la cosiddetta contabilità mentale, ossia la tendenza a suddividere il denaro disponibile in una serie di conti separati secondo criteri soggettivi, quali per esempio la fonte e lo scopo delle disponibilità allocate a uno specifico conto. Dai dati per il 2016 si evince che solo il 6% degli intervistati è orientato ad applicare un approccio di portafoglio alle scelte di investimento, mentre il 23% dei decisori finanziari appare propenso a scegliere secondo un sistema di conti mentali (soprattutto i più anziani, i più istruiti e i più abbienti; Figure 2.11 e Figure 2.12).

Le scelte di investimento sono orientate anche dalla dimensione di rischio finanziario percepita come più rilevante. La metà circa degli italiani identifica il rischio con la possibilità di subire perdite in conto capitale; il 25% con la variabilità dei rendimenti; il 20% con la possibilità di conseguire rendimenti inferiori a quelli attesi e con l'esposizione alla congiuntura dei mercati (Figure 2.13). La percezione del rischio sembra essere correlata alla cultura finanziaria: i soggetti con minori conoscenze finanziarie tendono a dare enfasi al rischio di non comprendere le informazioni ricevute e di ricevere un'insufficiente tutela legale, mentre le persone più esperte sono più spesso sensibili ai trend di mercato e al rischio di liquidità (Figure 2.14).

Il processo decisionale in materia di scelte finanziarie

Scelte finanziarie adeguate presuppongono una opportuna gestione di consumi e risparmi e, in particolare nell'ambito delle decisioni di investimento, la corretta individuazione di obiettivi, orizzonte temporale, aspettative di guadagno, capacità finanziaria di sostenere eventuali perdite e propensione al rischio.

Il controllo e le modalità di monitoraggio delle spese sono un aspetto importante della capacità di gestire i consumi. Le evidenze raccolte per il 2016 mostrano che l'abitudine a tenere traccia scritta delle spese, identificabile con il comportamento più virtuoso, è riconducibile solo al 30% degli intervistati; il restante 70% si affida alla memoria, monitora in modo approssimativo o non sa indicare (Figure A1). Mentre non emergono eterogeneità significative in funzione di età, livello di istruzione e classi di ricchezza, il controllo delle spese è più sistematico tra gli investitori rispetto ai non investitori (Figure A2). L'abitudine a risparmiare in modo regolare (segnalata dal 60% dell'intero campione) viene dichiarata dal 71% degli investitori contro il 53% dei non investitori che più spesso hanno difficoltà a 'far quadrare il bilancio' (rispettivamente, 32% e 13%). La propensione a risparmiare è maggiore per gli intervistati di età compresa tra i 35 e i 44 anni e superiore ai 65 anni, in possesso di un diploma di laurea e più abbienti (Figure A3).

Gran parte degli investitori non ha piena consapevolezza dei fattori da ponderare prima di investire: in particolare, l'orizzonte temporale viene preso in considerazione solo dal 24% degli intervistati, gli obiettivi dal 18%, le aspettative di guadagno e la capacità economica di assumere rischi dal 15% circa, mentre poco meno del 39% dichiara di non avere nessuna particolare attitudine al processo decisionale di investimento. Comportamenti più consapevoli si accompagnano più di frequente a maggiori conoscenze finanziarie, soprattutto nell'ambito delle decisioni di investimento (Figure A4 - Figure A5).

Scelte e abitudini di investimento

A partire dal 2008, la partecipazione delle famiglie ai mercati finanziari ha subito una contrazione proporzionalmente maggiore per le donne, le fasce d'età e di ricchezza intermedie e i residenti nelle regioni meridionali. Negli ultimi anni, tuttavia, il dato ha mostrato un graduale recupero verso valori prossimi al livello pre-crisi: a fine 2015, in particolare, la quota di famiglie che possedeva almeno un prodotto finanziario si è attestata al 50% del totale a fronte del 55% nel 2007. In dettaglio, è diminuita la partecipazione relativa a titoli del debito pubblico domestico, prodotti del risparmio gestito e azioni quotate italiane. Per contro è aumentata la quota di famiglie che possiedono obbligazioni bancarie italiane, il prodotto più diffuso a fine 2015 (Figure 3.1 e Figure 3.2). In linea con le dinamiche sulla partecipazione, dopo il 2007 la composizione del portafoglio degli investitori italiani ha riflesso l'accresciuto interesse per depositi bancari e postali (la cui incidenza sulle attività totali è passata dal 38% nel 2007 al 52% nel 2015), a fronte della diminuzione della quota di ricchezza detenuta in azioni (-43%), titoli del debito pubblico (-23%) e obbligazioni (-19%; Figure 3.3). Gli elementi chiave che incoraggiano la partecipazione ai mercati finanziari sono la possibilità di acquistare prodotti con capitale e/o rendimento minimo garantito e la fiducia negli intermediari (come riferito, rispettivamente, dal 72% e del 53% degli investitori), mentre la mancanza di risparmi da investire (60%), il timore di incorrere in perdite in conto capitale (20%), l'esposizione agli andamenti di mercato (15%) e la mancanza di fiducia negli intermediari (più del 10%) sono i fattori che hanno disincentivato la partecipazione ai mercati (Figure 3.4).

Per quanto riguarda lo stile di investimento, il 24% degli intervistati decide in maniera autonoma, il 38% segue i suggerimenti di familiari e colleghi (cosiddetto *informal advice*), il 28% chiede consiglio a un professionista e il restante 10% delega un esperto (Figure 3.5). Il ricorso alla consulenza informale, più frequente tra gli investitori uomini e i lavoratori autonomi, tende ad associarsi negativamente con il livello di istruzione e positivamente con la ricchezza (Figure 3.6). Il ricorso alla consulenza professionale, invece, cresce al crescere della cultura finanziaria (Figure 3.7) e si riduce per gli *overconfident* (Figure 3.8).

La scelta di partecipare ai mercati finanziari e lo stile di investimento adottato sembrano associarsi a taluni *bias* cognitivi legati all'attitudine verso una scarsa/errata diversificazione di portafoglio e la contabilità mentale: in particolare, i non investitori esibiscono più frequentemente una bassa comprensione del concetto di diversificazione (Figure 3.9) e una minore propensione verso la contabilità mentale rispetto agli investitori (Figure 3.10). Con riferimento alla correlazione tra percezione soggettiva del rischio finanziario e modello decisionale adottato, coloro che investono in autonomia sembrano più sensibili al rischio di perdere il capitale investito, mentre la preoccupazione per l'andamento dei mercati rileva sia per gli individui che si affidano ai consigli di un professionista sia per coloro che scelgono l'*informal advice* (Figure 3.11).

La domanda di consulenza

Circa il 60% circa degli intervistati non conosce nessuno dei servizi di investimento previsti dalla normativa vigente: il dato è significativamente più elevato per il sotto-campione dei non investitori rispetto al gruppo degli investitori (rispettivamente 70% e 30%). La percentuale di coloro che dichiarano di avere familiarità con i servizi di investimento oscilla tra il 7% (per il servizio di ricevimento e trasmissione di ordini) e il 30% (servizio di gestione di portafoglio; Figure 4.1). In linea con questa evidenza, la maggior parte degli intervistati (più dell'80% dei non investitori e il 50% degli investitori) non è in grado di identificare nella consulenza e nella gestione di portafoglio i servizi che garantiscono il più alto livello di tutela per effetto dell'obbligo della valutazione di adeguatezza dei prodotti al profilo del clienti.

A fine 2015, l'80% circa delle famiglie attive sul mercato finanziario dichiarava di servirsi della consulenza su base ristretta (ossia riferita a un insieme limitato di strumenti finanziari) ovvero avanzata (basata su un'ampia gamma di prodotti e su una valutazione di adeguatezza periodica) o indipendente (ossia fornita da un professionista che non riceve commissioni da banche o da altre società, essendo remunerato esclusivamente dal cliente, e che offre consigli personalizzati in merito a una ampia gamma di prodotti). Solo il 28% di queste famiglie, tuttavia, riferisce di avvalersi di consulenza MiFID (ossia di raccomandazioni personalizzate e riferite a uno specifico strumento finanziario); le rimanenti fruiscono di consulenza passiva o generica (basate su raccomandazioni generiche e bassi livelli di interazione con il consulente; Figure 4.2). Tra le motivazioni che scoraggiano il ricorso alla consulenza le principali sono la dimensione ridotta degli investimenti (34%), la consuetudine a investire in prodotti considerati molto semplici (28%) e la mancanza di fiducia negli intermediari (22%; Figure 4.3). Tra i fattori che potrebbero elevare la fiducia riposta nei consulenti, si annoverano l'impegno a guidare i clienti nella comprensione dei rischi e nel monitoraggio degli investimenti (35% circa) nonché l'indipendenza (quasi il 25%) e la certificazione delle competenze dell'esperto (15%). Inoltre, circa il 15% degli investitori definisce la fiducia come una percezione soggettiva, alimentata dall'istinto piuttosto che da specifiche caratteristiche o abilità del consulente; tale percezione è più diffusa tra i non investitori (21%), che nella metà dei casi non sono comunque in grado di indicare alcun elemento che possa accrescere la fiducia nel professionista.

La scelta del consulente è basata soprattutto sulle indicazioni dell'istituto di credito di riferimento (come riportato dal 50% circa degli intervistati che fruiscono del servizio o delegano le decisioni di investimento a un professionista), mentre meno del 20% decide dopo aver valutato più di un'alternativa tra quelle disponibili sul mercato (Figure 4.4). Come di consueto, la consulenza MiFID viene fornita prevalentemente su iniziativa dell'esperto e solo nel 7% dei casi su impulso dell'investitore; un terzo degli intervistati inoltre non sa individuare chi sia il soggetto 'proponente' (Figure 4.5). Sia la consulenza MiFID sia la consulenza avanzata risultano diffuse soprattutto tra i soggetti con livello di istruzione elevato, i lavoratori autonomi, i residenti in Italia settentrionale e i più abbienti (Figure 4.6 e Figure 4.7). I fruitori del servizio di consulenza MiFID sono in genere più aggiornati degli altri investitori e acquisiscono informazioni anche attraverso fonti e canali ulteriori rispetto all'esperto (Figure 4.8). Essi, inoltre, detengono attività rischiose (come azioni e obbligazioni) in percentuali superiori rispetto agli investitori che si avvalgono di consulenza generica o passiva (Figure 4.9).

La propensione a remunerare il consulente rimane ancora contenuta e riferita, in media, dal 25% degli intervistati; il dato raggiunge il 50% tra gli investitori assistiti dal servizio MiFID e aumenta, *ceteris paribus*, al crescere di ricchezza finanziaria e livello di istruzione (Figure 4.10 e Figure 4.11). Tra coloro che si dichiarano interessati alla consulenza indipendente, la modalità di pagamento preferita sarebbe quella prevalentemente commisurata alle *performance* del portafoglio (Figure 4.12). La disponibilità a pagare per il servizio fruito è legata anche alla capacità di formulare un giudizio sul proprio consulente e alla percezione della qualità del consiglio ricevuto.

Con riferimento al primo profilo, è significativo che la maggioranza degli intervistati non abbia un'opinione sul proprio consulente (in media 60%; il dato scende a 45% per i fruitori di consulenza MiFID) mentre, tra coloro che sono in grado di individuare elementi di giudizio, emergono soprattutto l'apprezzamento per la capacità di comprendere bisogni e obiettivi del cliente e la maggiore rilevanza riconosciuta agli aspetti emotivi ed empatici della relazione (come la disponibilità e l'attenzione verso il cliente) rispetto all'assenza di conflitti di interessi (Figure 4.13).

Il secondo aspetto (ossia la percezione della qualità delle raccomandazioni) può essere desunto dalla propensione a seguire i consigli ricevuti, riferita complessivamente dal 65% degli intervistati, prevalentemente soggetti che fruiscono della consulenza ristretta e individui con minori conoscenze finanziarie. Tra i motivi per cui i consigli dei consulenti non vengono seguiti, rilevano soprattutto la mancanza di fiducia (per oltre il 40% dei soggetti interessati) e l'affidamento a parenti e amici (riferibile al 20% del sotto-gruppo considerato; Figure 4.14 e Figure 4.15).

La maggior parte degli investitori non è pienamente consapevole del fatto che la qualità della consulenza ricevuta dipende anche dalle informazioni fornite al consulente e si mostra disponibile a offrire all'intermediario solo un quadro incompleto degli elementi informativi necessari alla valutazione di adeguatezza del servizio offerto (Figure 4.16). Tale evidenza è coerente con la scarsa attitudine a strutturare il processo decisionale in modo da tener conto dei fattori che più rilevano ai fini di scelte d'investimento corrette e consapevoli (Figure 4.17).

Focus: *robo-advice* e *crowdfunding*

La digitalizzazione è destinata a modificare rapidamente l'intermediazione finanziaria. Innovazioni di portata dirompente hanno già ridefinito in maniera radicale il modo in cui prodotti e servizi finanziari vengono strutturati, distribuiti e utilizzati. Tra queste innovazioni, l'automazione della consulenza finanziaria (cosiddetto *robo-advice*) e la raccolta di capitali attraverso piattaforme di *crowdfunding* sono fenomeni particolarmente rilevanti anche per il possibile impatto sugli investitori *retail*. Oltre ai potenziali rischi, oggetto di indagine da parte delle autorità regolatrici nazionali e internazionali, tali fenomeni potrebbero essere forieri di alcuni benefici. Il *robo-advice* potrebbe aumentare la fruibilità dei servizi di consulenza da parte di una platea di investitori sempre più ampia per via dei costi contenuti. Il *crowdfunding* potrebbe consentire alle imprese, soprattutto medio-piccole, di accedere a forme di finanziamento alternative al tradizionale credito bancario che, in conseguenza del modificato contesto di riferimento, ha subito una progressiva contrazione. Il legislatore italiano ha ritenuto che il cosiddetto *equity crowdfunding* potesse risultare uno strumento adatto a soddisfare le esigenze finanziarie delle *start-up* innovative che, in virtù del d.lgs. 179/2012, convertito nella l. 221/2012, possono sollecitare il pubblico risparmio attraverso piattaforme web (successivamente, il d.l. 3/2015 convertito nella legge 33/2015, ha esteso il novero delle società legittimate a offrire strumenti finanziari tramite portali *online* anche alle piccole e medie imprese innovative e agli organismi di investimento collettivo del risparmio che investono prevalentemente in tali società).

Lo sviluppo della consulenza automatizzata e del *crowdfunding* presuppone che gli investitori al dettaglio siano dotati di un'appropriata cultura digitale, siano a conoscenza delle opportunità disponibili (e dei relativi rischi) e siano intenzionati a servirsene.

In Italia, alla fine del 2015 la cultura digitale degli utenti di Internet, corrispondenti al 65% circa della popolazione, è alta solo nel 30% dei casi e si riduce al crescere dell'età degli intervistati (Figure 5.1). Con particolare riferimento all'uso di Internet nell'ambito delle decisioni di investimento, la quota di famiglie che fa ricorso al web per reperire dati e notizie utili a compiere e a monitorare le scelte finanziarie, sebbene in crescita, supera di poco il 12% (Figure 5.2).

La consulenza automatizzata risulta sconosciuta alla grande maggioranza degli intervistati (74%), i quali dichiarano di essere comunque poco disposti a fruirne per timore di possibili truffe (66%; Figure 5.3).

Anche il *crowdfunding* è un fenomeno relativamente poco conosciuto, visto che solo il 26% degli individui dichiara di averne almeno sentito parlare. Il 58% degli intervistati riferisce, ancora una volta, di non essere disposto a investire attraverso una piattaforma di *crowdfunding* per timore di restare vittima di una truffa (Figure 5.5). Gli strumenti emessi da piccole imprese e offerti *online* sono considerati una possibile opzione di investimento solo nel 19% dei casi. Dei soggetti che si dichiarano interessati, la metà investirebbe meno di 1.000 euro, il 34% fino a 5.000 euro e il 16% cifre superiori (Figure 5.6). Gli intervistati che hanno manifestato interesse per il *robo-advice* e per il *crowdfunding* mostrano caratteristiche comuni: si tratta in genere di persone connotate da elevati livelli di istruzione e alfabetizzazione finanziaria (Figure 5.4 e Figure 5.6).

A fine 2015, i portali di *equity crowdfunding* autorizzati dalla Consob erano 19, di cui solo 9 attivi. A giugno 2016, risultavano concluse 36 campagne su un totale di 48; di queste 19 si sono chiuse con successo (Figure 5.7). I sottoscrittori *retail* sono prevalentemente uomini, di età compresa tra i 36 e i 49 anni, residenti nelle regioni settentrionali e, nel 40% dei casi, nella stessa area in cui è localizzata l'iniziativa finanziata (Figure 5.8 e Figure 5.9).

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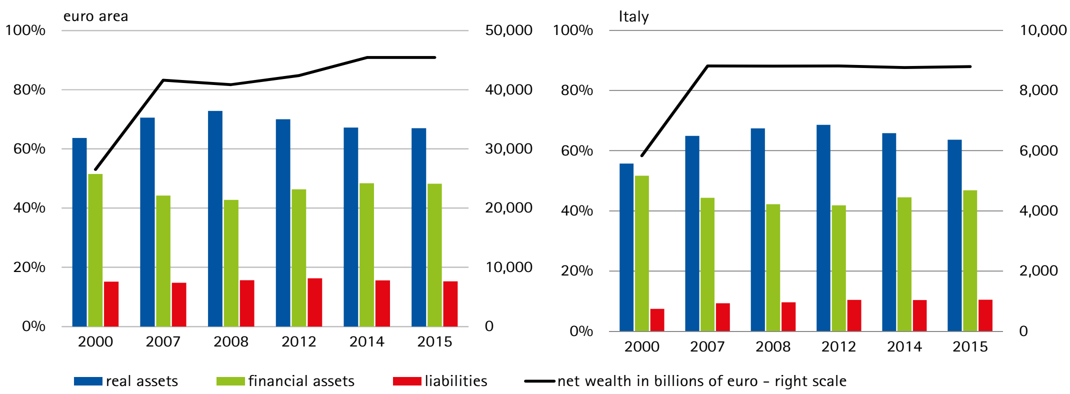
Trends in household wealth and saving

In the last years, household net wealth has kept rising in the Eurozone (+3.2% in 2015), while remaining substantially stable in Italy (approximately +0.4% in 2015), where the increase in financial assets (+5.2%) was offset by the reduction in real assets' value (-3%; Figure 1.1). In the euro area, the improvement in household economic conditions (on rising employment rate and disposable income) recorded since 2013 (Figure 1.2) has gone with a steady progress of economic sentiment and a reversal in the slump of the saving rate, now almost back to its pre-crisis level (13%). The Italian saving rate (about 10% at the end of last year) remains far below its historical level, and keeps marking a widening gap with the Eurozone average (Figure 1.3). As a legacy of the crisis, muted risk perception and low interest environment keep triggering households' preference towards liquid products (i.e. cash and deposits, steadily above their 2007 level), insurance products and pension funds, at the expense of direct holdings in shares and debt instruments. Similar trends are recorded in Italy, where mutual funds have experienced a marked recovery too (Figure 1.4). In terms of financial liabilities, in the Eurozone household position has remained robust, with the liability-to-asset ratio and the debt-to-GDP ratio slightly declining since 2011 and reaching, at the end of 2015, 32% and 61% respectively. In Italy, indebtedness ratios are stable and persistently below those in other euro area countries (23% and 43% respectively), although the gap has been narrowing in the last years (Figure 1.5). Bank loans to households, after the slump experienced in the aftermath of the financial crisis, are now witnessing a recovery supported by progress on both the supply side (Figure 1.6) and the demand side (Figure 1.7) and reinforced by the on-going decline in bank lending interest rates (Figure 1.8).

In the last years, household net wealth has kept rising in the Eurozone, while remaining substantially stable in Italy.

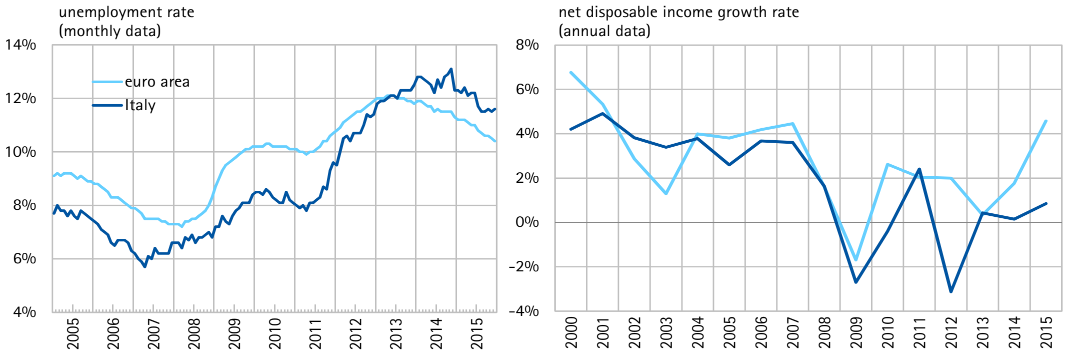
Figure 1.1 – Household net wealth: level and composition
(annual data)



Source: ECB and Bank of Italy. Net wealth is the sum of real and financial assets net of financial liabilities.

In the euro area, the improvement in household economic conditions (on rising employment rate and disposable income) recorded since 2013 ...

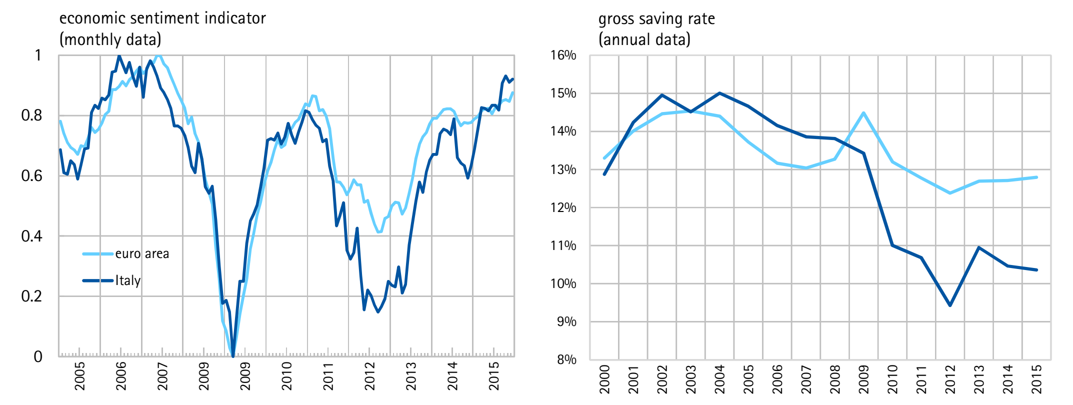
Figure 1.2 – Unemployment rate and net disposable income



Source: Eurostat, Istat.

... has gone with a steady progress of economic sentiment and a reversal in the slump of the saving rate, now almost back to its pre-crisis level. The Italian saving rate remains far below its historical level.

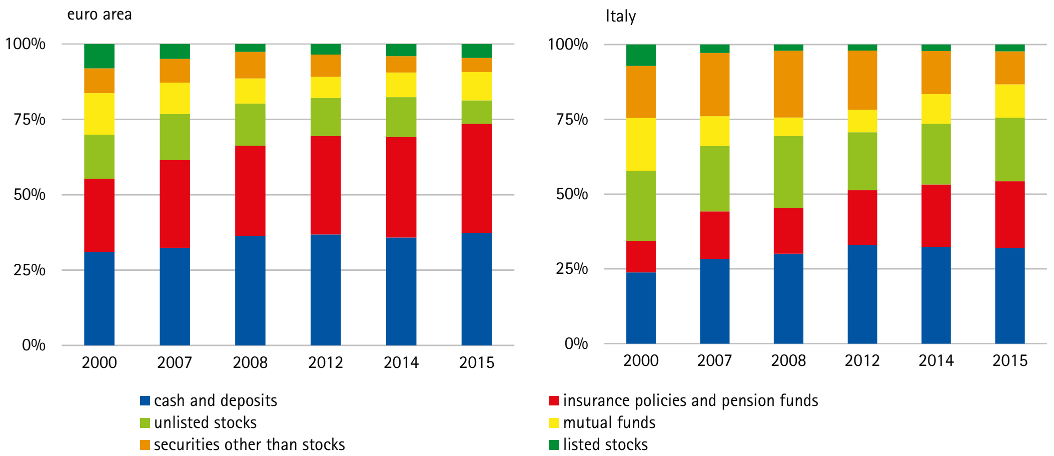
Figure 1.3 – Economic sentiment indicator and gross saving rate



Source: OECD and European Commission. The economic sentiment indicator (seasonally adjusted time series) ranges from 0 (minimum value) to 1 (maximum value). The gross saving rate of households (including non-profit institutions serving households) is defined as gross saving divided by gross disposable income.

As a legacy of the crisis, muted risk perception and low interest environment keep triggering households' preference towards liquid products (i.e. cash and deposits), insurance products and pension funds, at the expense of direct holdings in shares and debt instruments.

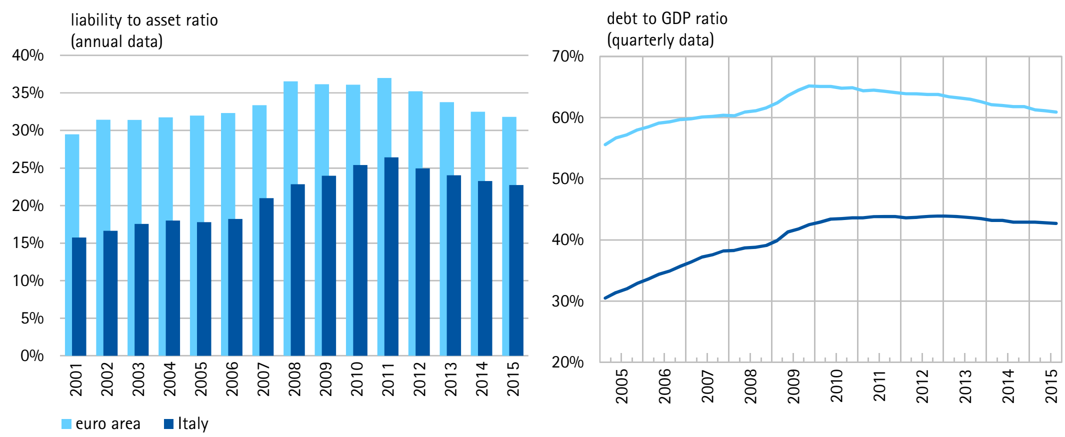
Figure 1.4 – Breakdown of household financial wealth by type of assets



Source: Eurostat.

Household financial position has remained robust in the Eurozone, with a slight deleveraging since 2011. Italian household indebtedness ratios are persistently below the euro area average, although the gap has been narrowing in the last years.

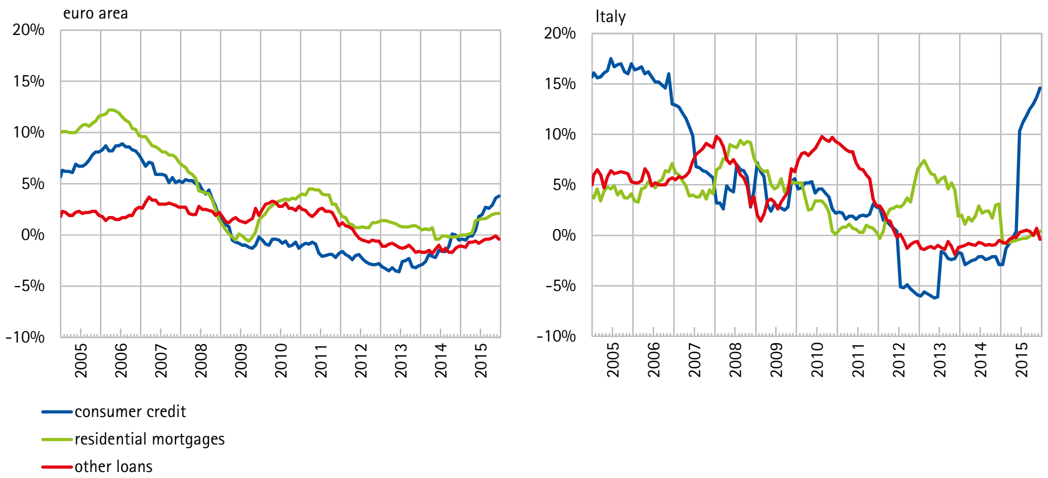
Figure 1.5 – Household liabilities



Source: ECB, Bank of Italy, Banque de France.

Bank loans to households, after the slump experienced in the aftermath of the financial crisis, are now witnessing a recovery supported by progress on the supply side ...

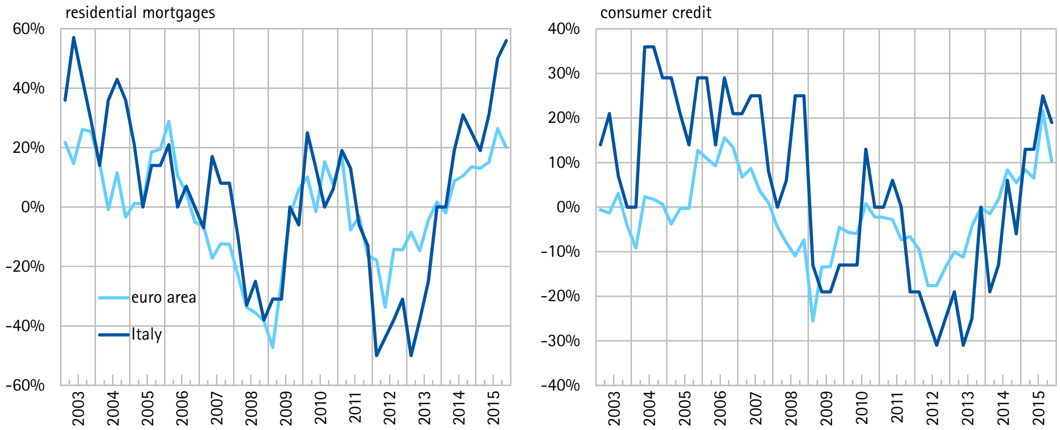
Figure 1.6 – Bank loans to households
(monthly data)



Source: ECB.

... and the demand side ...

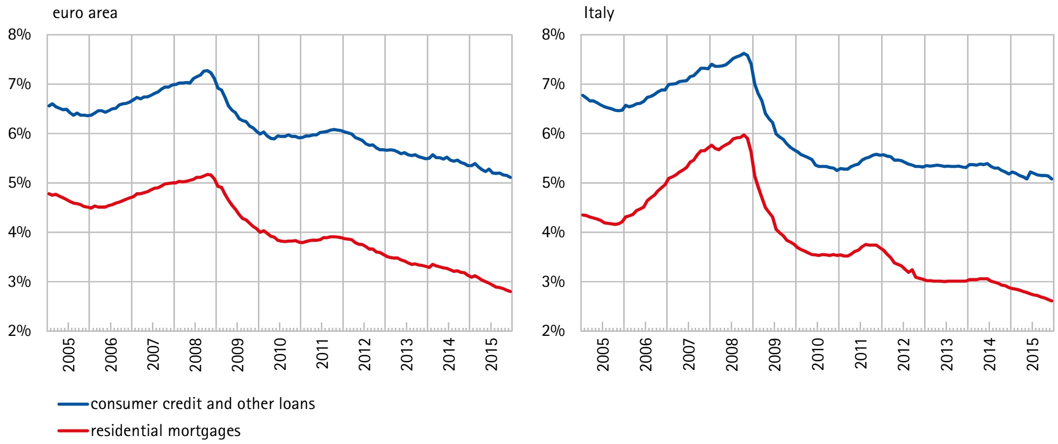
Figure 1.7 – Household demand for bank loans
(quarterly data)



Source: ECB Bank lending survey. The demand for bank loans is defined as the net percentage of banks reporting an increase demand.

... and reinforced by the on-going decline in bank lending interest rates.

Figure 1.8 – Interest rates on bank loans to households
(monthly data)



Source: ECB.

Financial knowledge and personal traits

The 2016 Survey confirms alarmingly low levels of financial knowledge among Italian households. Questions on basic notions sitting at the heart of financial choices, such as inflation and risk-return relationship, record slightly more than 40% of correct answers. As for advanced questions, addressing knowledge of the characteristics of the most common products, the percentage of correct responses ranges from 41% to 11%. 'Don't know' answers prevail across almost all the items inspected, weighing from 34% of total responses as for the question on risk-return trade-off up to 66% as for risk ranking of deposits, stocks and stock funds (Figure 2.1). The proportion of correct and 'don't know' answers are homogenous across genders (Figure 2.2).

Another dimension of literacy is captured by individuals' acquaintance with financial instruments: more than 20% of respondents are not familiar with any product (8% for the subsample of investors), while the remaining 80% report to know mainly government and bank bonds followed by listed stocks and stock funds (Figure 2.3). Low financial literacy severely affects the understanding of market trends and new phenomena, such as negative yield bonds. Indeed, the vast majority of the interviewees are either unable to give an opinion (40%) or judge these instruments too risky (38%). Only 23% of respondents show a correct understanding, by motivating their approach towards negative yield securities on the basis of their risk attitude (Figure 2.4).

Beyond low financial knowledge, investment choices may be hindered by individuals' self-assessment of their own financial capabilities and overconfidence. The 2016 Survey shows that Italian decision makers perceive their abilities in saving, monitoring household budget and avoiding useless expenses as at least on average in around 85% of the cases, while these proportions reach 69% and 61% of the cases when it comes, respectively, to understanding basic products and making good investment decisions (Figure 2.5). High self-assessment is significantly higher among investors than those who do not participate in financial markets and shows some degree of variation across tasks and socio-demographics segments (Figure 2.6 and Figure 2.7).

Poor outcomes of financial choices may result from under-diversification, which in turn may be driven by low knowledge as well as cognitive biases. Indeed, portfolio diversification is correctly understood only by 6% of respondents, while the remaining reveal either misunderstanding of risk/return relationship or attitudes potentially ascribable to a number of biases (Figure 2.8). In general, propensity towards under-diversification is more frequently detected among less educated and less wealthy individuals; also gender differences do sometimes play a role. Although misunderstandings of diversification are more frequently detected among low-literate respondents, financial knowledge is not always associated to the correct behaviour (Figure 2.9 e Figure 2.10). Financial decision making may also be driven by mental accounting: investment decisions, for instance, may mirror the separation between a safe investment portfolio and a speculative portfolio in order to protect safe investments from the potential negative returns of the speculative investments. People's tendency to split their money into separate accounts according to a number of subjective criteria (like the source of the money and the purpose of each account) is shown by 23% of the interviewees, while only 6% are inclined towards a portfolio management approach (Figure 2.11 and Figure 2.12).

Perception of financial risk may vary across individuals depending on the dimensions they consider more important. About half of the Italian financial decision makers (both investors and non-investors) identify risk with capital losses, followed by variability of returns (about 25%), lower than expected returns and exposure to market trends (both around 20%; Figure 2.13). Consideration of risk dimensions shows some degree of variation depending on financial education. Low-literate respondents exhibit a higher sensitivity to the risk of misunderstanding of financial information and insufficient legal protection, whilst high-literate individuals are most frequently concerned about market trends and liquidity risk (Figure 2.14).

2016
Survey

Italian households' financial knowledge keeps being alarmingly low, as revealed by the small proportion of individuals showing correct understanding of some basic and advanced concepts. 'Don't know' responses prevail across almost all the items inspected.

Figure 2.1 – Financial knowledge

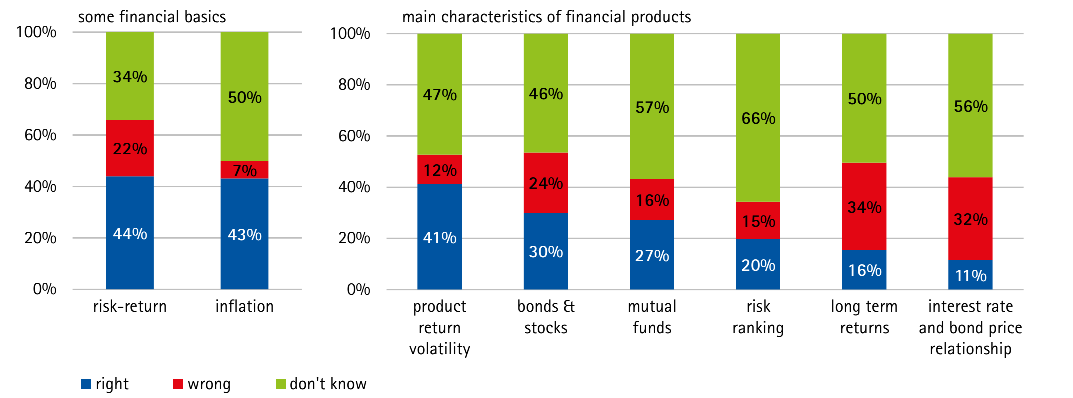
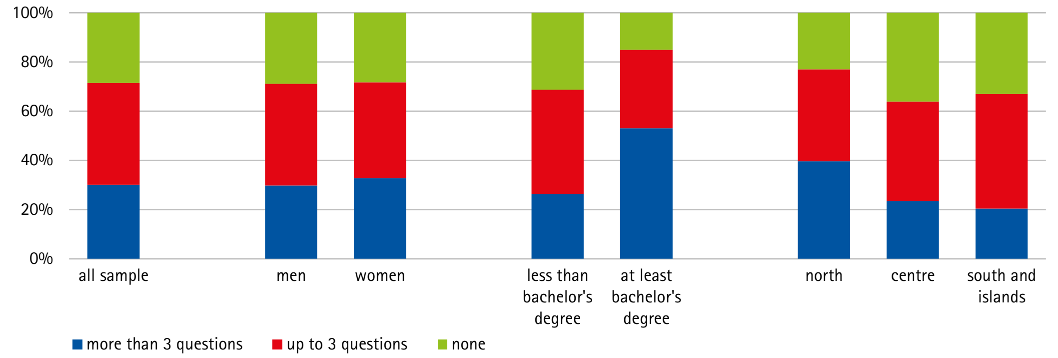


Figure reports percentages of correct, wrong and 'don't know' answers to questions about: risk/return relationship (Q1); inflation (Q2); financial instruments' return volatility (Q3); main characteristics of bonds and stocks (Q4); main characteristics of mutual funds (Q5); risk ranking of some common financial products (Q6); expected long term return of some common financial products (Q7); interest rates and bond prices relationship (Q8; see Methodological notes about financial knowledge indicators). Source: calculations on GfK Eurisko data – Observatory on 'The approach to finance and investments of Italian households'.

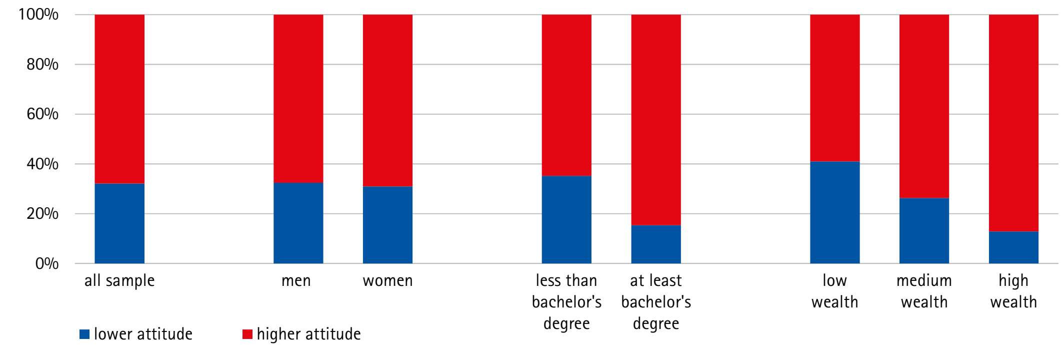
The proportion of correct answers is homogenous across genders, while being higher among more educated and residents in the North of Italy. The propensity to answer 'don't know' rather than hazarding a guess involves the most part of respondents (mainly highly educated and wealthy).

Figure 2.2 – Financial knowledge by some socio-demographic characteristics

breakdown by number of correct answers



breakdown by attitude to answer 'don't know'



Figures refer to questions about: risk/return relationship (Q1); inflation (Q2); financial instruments' return volatility (Q3); main characteristics of bonds and stocks (Q4); main characteristics of mutual funds (Q5); risk ranking of some common financial products (Q6); expected long term return of some common financial products (Q7); interest rates and bond prices relationship (Q8; see Figure 2.1). The second figure reports the sample breakdown by an indicator based on the 'don't know' answers, which is a dummy equal to 1 when the average of the 'don't know' answers to financial knowledge questions is greater than the sample median (see Methodological notes about financial knowledge indicators). Financial wealth categories are defined as follows: 'low' up to 10,000€; 'medium' from 10,000 to 50,000€; 'high' greater than 50,000€. Source: calculations on GfK Eurisko data – Observatory on 'The approach to finance and investments of Italian households'.

More than 20% of respondents are not familiar with any product, while the remaining 80% report to be acquainted mainly with government and bank bonds.

Figure 2.3 – Familiarity with alternative investment options

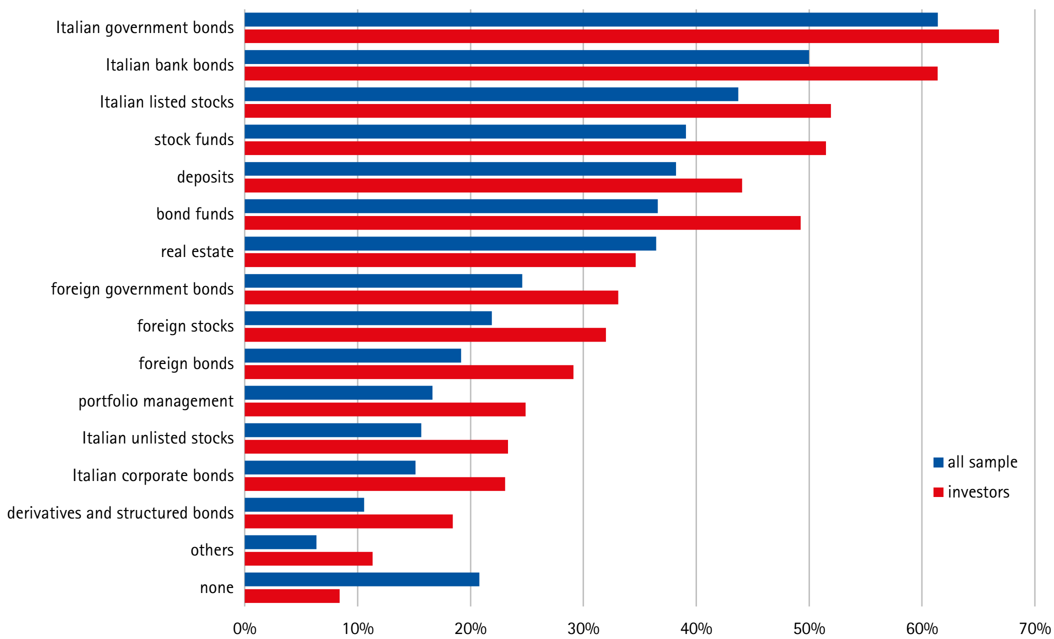


Figure refers to the following question: 'Which financial product/service do you know?'. Source: calculations on GfK Eurisko data – Observatory on 'The approach to finance and investments of Italian households'.

The vast majority of the interviewees show poor understanding of negative yield bonds, being either unable to give an opinion or judging them as too risky. Only 23% of respondents correctly state the relationship between risk and return. Interest in negative yield government bonds is reported only by 14% of the individuals, more frequently women, highly educated and literate, and wealthy.

Figure 2.4 – Understanding of negative yield bonds

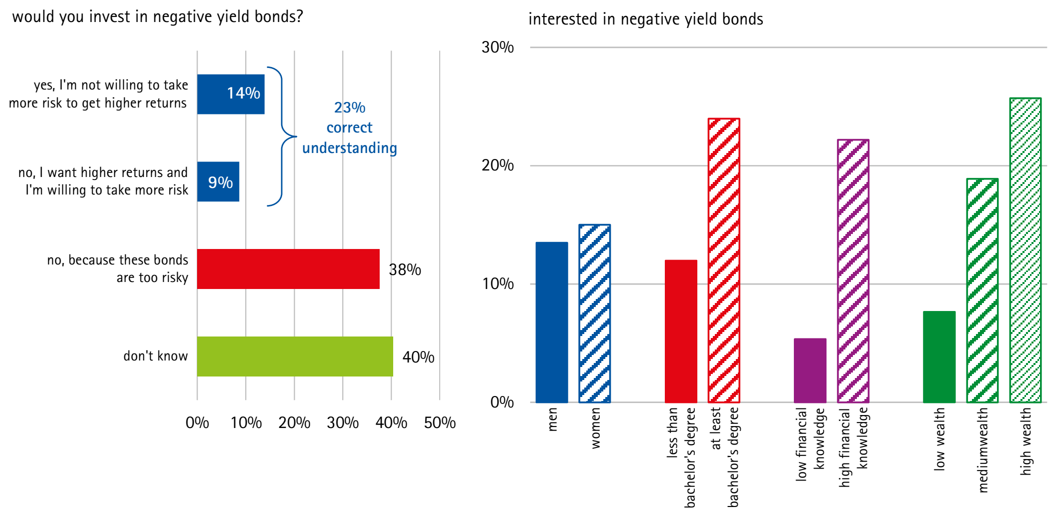
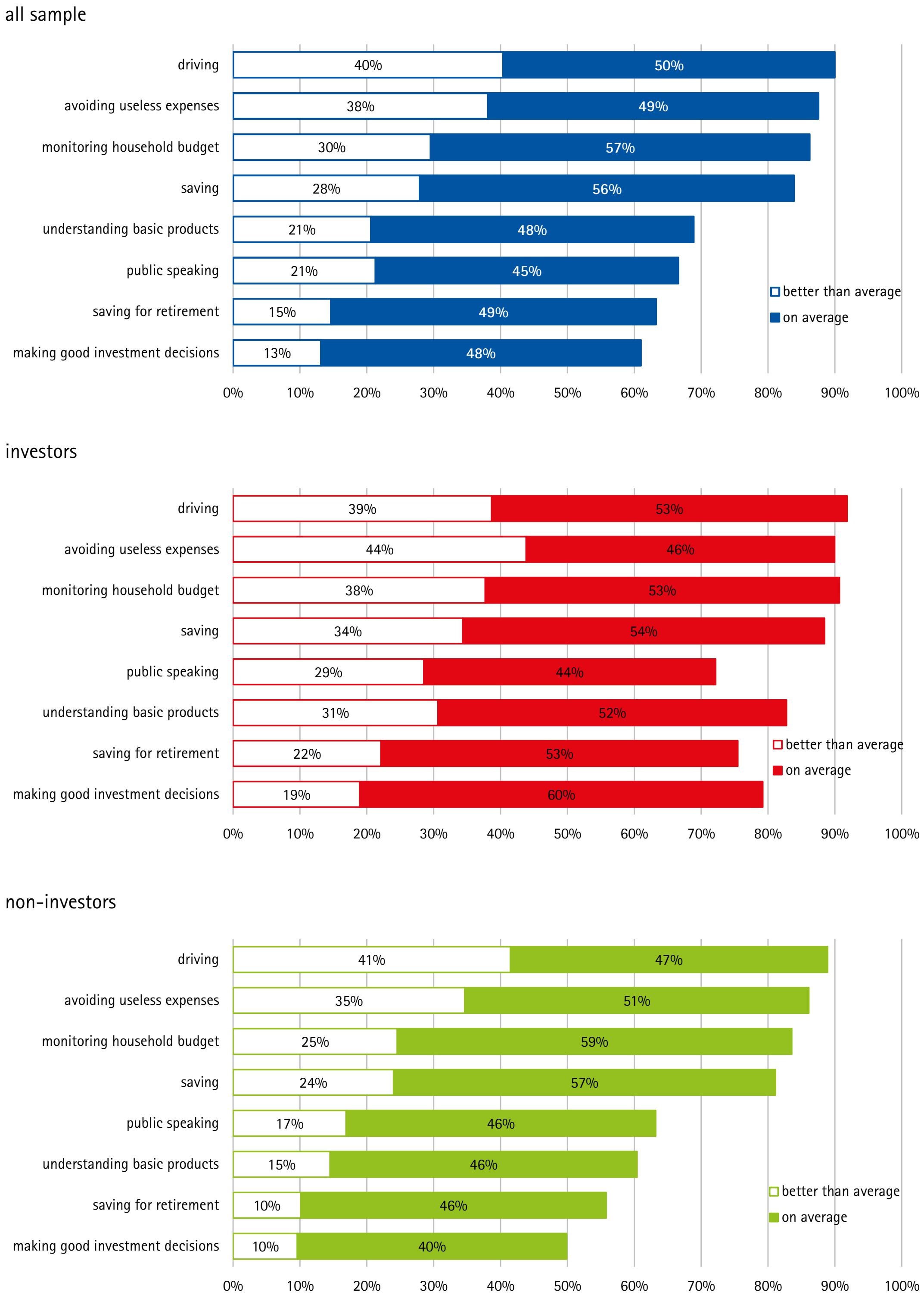


Figure on the left hand side refers to the following question: 'As a consequence of inflation, the interest rate actually earned by the investor (real interest rate) may be lower than the interest rate paid by the financial product (nominal rate). Therefore, when the inflation rate is higher than the nominal interest rate, real interest rate is negative. In the current economic and financial context, nominal interest rate is very low for a number of financial products; furthermore, the interest rate paid by short term government bonds in some euro area countries – including Italy – is currently negative. Would you invest in negative yield bonds?'. Figure on the right hand side refers to the subsample of interviewees reporting to be interested in investing in negative yield bonds. Financial knowledge is measured through the 'factor indicator' (i.e. the first principal component of the correct, incorrect and 'don't know' answers rescaled by the easiness of questions; see Methodological notes). Source: calculations on GfK Eurisko data – Observatory on 'The approach to finance and investments of Italian households'.

Almost 30% to 40% of Italian decision makers regard their abilities in saving, monitoring household budget and avoiding useless expenses as better-than-average. Slightly more than 21% are self-confident about understanding basic products and 13% about making good investment decisions. Self-confidence in financial matters is significantly higher among investors than non-investors.

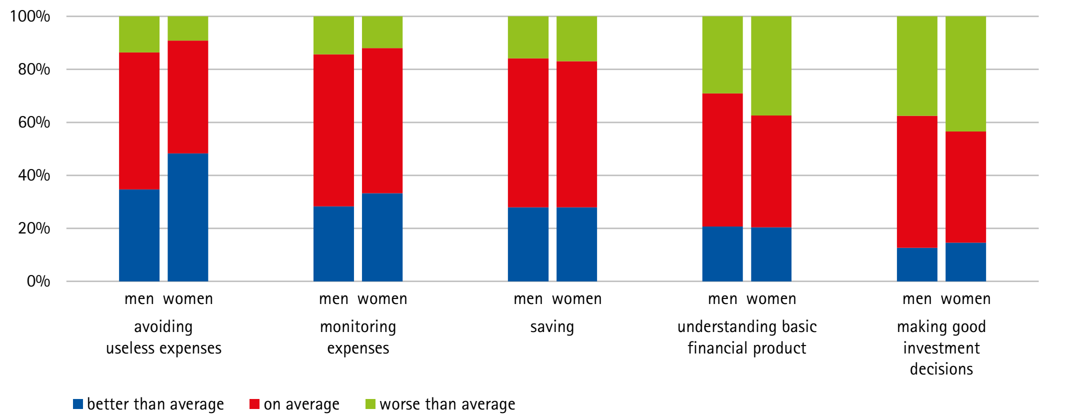
Figure 2.5 – Self-assessment of financial capabilities



Figures report the percentage of individuals who regard themselves as 'better than average' or 'slightly better than average', and 'on average' on each specified item (being the other options: 'slightly worse than average' and 'worse than average'). Source: calculations on GfK Eurisko data – Observatory on 'The approach to finance and investments of Italian households'.

Women are more frequently willing to rate their attitude towards tracking expenses as better-than-average, but are more prone to be under-confident about their skills in understanding basic products and making good investment decisions. As for the relationship with other socio-demo characteristics…

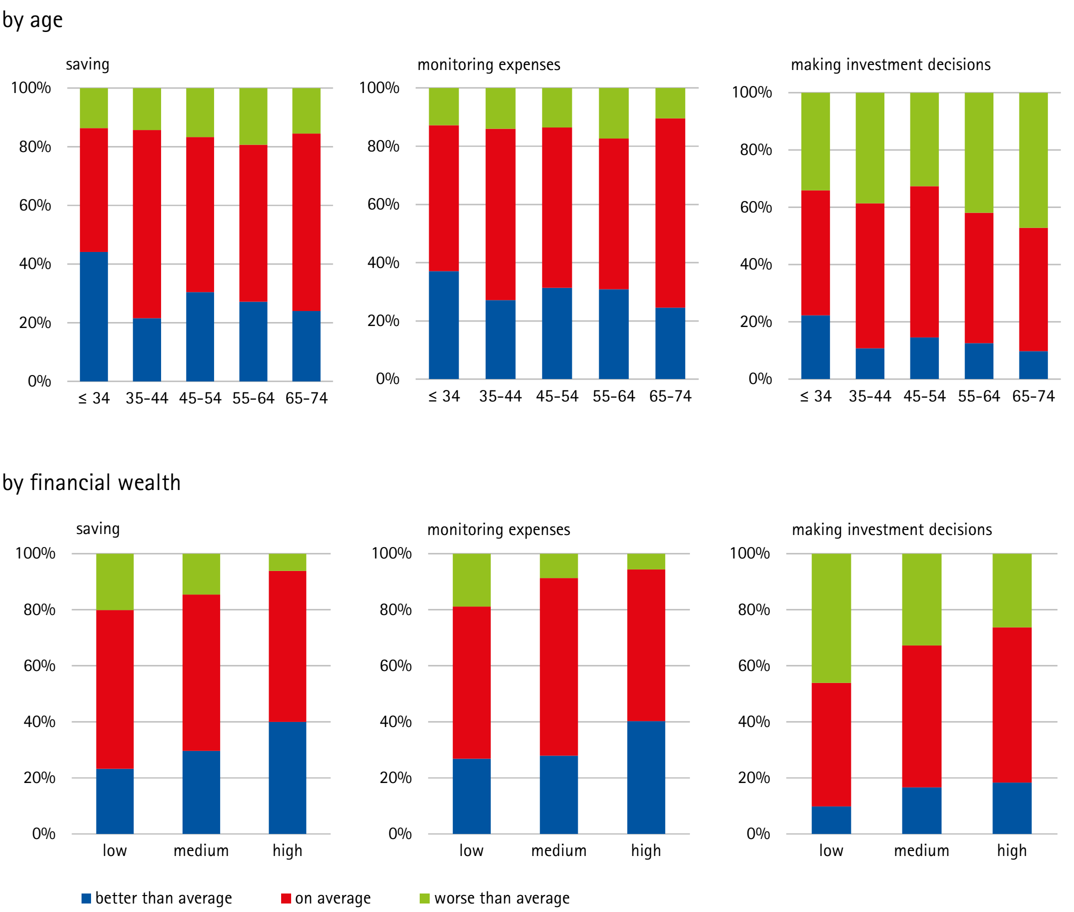
Figure 2.6 – Gender gap in self-assessment of financial capabilities



Source: calculations on GfK Eurisko data – Observatory on 'The approach to finance and investments of Italian households'.

… the attitude to judge one's own financial capabilities better-than-average is more frequent among younger and wealthy respondents.

Figure 2.7 – Self-assessment of financial capabilities by age and financial wealth



Financial wealth categories are defined as follows: 'low' up to 10,000€; 'medium' from 10,000 to 50,000€; 'high' greater than 50,000€. Source: calculations on GfK Eurisko data – Observatory on 'The approach to finance and investments of Italian households'.

Attitude towards correct portfolio diversification is reported only by 6% of respondents, whilst the others reveal either misunderstanding of risk/return trade-off or a number of biases, such as small-portfolio bias (investing only a small sum in a single asset), erroneous diversification (buying many different low-risk assets) and possible overconfidence in private information (buying only very well-known products).

Figure 2.8 – Attitudes towards portfolio diversification

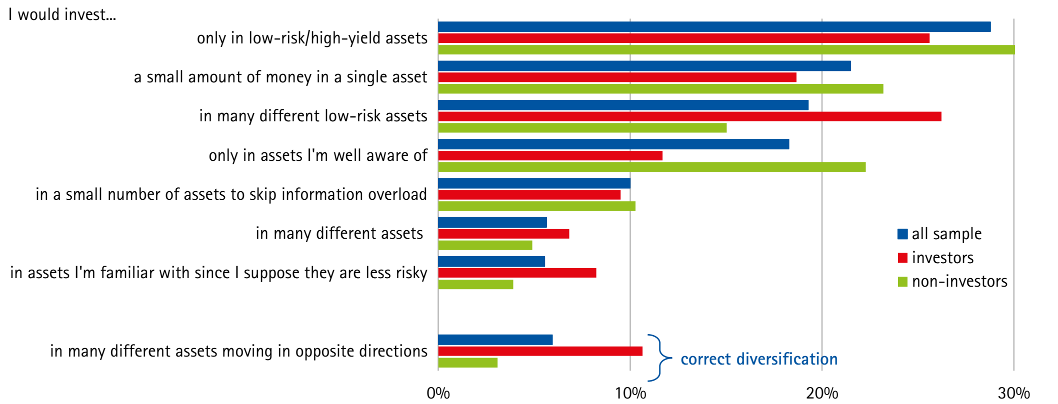
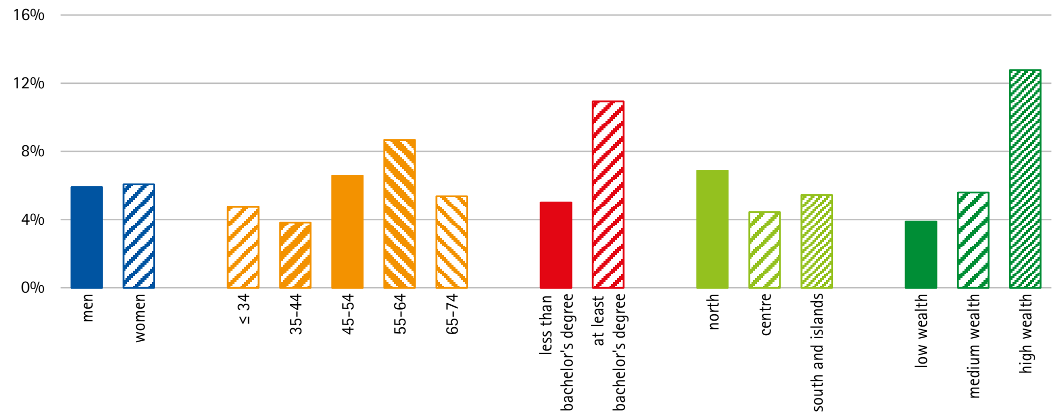


Figure refers to the following question: 'Which of the following best describes your portfolio management approach?', being the answers: 'I would invest only in low-risk/high-yield assets (*low financial literacy*); I would invest a small amount of money in a single asset (*small portfolio bias*); I would invest in many different low-risk assets (*erroneous diversification*); I would invest only in assets I'm well aware of (*overconfidence in private information*); I would invest in a small number of assets to skip information overload (*information overload*); I would invest in many different assets (*naive diversification*); I would invest in assets I'm familiar with since I suppose they are less risky (*familiarity/home bias*); I would invest in many different assets moving in opposite directions (*correct portfolio diversification*)'. Source: calculations on GfK Eurisko data – Observatory on 'The approach to finance and investments of Italian households'.

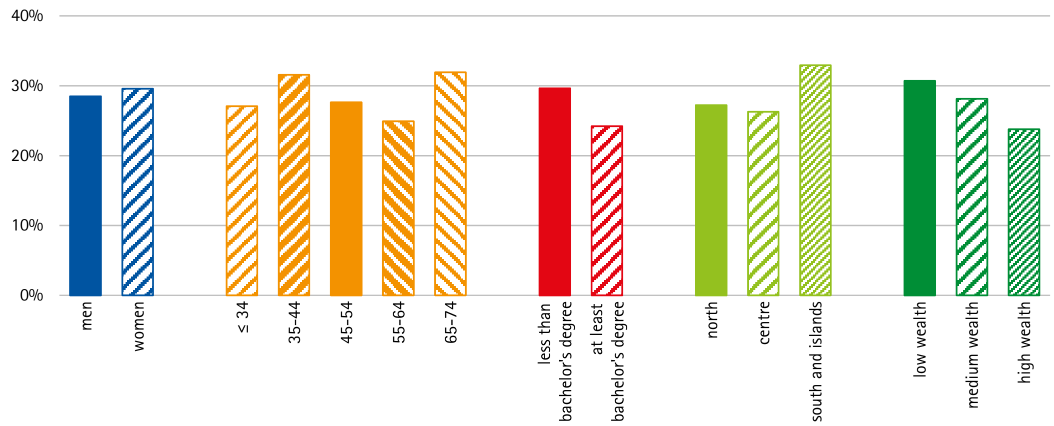
In general, propensity towards under-diversification is more frequently detected among less educated and less wealthy individuals. Gender differences do sometimes play a role, as men appear to be more inclined towards overconfidence in private information than women are, while the opposite holds true when it comes to erroneous diversification.

Figure 2.9 – Attitudes towards portfolio diversification by some socio-demographic characteristics

I would invest in many different assets moving in opposite directions (correct diversification)

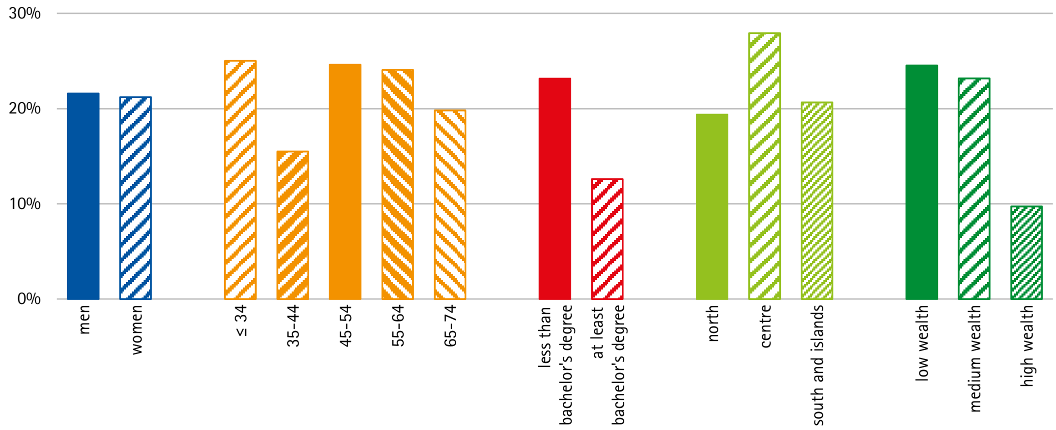


I would invest in low-risk/high-yield assets (low financial knowledge)

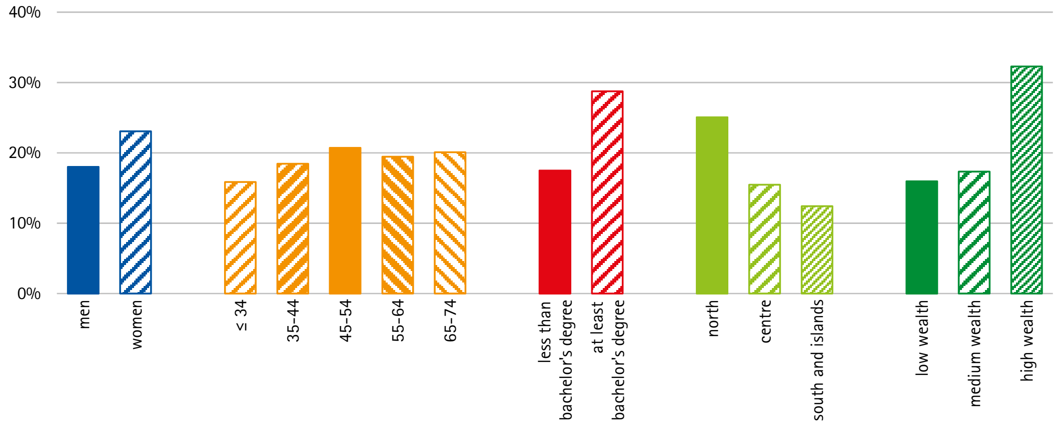


cont. Figure 2.9 – Attitudes towards portfolio diversification by some socio-demographic characteristics

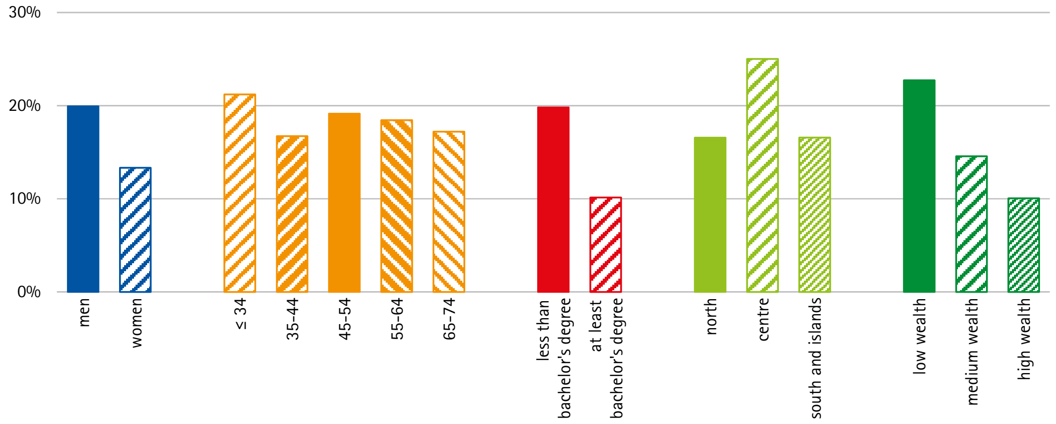
I would invest a small amount of money in a single asset (small portfolio diversification)



I would invest in many different low-risk assets (erroneous diversification)



I would invest in assets I'm well aware of (overconfidence in private information)



Figures refer to the following question: 'Which of the following best describes your portfolio management approach?'. Financial wealth categories are defined as follows: 'low' up to 10,000€; 'medium' from 10,000 to 50,000€; 'high' greater than 50,000€. Source: calculations on GfK Eurisko data – Observatory on 'The approach to finance and investments of Italian households'.

Although misunderstandings about diversification are more frequently detected among low-literate respondents, financial knowledge is not always associated to the correct behaviour. Those reporting to prefer a low-risk/high-return portfolio and those willing to invest in many different low-risk assets (erroneous diversification) are indeed more frequent among high-literate individuals.

Figure 2.10 – Attitudes towards portfolio diversification by financial knowledge

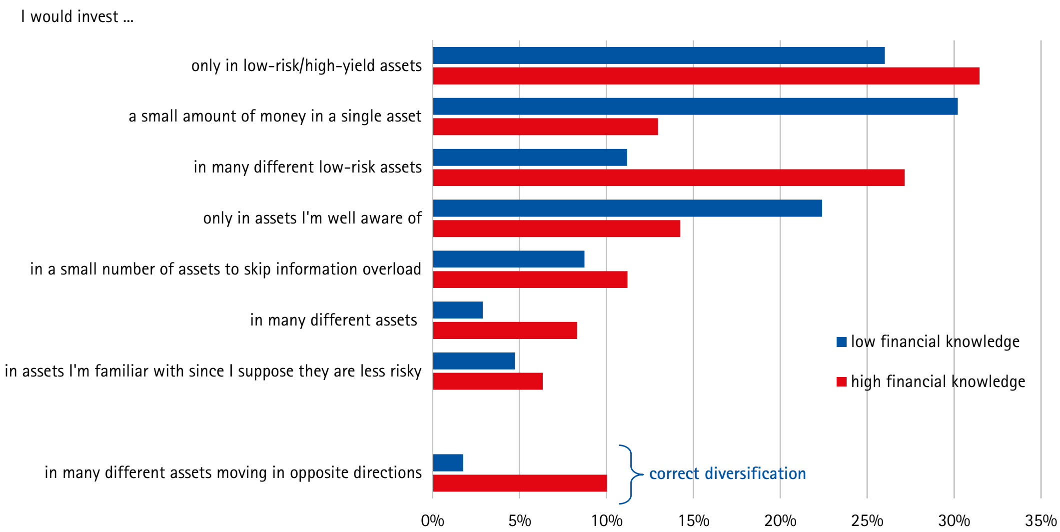


Figure refers to the following question: 'Which of the following best describes your portfolio management approach?'. Financial knowledge is measured through the 'factor indicator' (i.e. the first principal component of the correct, incorrect and 'don't know' answers rescaled by the easiness of questions; see Methodological notes). Source: calculations on GfK Eurisko data – Observatory on 'The approach to finance and investments of Italian households'.

Mental accounting, i.e. people's tendency to separate their money into different accounts based on its source or purpose, is exhibited by 23% of interviewees ...

Figure 2.11 – Attitudes towards mental accounting

In order to enhance my portfolio performance by assuming more risk...

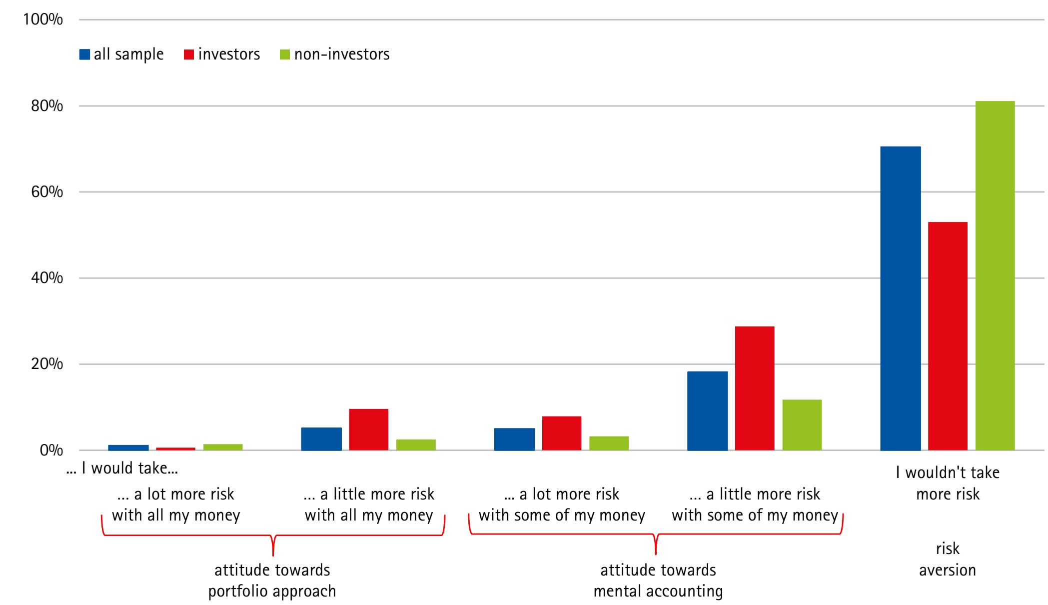


Figure refers to the following question: 'Considering that that high-yield is always associated with high risks, what would you do in order to enhance your portfolio performance? I would take: a lot more risk with all my money; a lot more risk with some of my money; a little more risk with all my money; a little more risk with some of my money; I wouldn't take more risk'. Source: calculations on GfK Eurisko data – Observatory on 'The approach to finance and investments of Italian households'.

... with higher frequencies found among elder, high-educated, high-literate and wealthy people.

Figure 2.12 – Attitudes towards mental accounting by some socio-demographic characteristics and financial knowledge

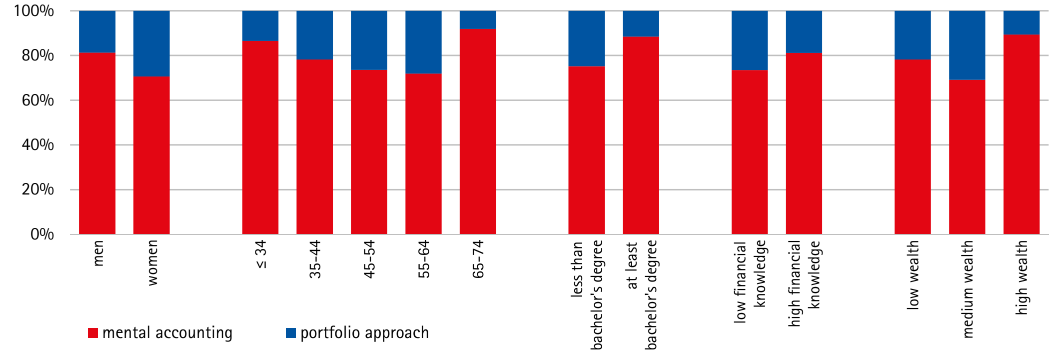


Figure refers to the following question: 'Considering that that high-yield is always associated with high risks, what would you do in order to enhance your portfolio performance? I would take: a lot more risk with all my money; a lot more risk with some of my money; a little more risk with all my money; a little more risk with some of my money; I wouldn't take more risk'. Financial knowledge is measured through the 'factor indicator' (i.e. the first principal component of the correct, incorrect and 'don't know' answers rescaled by the easiness of questions; see Methodological notes). Financial wealth categories are defined as follows: 'low' up to 10,000€; 'medium' from 10,000 to 50,000€; 'high' greater than 50,000€. Source: calculations on GfK Eurisko data – Observatory on 'The approach to finance and investments of Italian households'.

About half of the Italian financial decision makers (both investors and non-investors) identify risk with capital losses, followed by variability of returns, lower than expected returns and exposure to market trends.

Figure 2.13 – Perceived relevance of risk dimensions

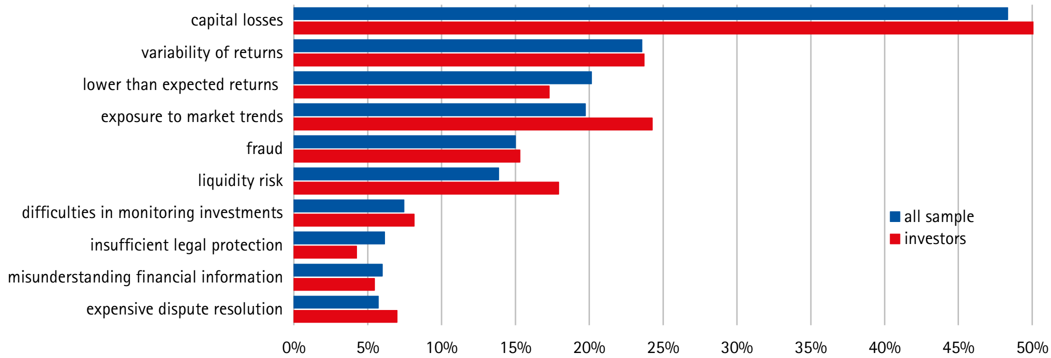
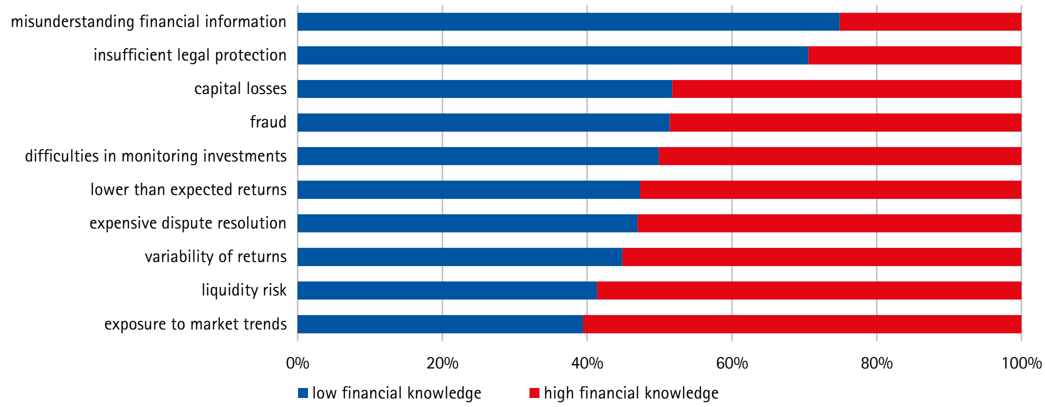


Figure refers to the following question: 'What do you mean by «financial risk»?' (multiple answers allowed). Source: calculations on GfK Eurisko data – Observatory on 'The approach to finance and investments of Italian households'.

Consideration of risk dimensions shows some degree of variation depending on financial education. Low-literate respondents exhibit a higher sensitivity to the risk of misunderstanding of financial information and insufficient legal protection, whilst high-literate individuals are most frequently concerned about market trends and liquidity risk.

Figure 2.14 – Perceived relevance of risk dimensions by financial knowledge



Sample breakdown by perceived relevance of risk dimensions (see Figure 2.13) and financial knowledge. Financial knowledge is measured through the 'factor indicator' (i.e. the first principal component of the correct, incorrect and 'don't know' answers rescaled by the easiness of questions; see Methodological notes). Source: calculations on GfK Eurisko data – Observatory on 'The approach to finance and investments of Italian households'.

Investment choices and investment habits

Saving and investment decision making

Financial control, meant as the ability to track expenses and to save, is a prerequisite underpinning people's participation in financial markets. Moreover, the quality of investment decisions depends on the ability to go through all the building blocks of a conscious and informed choice before investing, i.e. to detail goals, holding period, expected return and risk capacity. Appendix to this Report investigates some aspects of individuals' handling of financial matters and investment decision making.

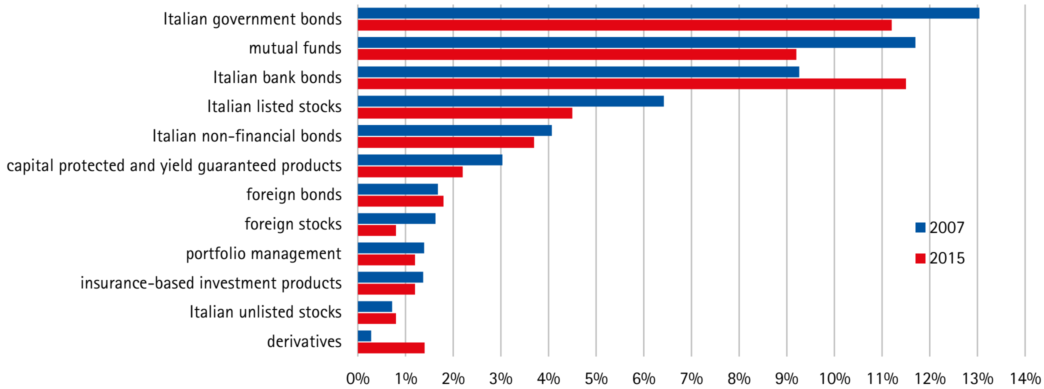
Investment choices and investment habits

In the aftermath of the sub-prime crisis, Italian household participation in financial markets decreased, proportionally more for women, middle-aged, residents in the South of Italy and middle-class wealth (Figure 3.1 and Figure 3.2). In recent years, however, it has recovered heading towards 50% of households at the end of 2015, almost back to its 2007 level (55%). While declining in Italian government bonds, investment funds and Italian listed stocks, household participation experienced a two percentage point increase for Italian bank bonds that, at the end of last year, are the product most frequently held by Italian investors. Over the same period, individual asset ownership rates have shown similar relevant changes. Reported data on financial wealth composition witness the increasing preference for liquid products, with the share of bank deposits and postal saving accounts rising from 38% in 2007 to 52% in 2015, at the expense of stocks, government bonds and bonds, recording the most significant contraction (respectively, -43%, -23% and -19%; Figure 3.3). As for the drivers of investment, the main triggers of financial markets participation are the availability of capital protected/minimum yield guaranteed products and trust in financial intermediaries. Non-investors report to have been inhibited mainly by lack of savings (60% of respondents), followed by the fear of potential capital losses (20%), concerns about negative market trends (15%) and lack of trust in financial intermediaries (more than 10%; Figure 3.4). As for investment habits, 24% of interviewees make decisions on their own, while the remaining are equally split among those either seeking for professional support (28%) or delegating to an expert (10%) and those relying on the so called informal advice, i.e. family and colleagues' recommendations (38%; Figure 3.5). Informal advice is more likely to be preferred by men, less educated, self-employed and wealthy individuals (Figure 3.6), while reliance on professional advice is more common among high-literate (Figure 3.7) and less overconfident investors (Figure 3.8). Relying on a professional expert (either an advisor or an asset manager) is negatively associated to overconfidence in private information and positively associated with the attitude towards a correct portfolio diversification (although a positive correlation is found also with respect to the so called erroneous diversification, i.e. the propensity to invest in many different assets characterised by a low level of risk; Figure 3.9). Mental accounting is a cognitive feature more frequently found among investors rather than non-investors, thus implicitly suggesting that the willingness to participate in financial markets may be also associated with individuals' attitude to separate money into different accounts, as the investing account, according to its destination (Figure 3.10). Finally, investment habits display some association with risk perception, i.e. risk dimensions which individuals are more concerned about: self-directed investors appear to be significantly affected by the fear of capital losses; professional advice users seem to be more attentive to liquidity risk and market trends; informal advice seekers are more sensitive to market trends (Figure 3.11).

At the end of 2015, participation in financial markets involves 50% of the households, almost back to its 2007 level (55%). The proportion of investors holding Italian government bonds, investment funds and Italian listed stocks declined to the benefit of Italian bank bonds, now the most frequently held product.

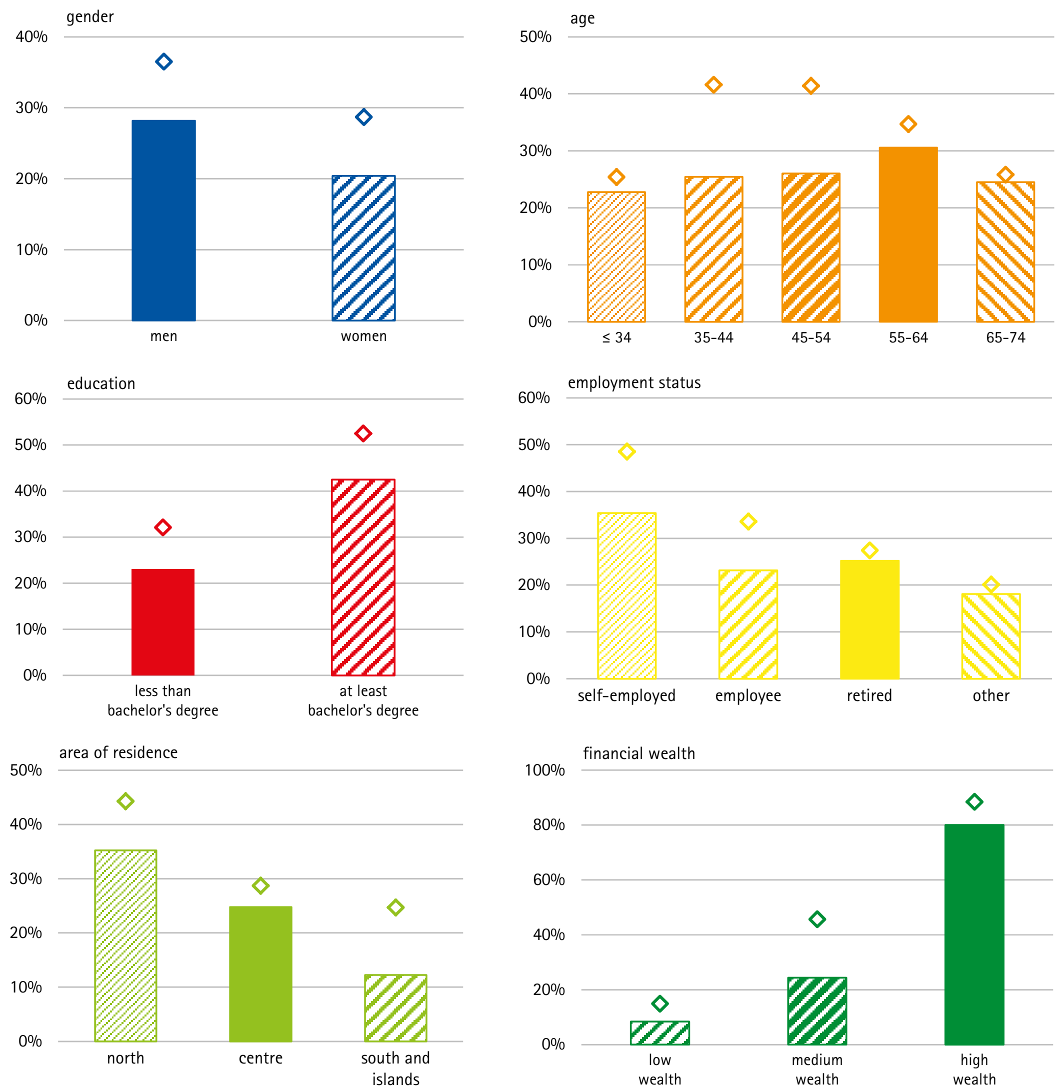
Over the period 2007-2015, participation in financial markets, although falling across all socio-demographic groups, has declined proportionally more for women, middle-aged, employees, residents in the South of Italy and middle-class wealth. Participation has remained higher among men, graduates, self-employed, northern residents and wealthy individuals.

Figure 3.1 – Italian household financial market participation
(percentage of households holding the specified financial product)



Source: calculations on GfK Eurisko data - Multifinanziaria Retail Market Survey.

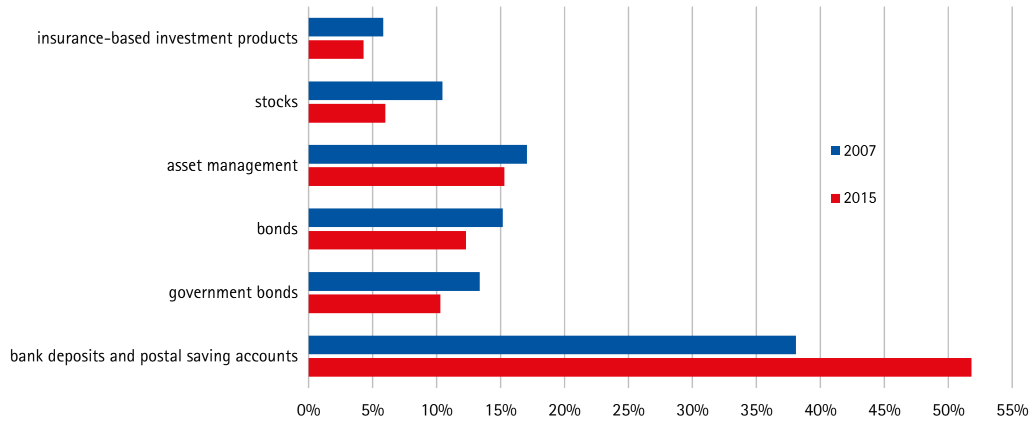
Figure 3.2 – Italian household participation in financial markets by some socio-demographic characteristics



Markers refer to 2007 statistics. As for the 'employment status', the group 'other' includes housewives, students and unemployed. Financial wealth categories are defined as follows: 'low' up to 10,000€; 'medium' from 10,000 to 50,000€; 'high' greater than 50,000€. Source: calculations on GfK Eurisko data - Multifinanziaria Retail Market Survey.

Reported data on portfolio allocation witness the rising preference for liquid products, with the share of bank deposits and postal saving accounts steadily increasing mainly at the expense of stocks and bonds.

Figure 3.3 – Breakdown of Italian household financial wealth by type of asset



Source: calculations on GfK Eurisko data - Multifinanziaria Retail Market Survey.

For the investors, the main triggers of financial markets participation are the availability of capital protected/minimum yield guaranteed products and trust in financial intermediaries. Among the factors discouraging investment, lack of savings is prevalent for almost 60% of non-investors, followed by the fear of potential capital losses, concerns about negative market trends and lack of trust in intermediaries.

Figure 3.4 – Reasons and deterrents for investing

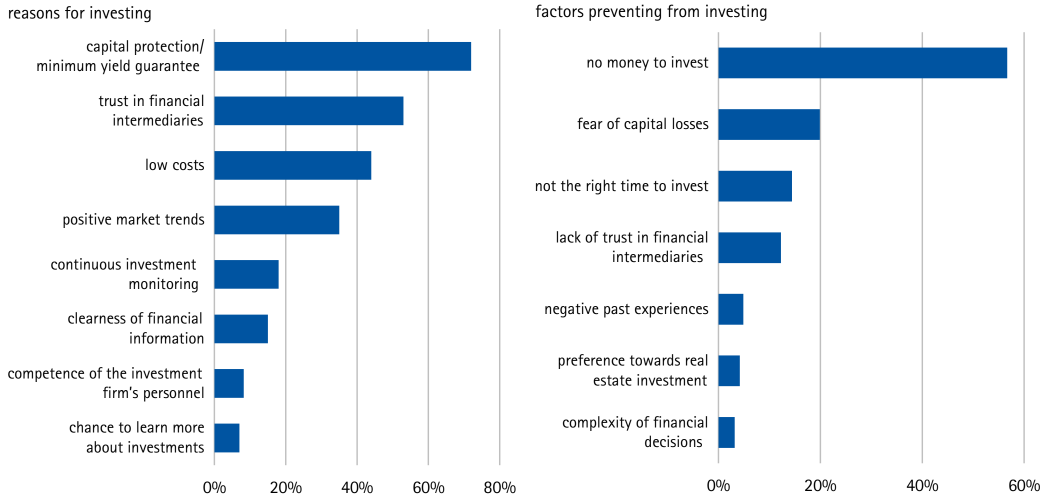


Figure on the left hand side refers to the following question: 'Indicate motivations which could convince you to invest' (multiple answers allowed) and to the subsample of investors. Figure on the right hand side refers to the following question: 'Indicate motivations which prevent you from investing' (multiple answers allowed) and to the subsample of non-investors. Source: calculations on GfK Eurisko data – Observatory on 'The approach to finance and investments of Italian households'.

Almost one fourth of investors make decisions on their own, while the remaining are equally split among those either seeking for professional support or delegating to an expert and those relying on family and colleagues' recommendations.

Figure 3.5 – Household investment habits

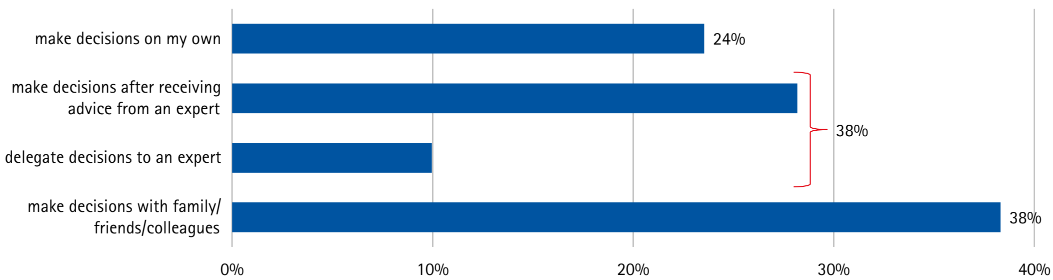


Figure refers the following question: 'How do you make financial decisions?' and to the subsample of investors. Source: calculations on GfK Eurisko data - Observatory on 'The approach to finance and investments of Italian households'.

Informal advice is more likely to be preferred by men, less educated, self-employed and wealthy individuals.

Figure 3.6 – Household investment habits by some socio-demographic characteristics

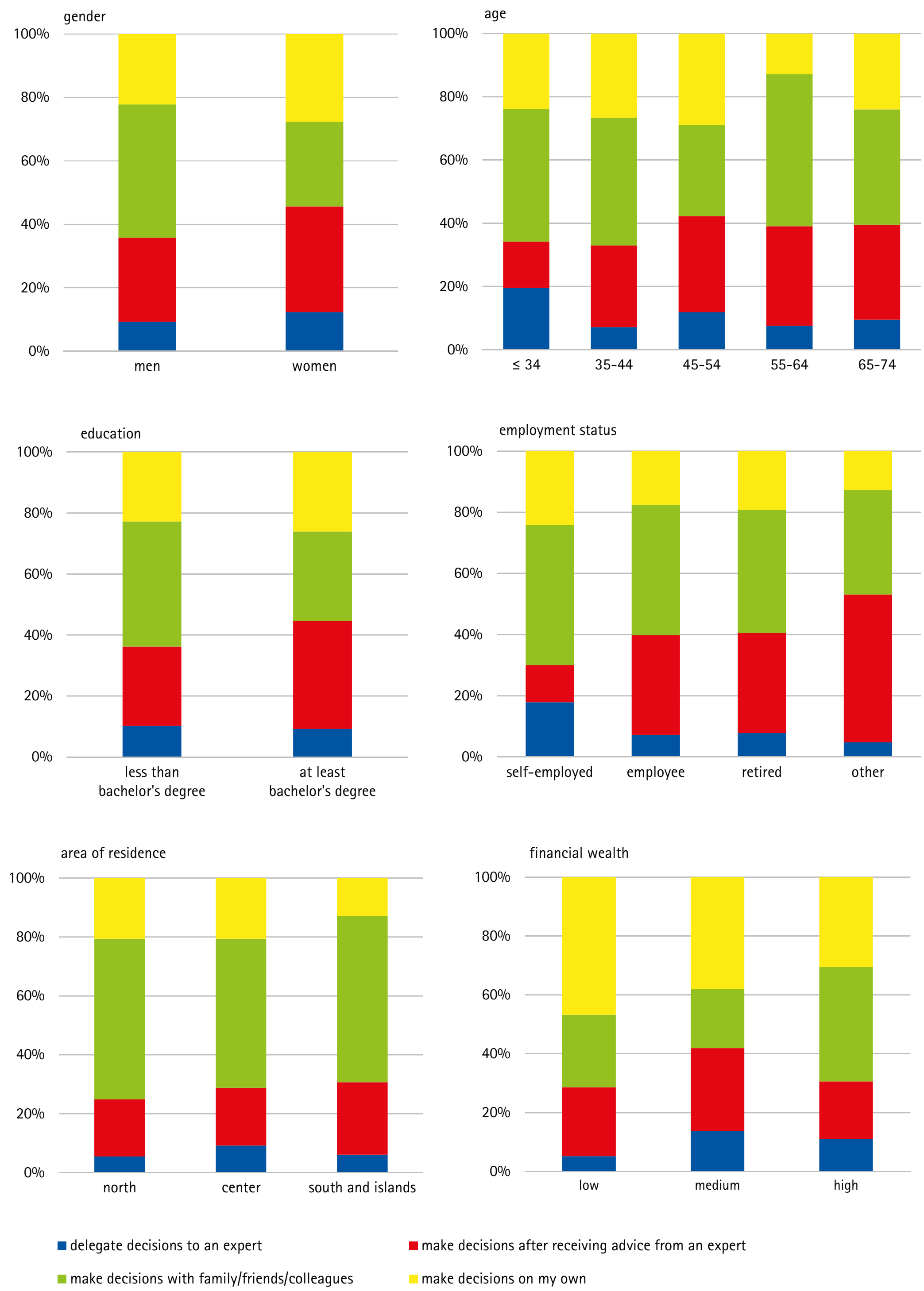
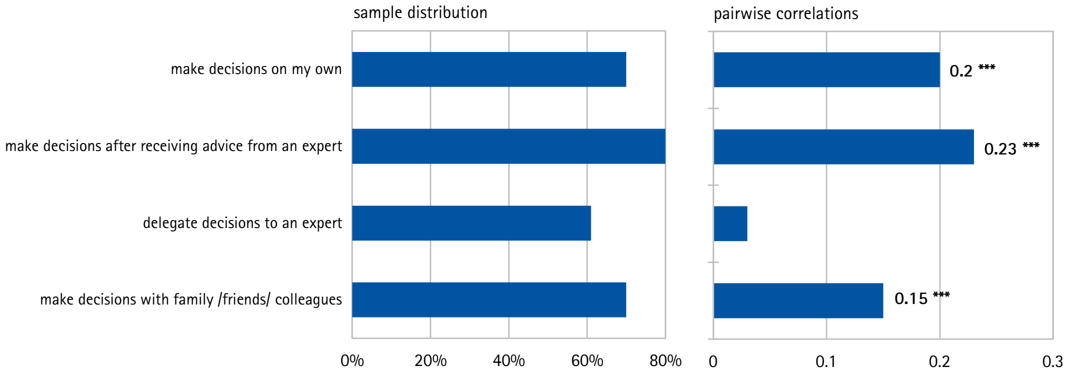


Figure concerns the subsample of investors and refers to the following question: 'How do you make financial decisions?'. As for the employment status, the group 'other' includes housewives, students and unemployed. Financial wealth categories are defined as follows: 'low' up to 10,000€; 'medium' from 10,000 to 50,000€; 'high' greater than 50,000€. Source: calculations on GfK Eurisko data – Observatory on 'The approach to finance and investments of Italian households'.

Reliance on professional advice is more common among high-literate...

Figure 3.7 – Household investment habits by financial knowledge

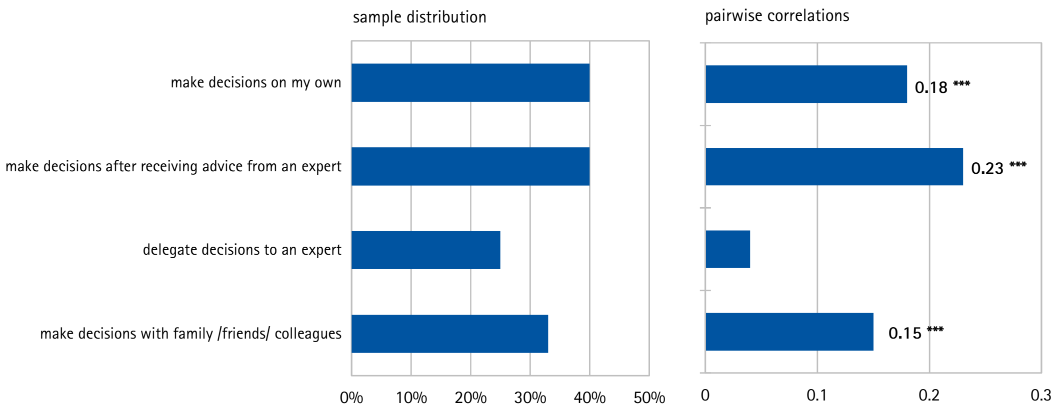


Sample breakdown by the 'knowledge factor' indicator (see Methodological notes). As for pairwise correlations, *** indicates 1% significance level, ** indicates 5% significance level, * indicates 10% significance level. Source: calculations on GfK Eurisko data – Observatory on 'The approach to finance and investments of Italian households'.

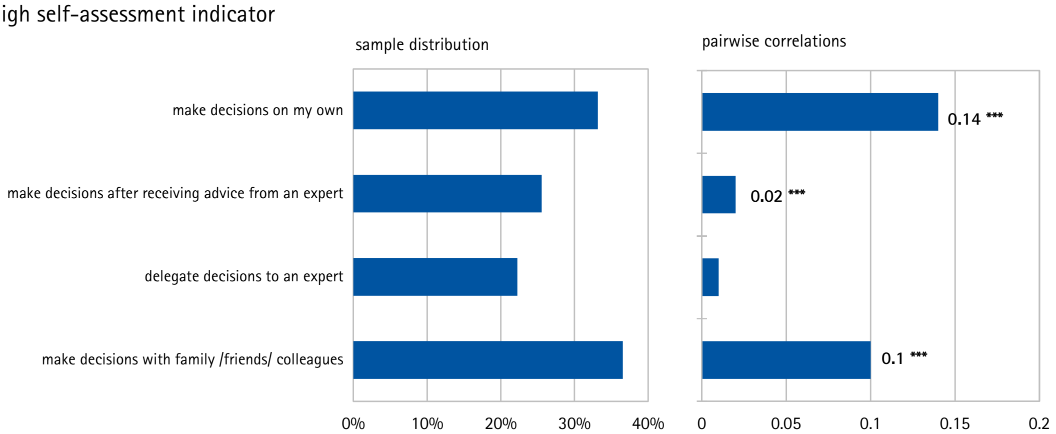
... and less overconfident individuals.

Figure 3.8 – Household investment habits by perceived capabilities

don't know indicator



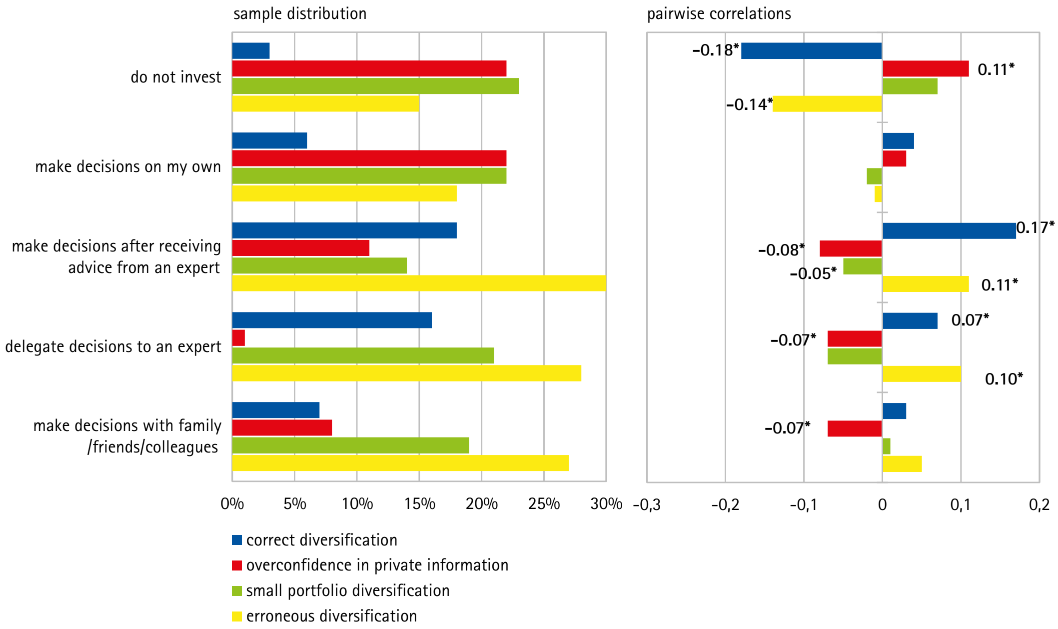
high self-assessment indicator



Sample breakdown by the 'don't know' indicator (first figure) and the 'high self-assessment' indicator (second figure; see Methodological notes). As for pairwise correlations, *** indicates 1% significance level, ** indicates 5% significance level, * indicates 10% significance level. Source: calculations on GfK Eurisko data – Observatory on 'The approach to finance and investments of Italian households'.

Relying on a professional expert (either an advisor or an asset manager) is negatively associated to overconfidence in private information and positively associated with the attitude towards a correct portfolio diversification (although a positive correlation is found also with respect to the so called erroneous diversification).

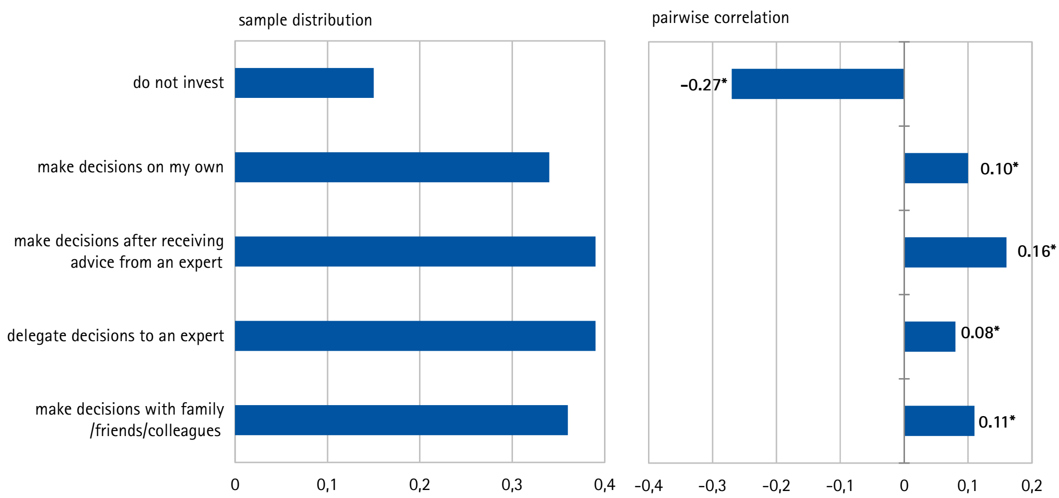
Figure 3.9 – Household investment habits and attitude towards portfolio diversification



Sample breakdown by individual attitudes towards portfolio diversification, where: correct diversification corresponds to the reported propensity to invest in many different assets tending to move in opposite directions; overconfidence in private information refers to the reported propensity to invest only in assets very well known; small portfolio diversification is the reported propensity to invest a small sum in one asset; erroneous diversification corresponds to the reported propensity to invest in many different assets characterised by a low level of risk (see Figure 2.8). As for pairwise correlations, *** indicates 1% significance level, ** indicates 5% significance level, * indicates 10% significance level. Source: calculations on GfK Eurisko data - Observatory on 'The approach to finance and investments of Italian households'.

Mental accounting is more frequently found among investors rather than non-investors, thus implicitly suggesting that the willingness to participate in financial markets may be also associated with individuals' attitude to separate money into different accounts, as the investing account, according to its destination.

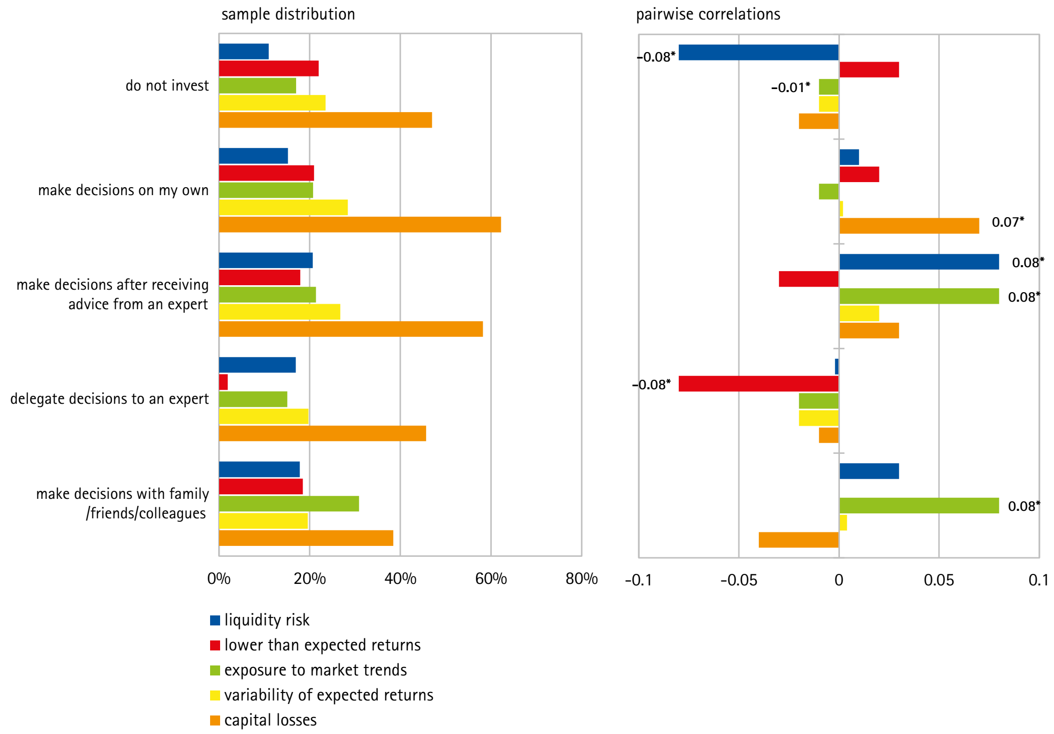
Figure 3.10 – Household investment habits by attitude towards mental accounting



Sample breakdown by individual attitude towards mental accounting (see Figure 2.11). As for pairwise correlations, *** indicates 1% significance level, ** indicates 5% significance level, * indicates 10% significance level. Source: calculations on GfK Eurisko data - Observatory on 'The approach to finance and investments of Italian households'.

Investment habits and risk perception, i.e. risk dimensions which individuals are more concerned about, show some degree of association. Self-directed investors appear to be significantly affected by the fear of capital losses; professional advice users seem to be more attentive to liquidity risk and market trends; informal advice seekers seem to be more sensitive to market trends.

Figure 3.11 – Household investment habits and perceived relevance of risk dimensions



Sample breakdown by the perceived relevance of risk dimensions (see Figure 2.13). As for pairwise correlations, *** indicates 1% significance level, ** indicates 5% significance level, * indicates 10% significance level. Source: calculations on GfK Eurisko data - Observatory on 'The approach to finance and investments of Italian households'.

The demand for financial advice

MiFID review (so called MiFID II) enhances investor protection and is expected to further enable investors to choose the preferred type of advice. However, the vast majority of Italian decision makers either do not know any of the investment services envisaged by the current legislation (almost 60%), or are not able to identify the services providing the highest degree of protection (more than 80% of non-investors and 50% of investors; Figure 4.1). Focusing on the use of advisory services only, at the end of 2015 approximately 80% of the households participating in financial markets report to avail themselves of financial advice. However, tailored-cut recommendations (MiFID advice) only account for 28% of investors, while the remaining 50% receive either passive or generic advice (i.e. respectively, advice services provided by professionals who did not contact their client in the last 12 months and recommendations that are not tailored on the customer; Figure 4.2). The main reasons preventing investors from seeking for advice are investing small amounts of money (34%), investing in simple products (28%) and lack of trust (22%). Trust in advisors would increase if they were perceived to help clients understand risks (around 35%) and monitor investments (about 35%); other relevant factors are independency and certified competencies (pointed by around 25% and 15% of individuals, respectively). Empathy with advisors, driven by gut feelings, is deemed significant by around 15% of the investors (and even more by non-investors, as 21% of them point to it), therefore signalling that the emotional side of trustworthiness is as important as certified competencies. Noticeable, 47% of non-investors are not able to identify any specific factor that could enhance their trust in advisors (Figure 4.3). When choosing the expert, the intermediary's suggestion weighs the most, followed by shopping around and relatives and friends' hints (Figure 4.4). Consistently with historical data, the vast majority of personal financial recommendations keep being provided at the initiative of investment firms (about 60% of the cases), being only 7% the investors receiving the advice upon their request; one third of the interviewees are not even able to indicate the subject prompting the proposal (Figure 4.5). MiFID and advanced advice (i.e. recommendations based on a wide range of products and subject to a periodic suitability assessment), are mostly used by highly educated, self-employed and wealthy individuals (Figure 4.6 and Figure 4.7), who are also more informed than other advisees and more prone to use different information channels (Figure 4.8). Higher holding of risky assets is a further distinctive feature differentiating MiFID-advised portfolios from passive or generic-advised portfolios (Figure 4.9).

Clients' willingness to pay a fixed cost for professional help is key to the development of advice services, especially of those delivered on an independent basis. However, only around 25% of respondents or less are willing to bear a cost, with the exception of MiFID advice users (50%; Figure 4.10 and Figure 4.11). The preferred charge by investors reporting some interest in independent advice would be proportional to portfolio returns (Figure 4.12). Among respondents identifying valuable features in professional experts (40% of the sample), the most frequently reported are consideration of client's needs and goals, use of plain language and support in preventing poor choices followed by empathetic attitudes (i.e. attention paid to the client and availability) and the absence of conflicts of interests (Figure 4.13). As for the implementation of the recommendations received, 65% report to follow the advice, while about one third either ignore or only occasionally follow it. The reasons for not heeding the professional are mainly linked to lack of trust (Figure 4.14 and Figure 4.15). The majority of the investors do not have a clear understanding of the extent to which the quality of financial recommendations also depends on the information delivered to their advisors, being inclined to provide only partial information, whilst 16% of respondents are not willing to give any detail about their own needs and characteristics to the intermediary (Figure 4.16). This evidence mirrors the difficulties individuals experience in going through a correct investment decision making process, encompassing all the steps needed for aware choices (Figure 4.17).

Among investors, almost one third do not know any of the investment services envisaged by the current legislation and 50% are not able to identify the services providing the highest degree of protection. These proportions rise, respectively, to 70% and 80% for non-investors.

Figure 4.1 – Household knowledge of investment services

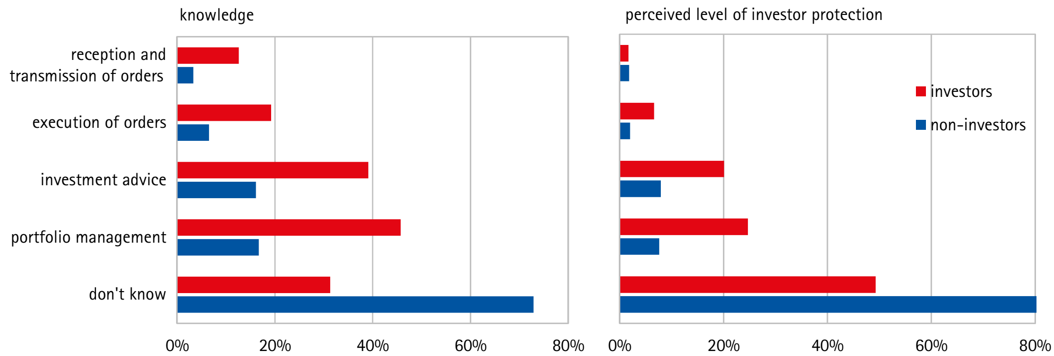
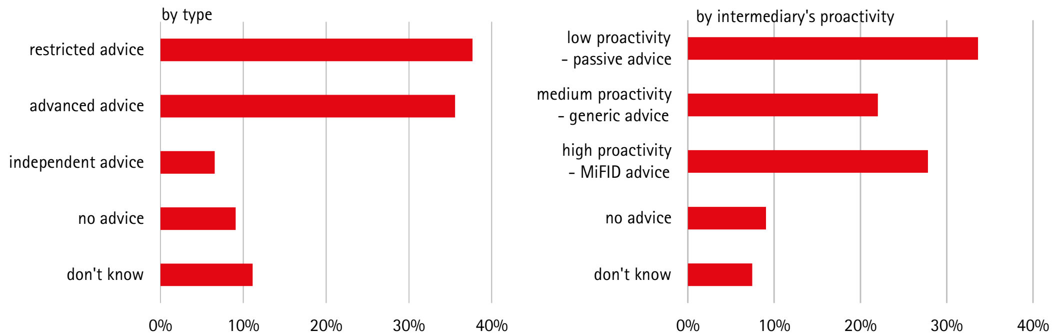


Figure on the left hand side refers to the following question: ‘Which investment service do you know?’. Figure on the right hand side refers to the following question: ‘Which investment service grants the highest level of protection?’. Source: calculations on GfK Eurisko data – Observatory on 'The approach to finance and investments of Italian households'.

At the end of 2015, approximately 80% of the households participating in financial markets report to avail themselves of financial advice. However, tailored-cut recommendations (MiFID advice) only account for less than one third of investors, while the remaining receive either passive or generic advice.

Figure 4.2 – Dissemination of advisory services among investors

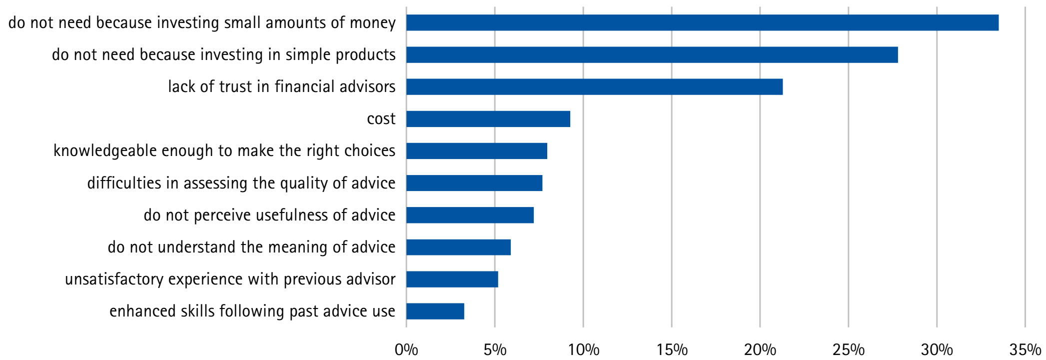


Figures refer to the subsample of investors. ‘Restricted advice’ means advice based on a limited selection of products and/or providers. ‘Advanced advice’ means advice based on a sufficient range of sufficiently diverse financial instruments available on the market and providing the client with a periodic assessment of the suitability of the financial instruments recommended. ‘Independent advice’ means advice based on a sufficient range of sufficiently diverse financial instruments available on the market, and remunerated exclusively by the investor to whom the service is rendered. ‘High proactivity – MiFID advice’ refers to households declaring to have received a personal recommendation in respect of one or more transactions relating to financial instruments by their advisor in the last 12 months. ‘Medium proactivity – generic advice’ refers to households declaring to have been contacted by their advisor in the last 12 months without receiving any personal recommendation. ‘Low proactivity – passive advice’ refers to households declaring to have not been contacted by their advisor in the last 12 months. Source: calculations on GfK Eurisko data - Multifinanziaria Retail Market Survey.

The main reasons preventing investors from seeking for advice are investing small amounts of money, buying simple products and lack of trust.

Figure 4.3 – Deterrents for seeking for financial advice and drivers of trust in financial advisors

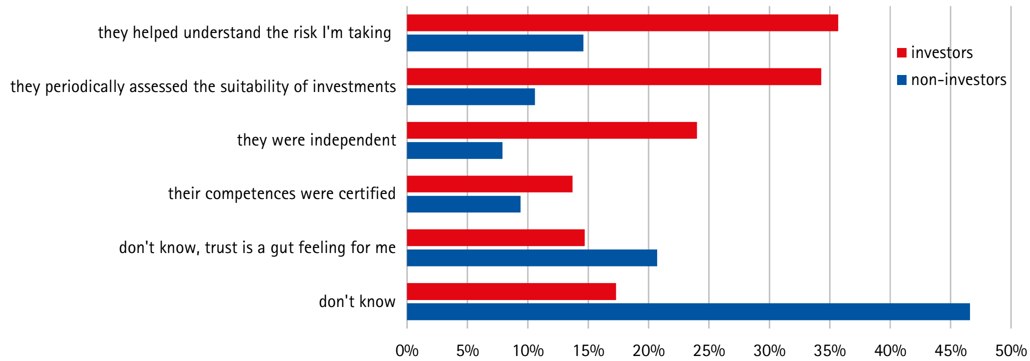
deterrents for seeking for financial advice



Trust would rise if experts were perceived to help clients understand risks, monitor investments and to be independent. Focusing on non-investors only, 47% of them are not able to identify any specific factor that could enhance their trust in advisors, while 21% emphasises the emotional side of confidence by pointing to trust as a gut feeling.

cont. Figure 4.3 – Deterrents for seeking for financial advice and drivers of trust in financial advisors

I would trust more in financial advisors if...



The first figure refers to the following question: 'Which factors prevent you from seeking for financial advice?' (multiple answers allowed) for the subsample of investors who do not demand for financial advice or do not delegate portfolio management to experts. The second figure refers to the following question: 'What would enhance your trust in financial advisor?' (multiple answers allowed). Source: calculations on GfK Eurisko data - Observatory on 'The approach to finance and investments of Italian households'.

The selection of the financial expert is mainly driven by the intermediary's suggestion, followed by shopping around and relatives and friends' hints.

Figure 4.4 – The choice of financial expert

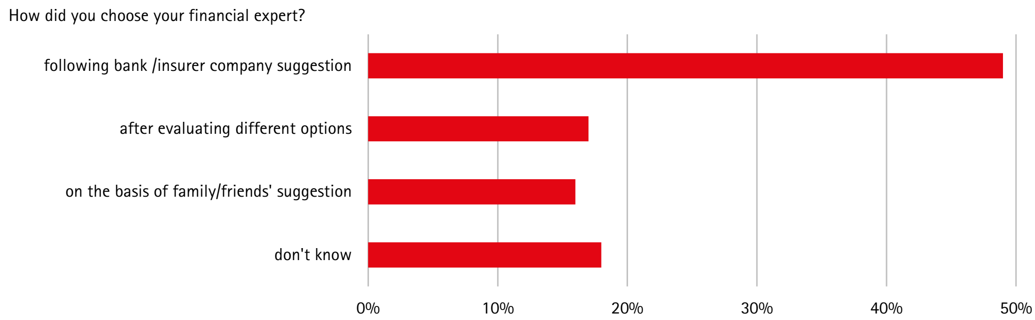


Figure refers to the subsample of investors who seek for financial advice or delegate to an expert their financial decisions. Source: calculations on GfK Eurisko data - Observatory on 'The approach to finance and investments of Italian households'.

Consistently with historical data, the vast majority of personal financial recommendations keep being provided at the initiative of investment firms (about 60% of the cases), being only 7% the investors receiving the advice upon their request. One third of the interviewees are not even able to indicate the subject prompting the proposal.

Figure 4.5 – Advisory services by degree of personalisation and intermediary's proactivity

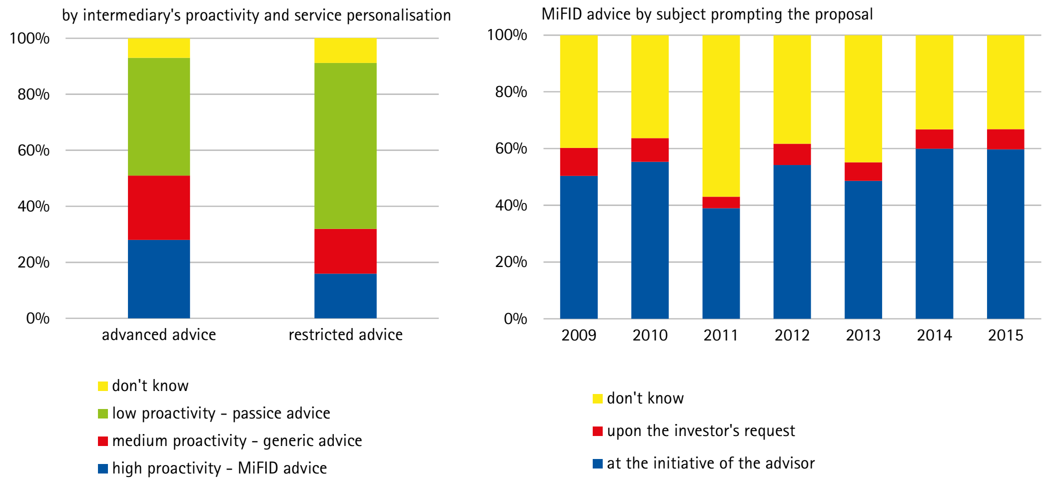
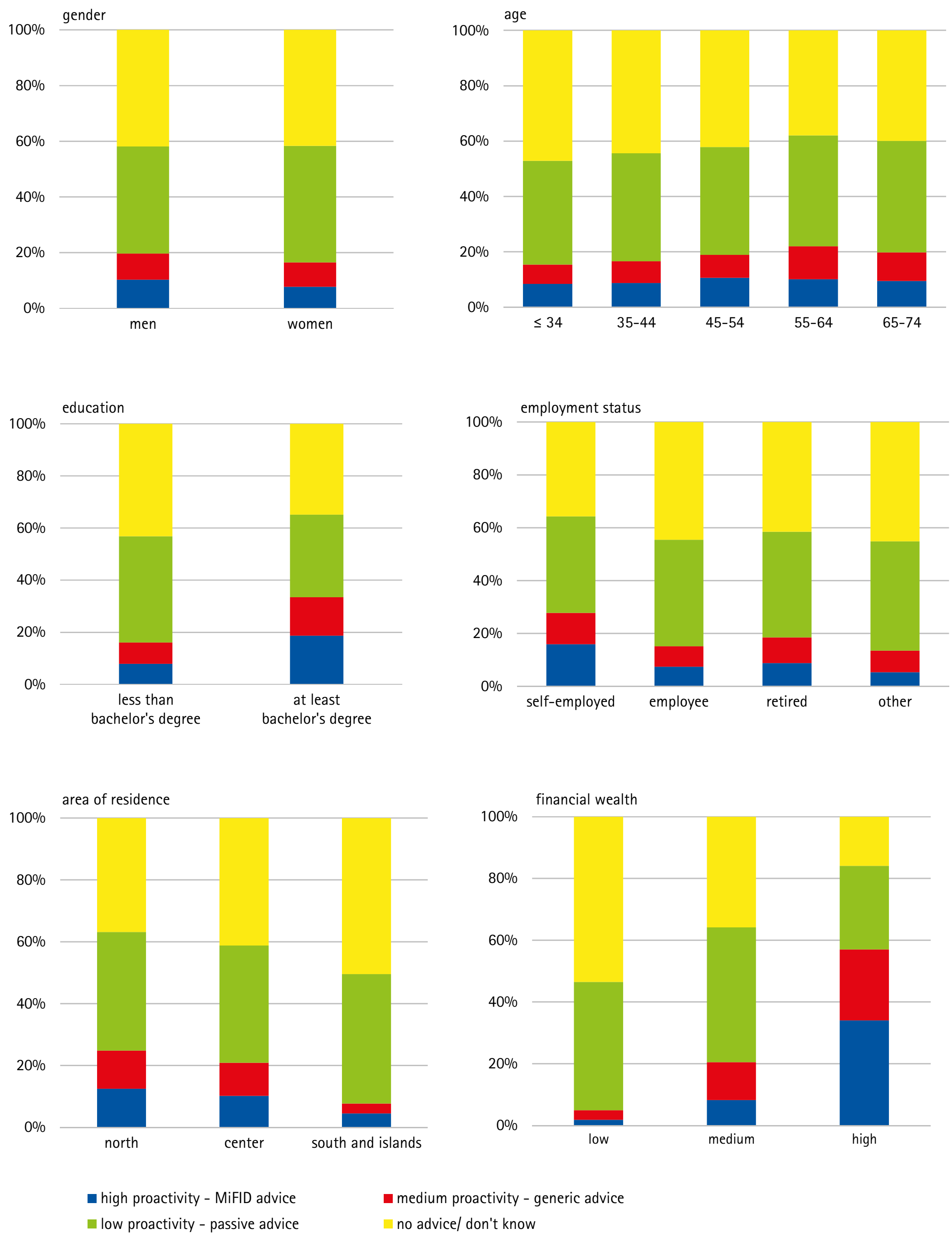


Figure on the right hand side refers to the subsample of MiFID advice users. For details about advice services classification see Figure 4.2 and Methodological notes. Source: calculations on GfK Eurisko data - Multifinanziaria Retail Market Survey.

Tailored advice offered by proactive intermediaries is more widespread among highly educated and self-employed investors as well as residents in the North of Italy and wealthy individuals. This profile also characterizes ...

Figure 4.6 – Advisory services by degree of personalisation, intermediary's proactivity and some socio-demographic characteristics



Figures refer to the subsample of investors. For details about advice services classification see Figure 4.2 and Methodological notes. The group 'other' includes housewives, students and unemployed. Financial wealth categories are defined as follows: 'low' up to 10,000€; 'medium' from 10,000 to 50,000€; 'high' greater than 50,000€. Source: calculations on GfK Eurisko data - Multifinanziaria Retail Market Survey.

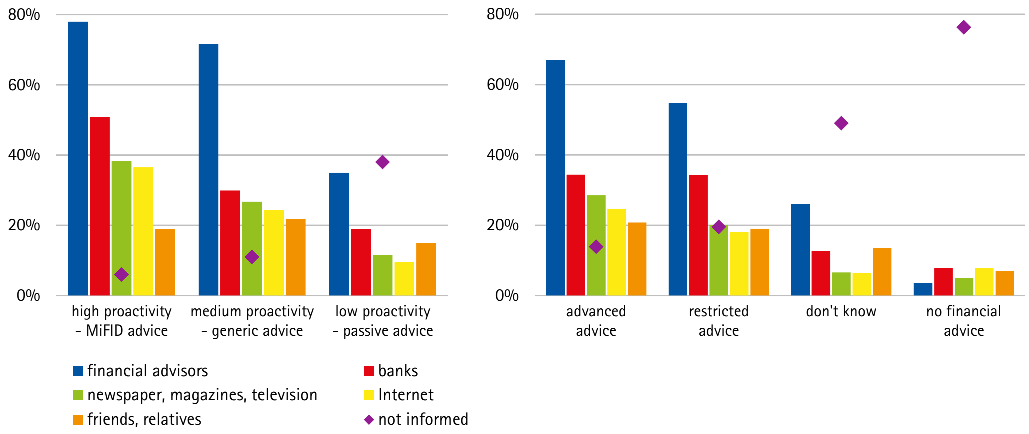
... the users of advanced advice services.

Figure 4.7 – Advisory services by type and some socio-demographic characteristics

Figures refer to the subsample of investors. For details about advice services classification see Figure 4.2 and Methodological notes. The group 'other' includes housewives, students and unemployed. Financial wealth categories are defined as follows: 'low' up to 10,000€; 'medium' from 10,000 to 50,000€; 'high' greater than 50,000€. Source: calculations on GfK Eurisko data - Multifinanziaria Retail Market Survey.

Households receiving MiFID and advanced advice are more informed than other advisees and tend more frequently to supplement financial information gathered from experts and banks with alternative channels (such as media and the Internet).

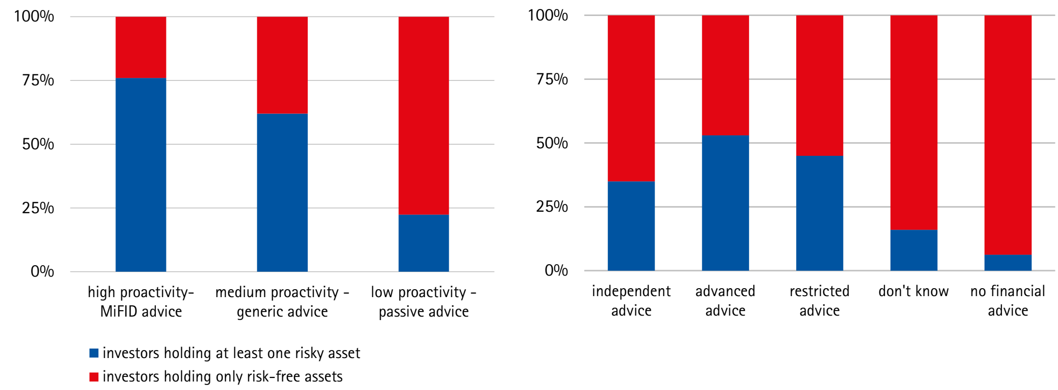
Figure 4.8 – Financial information channels



Figures refer to the subsample of investors and to the following question: 'Which sources of financial information do you use and consider more reliable?' (multiple answers allowed). For details about advice services classification see Figure 4.2 and Methodological notes. Source: calculations on GfK Eurisko data - Multifinanziaria Retail Market Survey.

Portfolio diversification (as proxied by the ownership of at least one risky asset among stocks, bonds and asset management products) rises with the degree of the service customisation, whilst does not show substantial variation across advanced-advised and restricted-advised portfolios.

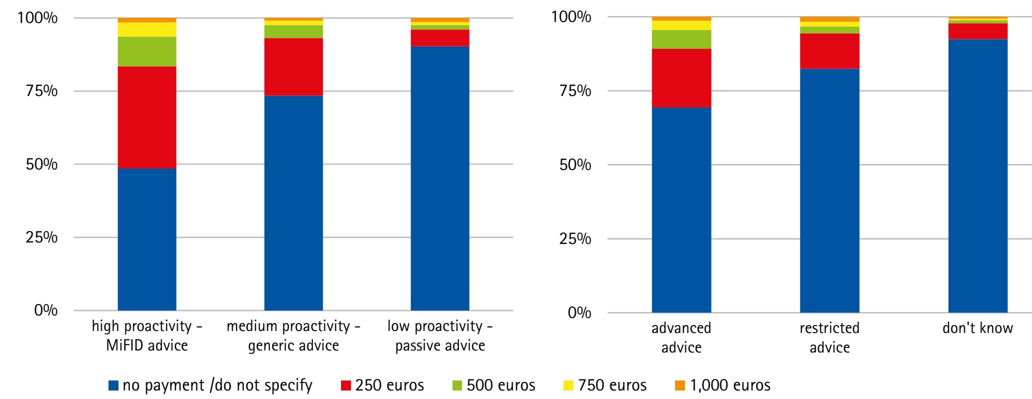
Figure 4.9 – Holding of risky assets by type of financial advice services



Figures refer to the following question: 'Which financial assets do you hold?'. For details about advice services classification see Figure 4.2 and Methodological notes. Source: calculations on GfK Eurisko data - Multifinanziaria Retail Market Survey.

Willingness to pay a fixed cost for financial advice services rises with the degree of personalization of recommendations, the proactivity of the intermediary...

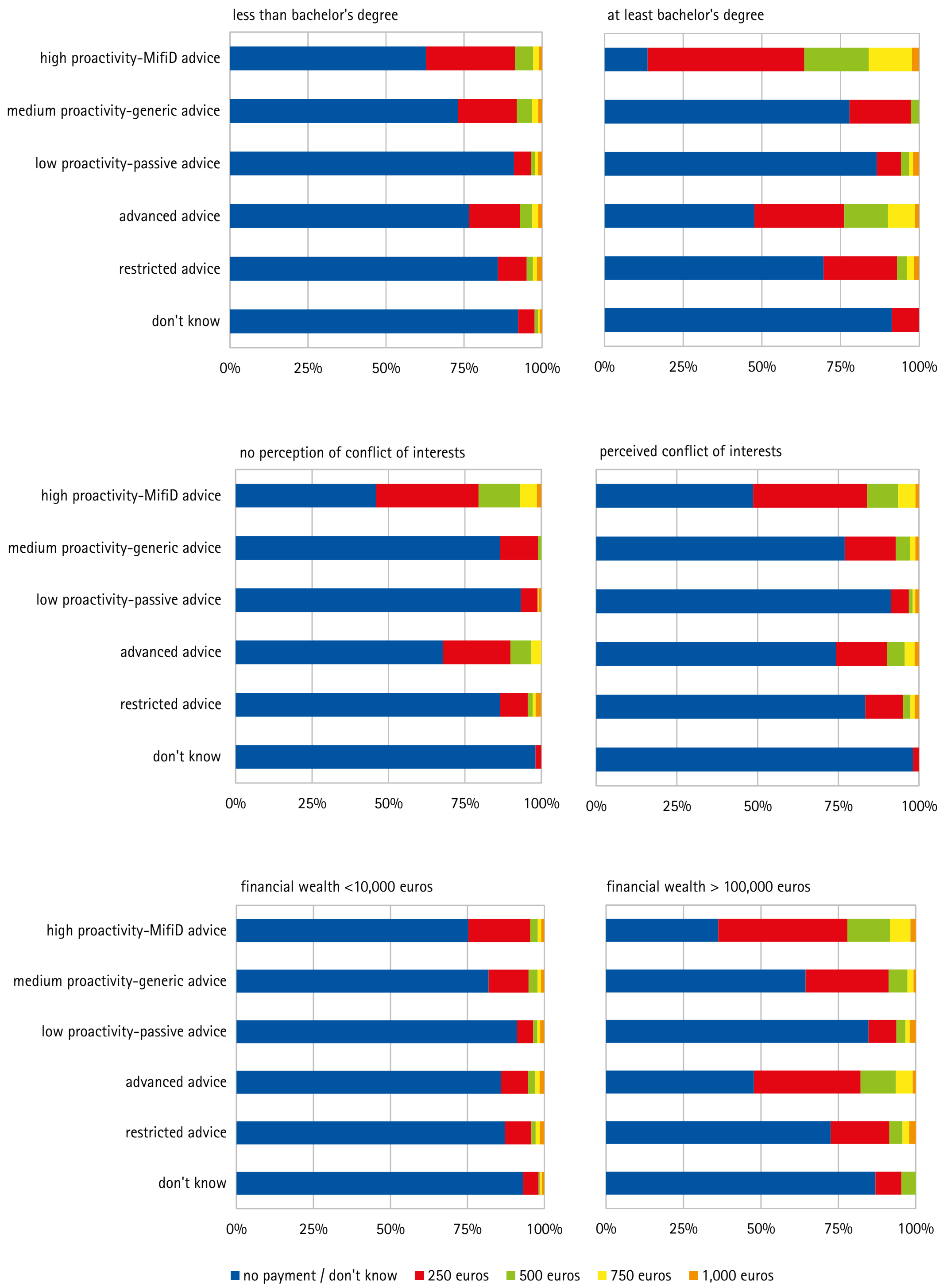
Figure 4.10 – Willingness to pay for financial advice services



Figures refer to the subsample of advice users and to the following question: 'Would you be interested in using financial advice service at a fixed cost?', being the answers: '250 euros; 500 euros; 750 euros; 1,000 euros, none'. For details about advice services classification see Figure 4.2 and Methodological notes. Source: calculations on GfK Eurisko data - Multifinanziaria Retail Market Survey.

... financial wealth and education.

Figure 4.11 – Willingness to pay for financial advice services by some socio-demographic characteristics



Figures refer to the subsample of advice users and to the following question: 'Would you be interested in using financial advice service at a fixed cost?', being the answers: '250 euros; 500 euros; 750 euros; 1.000 euros, none'. For details about advice services classification see Figure 4.2 and Methodological notes. Source: calculations on GfK Eurisko data - Multifinanziaria Retail Market Survey.

The preferred charge by investors reporting some interest in independent advice would be proportional to portfolio returns.

Figure 4.12 – Propensity to seek and preferred way of payment for independent advice

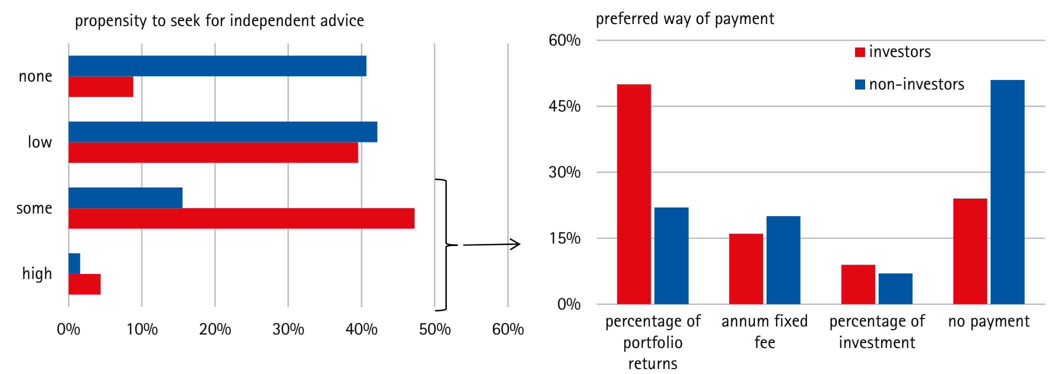
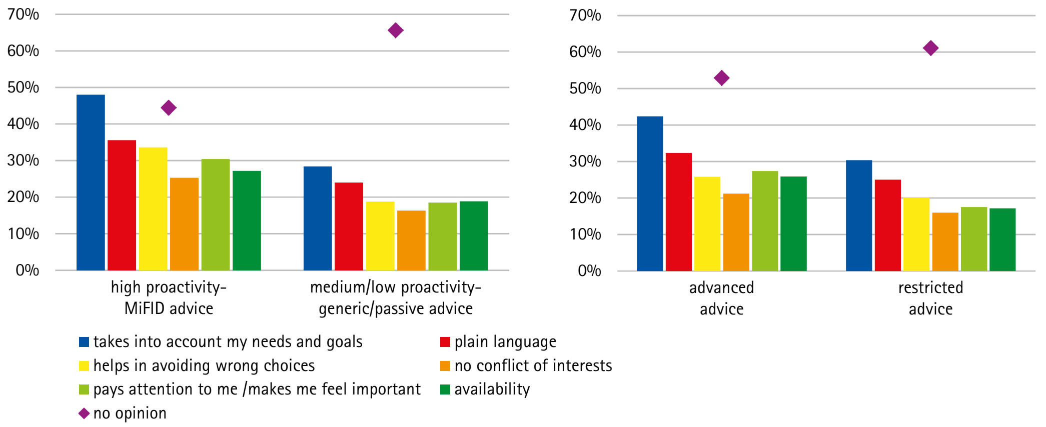


Figure on the left hand side refers to the following question: 'Express your interest in using independent financial advice services'. Figure on the right hand side refers to the subsample of respondents who show at least some interest in independent financial advice and to the following question 'How much would you be willing to pay for an independent financial advice service?'. Source: calculations on GfK Eurisko data - Observatory on 'The approach to finance and investments of Italian households'.

The most valued features in professional experts are consideration of client's needs and goals, use of plain language and support in preventing poor choices. Empathetic attitudes (as captured by the attention paid to the client and availability) are rated slightly more frequently than the absence of conflicts of interests.

Figure 4.13 – Most valued features in financial advisors



Figures refer to the subsample of advice users and to the following question: 'Which features are valuable in financial advisors?' (multiple answers allowed). For details about advice services classification see Figure 4.2 and Methodological notes. Source: calculations on GfK Eurisko data - Multifinanziaria Retail Market Survey.

Among advised households, about 65% report to implement the recommendation received 'often' or 'always', while about one third either ignore it or only occasionally follow it. The reasons for not heeding the expert are mainly linked to lack of trust.

Figure 4.14 – Propensity to follow financial advice

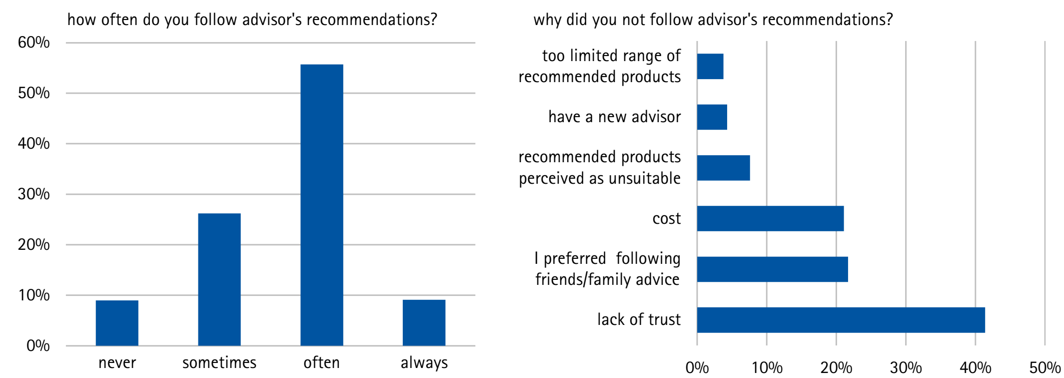
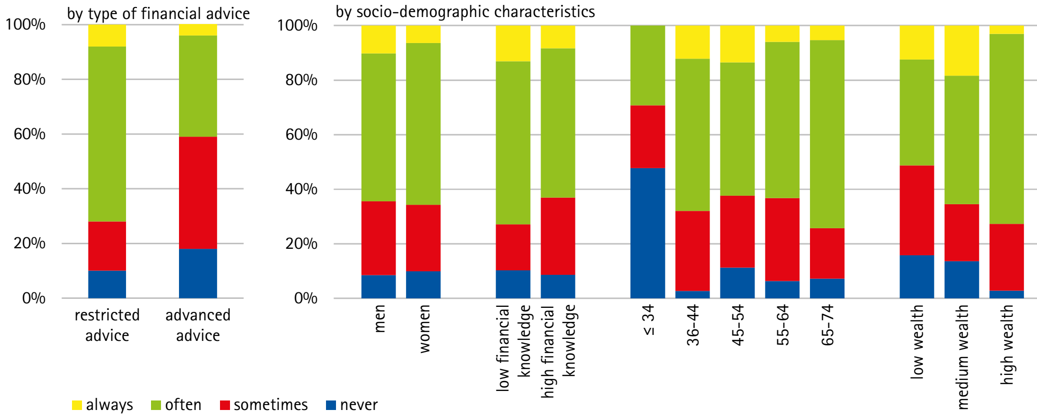


Figure on the left side refers to the following question: 'How frequently did you follow financial advisor's recommendations?' and to the subsample of advisees. Figure on the right side refers to the subsample of investors who never/sometimes follow advice after seeking for it. Source: calculations on GfK Eurisko data - Observatory on 'The approach to finance and investments of Italian households'.

Advice implementation is more frequent among restricted advisees and **low-literate individuals.**

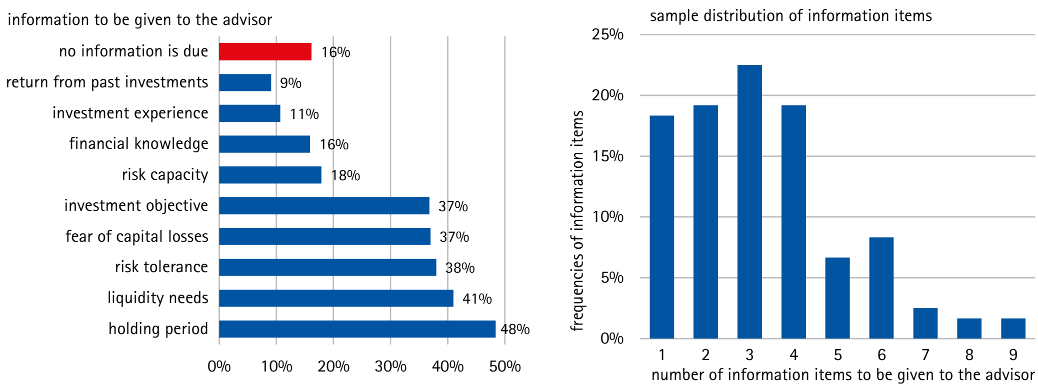
Figure 4.15 – Propensity to follow financial advice by type of advice and socio-demographic characteristics



Figures refer to the following question: 'How frequently did you follow financial advisor's recommendations?' and to the subsample of advisees. For details about advice services classification see Figure 4.2 and Methodological notes. Financial wealth categories are defined as follows: 'low' up to 10,000€; 'medium' from 10,000 to 50,000€; 'high' greater than 50,000€. Source: calculations on GfK Eurisko data - Observatory on 'The approach to finance and investments of Italian households'.

The majority of the investors are inclined to provide only partial information about their own needs and characteristics to their advisors, whilst 16% of respondents are not willing to give any **detail to the intermediary.** This evidence...

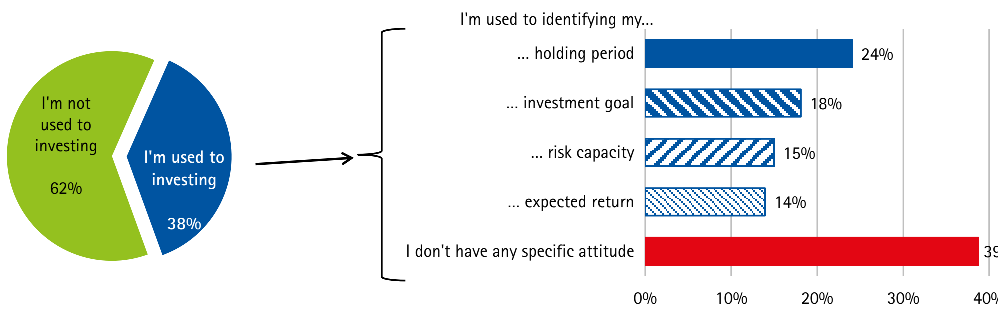
Figure 4.16 – Household consideration on information to be given to the advisor



Figures refer to the following question: 'Do you think it is your responsibility to give complete and true information to the intermediary that is offering you financial advice?' (multiple answers allowed) and to the subsample of investors who make their financial decisions after receiving advice from an expert or delegate their decision to an expert. Source: calculations on GfK Eurisko data - Observatory on 'The approach to finance and investments of Italian households'.

... mirrors the difficulties individuals experience in going through a correct investment decision making **process.** In particular, about 39% of investors do not ponder any of the building blocks of an aware choice before **investing.**

Figure 4.17 – Investment decision making



Figures refer to the following question: 'Which of the following best describes your habits in financial investment choices?', being the answers: 'I don't invest; I don't have any specific attitude (single answer allowed); I define my investment goal; I define my holding period; I define my expected return; I consider my risk capacity (multiple answers allowed)'. Figure on the right hand side refers to the subsample of investors. Source: calculations on GfK Eurisko data – Observatory on 'The approach to finance and investments of Italian households'.

Focus: robo-advice and crowdfunding

Digitalisation is expected to quickly change the provision of financial services. Disruptive innovations are already reshaping the way products and services are designed, distributed and consumed. Automation in financial advice (so called robo-advice) and capital raising through crowdfunding platforms are of particular interest for their prospective impact on retail investors. Along with potential risks, which are increasingly investigated by domestic and international regulators, these phenomena might deliver a number of benefits. Automated financial advice is forecast to improve availability of wealth management services for a growing range of consumers. Equity crowdfunding is anticipated to broaden the opportunities for businesses to access funding options other than the traditional bank lending, which following the changed economic environment has been experiencing a progressive contraction. The Italian legislator has found such opportunities especially suitable to the so-called innovative start-ups (i.e. hi-tech companies), which pursuant to the Legislative Decree 18 October 2012, no. 179, converted into Law 17 December 2012, no. 221, and in compliance with ad hoc Consob Regulation can solicit the wide public's savings by means of the Internet. The Legislative Decree 24 January 2015, no. 3, converted into Law 24 March 2015, no. 33, has recently extended this opportunity also to innovative small and medium-sized enterprises and to UCITs investing mainly in these companies.

The development of robo-advice and crowdfunding postulates that consumers have appropriate digital skills, are aware of the new options available (and the corresponding risks) and are willing to engage with them. As for digital skills (defined over five areas including information, communication, content-creation, safety, problem-solving), at the end of 2015, Internet users (accounting for about 65% of the population) can be classified as high-digital-literate only in 30% of the cases; not surprisingly, skills decline with age (Figure 5.1). Individuals' attitude to rely on the web as a financial information channel, proxying the use of the Internet when making investment choices, is not widespread yet: although increasing in recent years, it involves slightly more than 12% of the investors surveyed in 2016 (Figure 5.2).

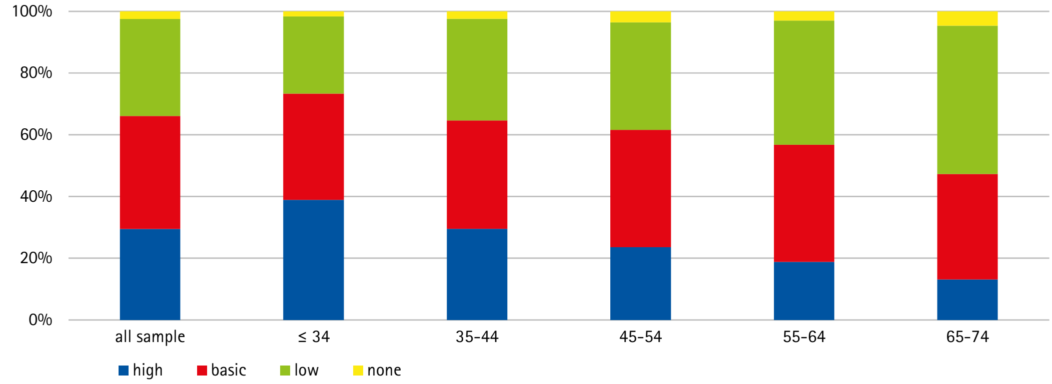
Robo-advice is neither known nor attractive to the vast majority of the interviewees, whose lack of interest in the service is mainly due to concerns about online financial frauds (66% of the sample; Figure 5.3).

Crowdfunding is still largely unknown too, given that 74% of the respondents never heard about it. Again predominantly because of the worry of scams, online investing via a crowdfunding platform is attractive to only 19% of interviewees, willing to invest less than 1,000 euros in 50% of the cases and up to 5,000 euros or more in 34% and 16% of the cases, respectively (Figure 5.5 and Figure 5.6). Individuals interested in either robo-advice or crowdfunding share some characteristics, being mainly highly-educated and financially literate (Figure 5.4 and Figure 5.6).

At the end of 2015 equity crowdfunding platforms authorised by Consob were 19, but only 9 of them were active. At mid-June 2016, 19 out of 48 campaigns launched on these platforms were successfully closed, while 12 are still ongoing (Figure 5.7). Participants in crowdfunding campaigns are mainly men, investors aged between 36 and 49 years and residents in the northern regions of Italy; around 40% of them live in the same geographical area of the issuer (Figure 5.8 and Figure 5.9).

Digital skills, whose level may be classified as high for about 30% of the Internet users, decline with age.

Figure 5.1 – Internet users by age and digital skills
(2015, IV quarter)



Digital skills are measured according to the EC European Digital Competence Framework, surveying 21 competences related to five areas (information, communication, content-creation, safety, problem-solving) and three levels of knowledge. Source: ISTAT, Citizens, enterprises and the ICTs, December 2015.

The use of the Internet as a financial information channel, although increasing, is not widespread among investors yet.

Figure 5.2 – Use of the Internet as a financial information channel

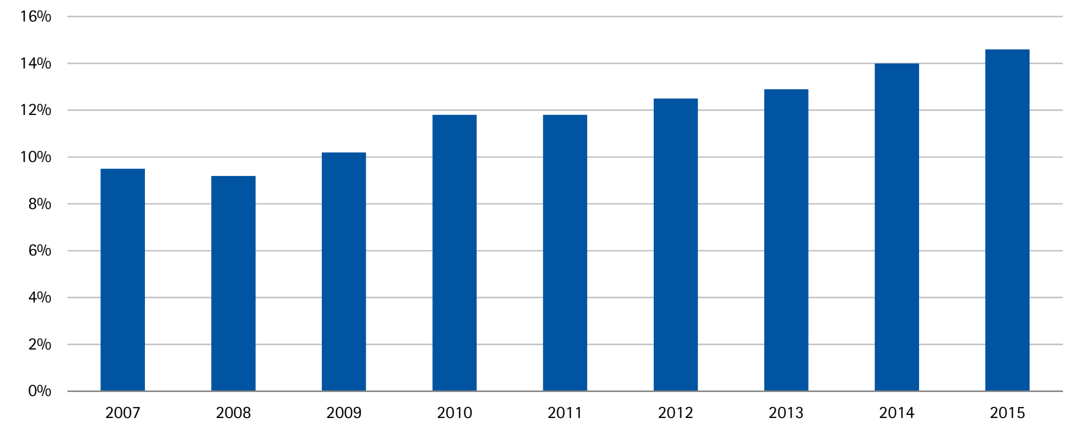


Figure refers to the following question: 'Which are the sources of financial information that you use and consider more reliable?' and reports only the percentage of investors pointing to the Internet. Source: calculations on GfK Eurisko data - Multifinanziaria Retail Market Survey.

The most part of interviewees do not know robo-advice nor are they willing to seek for it mainly because of fear of frauds.

Figure 5.3 – Knowledge and propensity to seek for robo-advice services

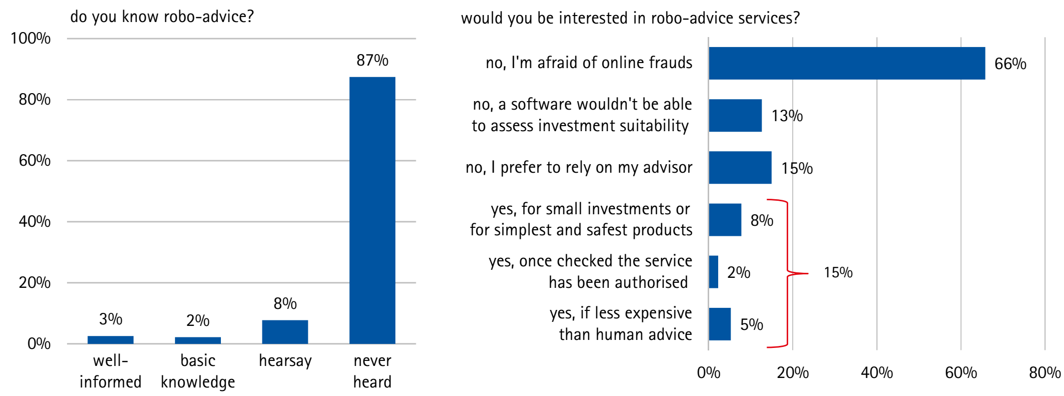


Figure on the left hand side refers to the following question: 'Do you know robo-advice?'. Figure on the right hand side refers to the following question: 'Robo-advisors are web platforms, first developed in the United States and in the UK, typically providing low-cost financial advice on the basis of an algorithm processing information about the investor's profile. Would you be interested in robo-advice?' (multiple answers allowed). Source: calculations on GfK Eurisko data – Observatory on 'The approach to finance and investments of Italian households'.

Interviewees reporting interest in robo-advice (15% of the sample) are mainly highly educated, high-literate and wealthy.

Figure 5.4 – Propensity to seek for robo-advice services by some socio-demographic characteristics

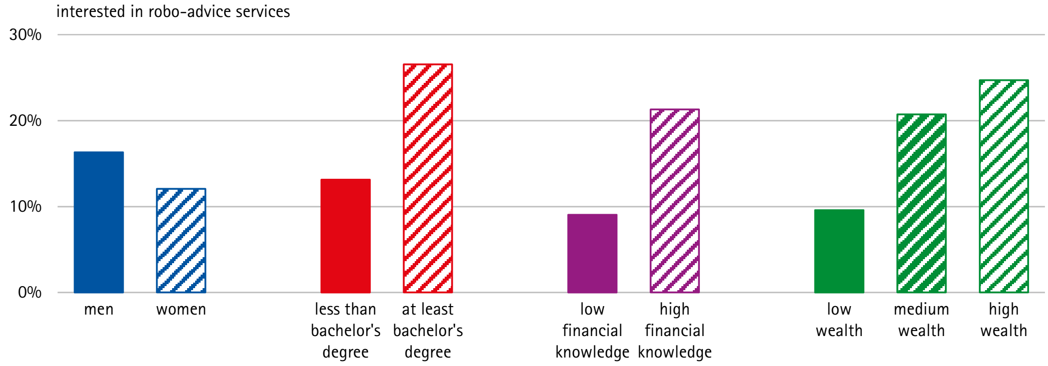


Figure refers to the subsample of interviewees reporting interest in robo-advice. Financial knowledge is measured through the 'factor indicator' (i.e. the first principal component of the correct, incorrect and 'don't know' answers rescaled by the easiness of questions; see Methodological notes). Financial wealth categories are defined as follows: 'low' up to 10,000€; 'medium' from 10,000 to 50,000€; 'high' greater than 50,000€. Source: calculations on GfK Eurisko data – Observatory on 'The approach to finance and investments of Italian households'.

Crowdfunding is still largely unknown. Online investing via a crowdfunding platform is attractive to only 19% of respondents, being again the worry of scams predominant.

Figure 5.5 – Knowledge of crowdfunding and interest in online investing in unlisted small firms

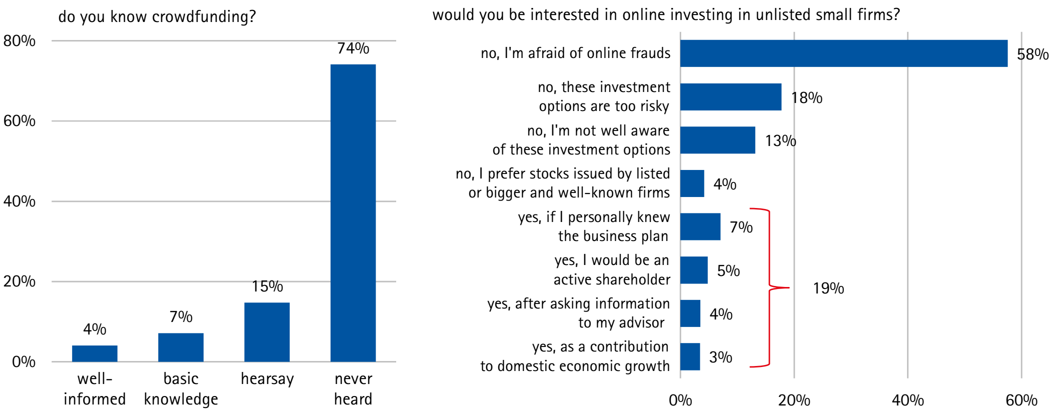
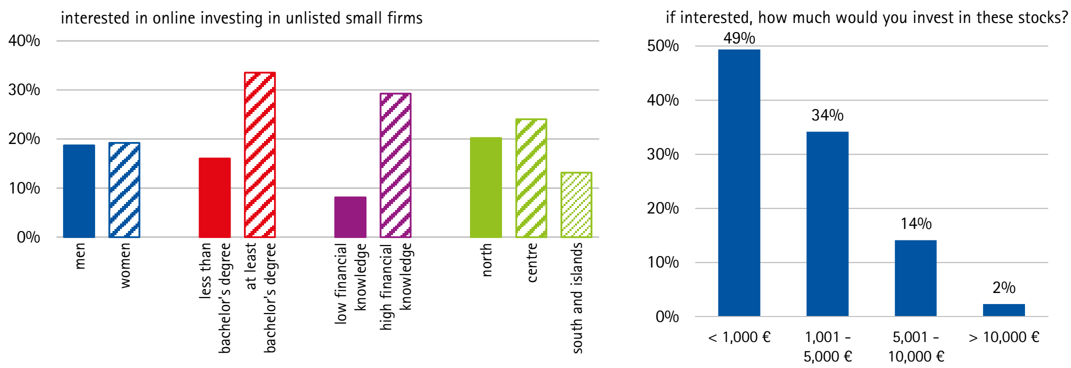


Figure on the left hand side refers to the following question: 'Do you know crowdfunding?'. Figure on the right hand side refers to the following question: 'Would you be interested in investing in unlisted stocks issued by small firms and offered through online platforms?' (multiple answers allowed). Source: calculations on GfK Eurisko data – Observatory on 'The approach to finance and investments of Italian households'.

Interest in crowdfunding is positively associated to high education and high literacy. The amount interested people would invest is less than 1,000 euros in 50% of the cases, and up to 5,000 euros or higher for, respectively, 34% and 16% of the sample.

Figure 5.6 – Interest in online investing in unlisted stocks issued by small firms



Figures refer to the subsample of interviewees reporting interest in online investing in unlisted small firms. Financial knowledge is measured through the 'factor indicator' (i.e. the first principal component of the correct, incorrect and 'don't know' answers rescaled by the easiness of questions; see Methodological notes). Source: calculations on GfK Eurisko data – Observatory on 'The approach to finance and investments of Italian households'.

At the end of 2015 equity crowdfunding platforms authorised by Consob were 19, but only 9 of them were active. At mid-June 2016, 19 out of 48 campaigns launched on these platforms were successfully closed, while 12 are still ongoing.

Figure 5.7 – Equity crowdfunding platforms and campaigns

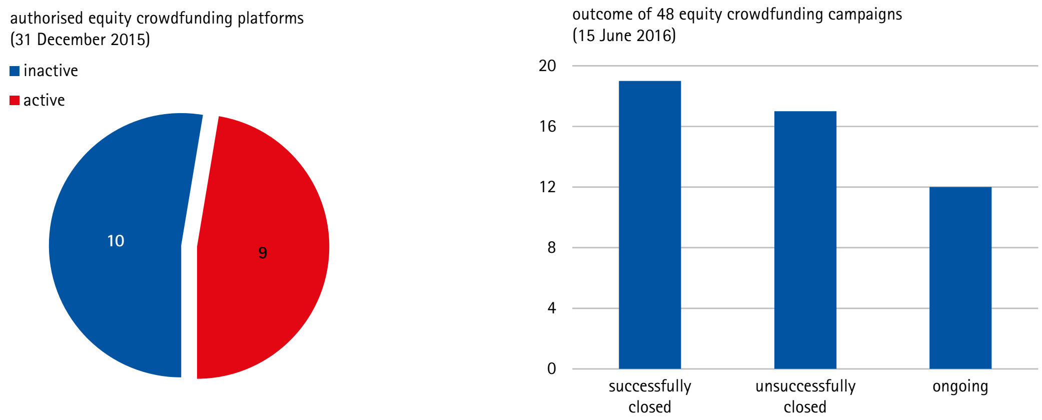
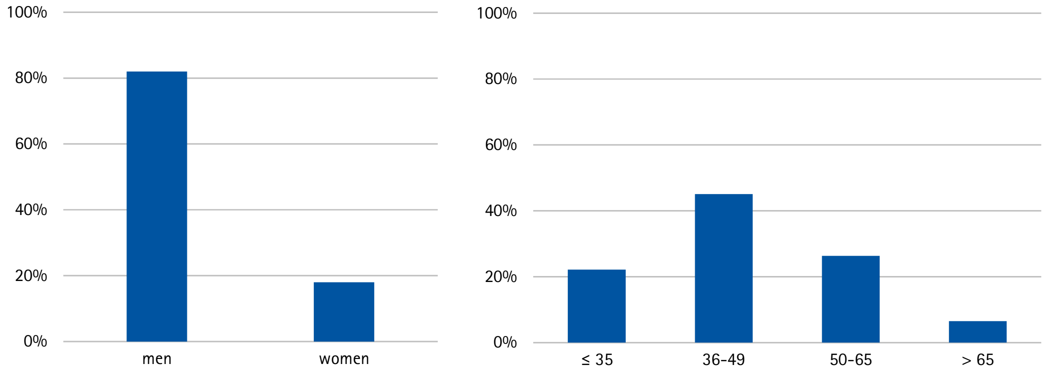


Figure on the left hand side reports the number of equity crowdfunding platforms authorised by Consob as of 31 December 2015. Figure on the right hand side reports the outcome of 48 equity crowdfunding campaigns launched on equity crowdfunding platforms authorised by Consob as of 15 June 2016. Source: Consob and Politecnico Milano, Osservatorio Crowdfunding, *1° Report italiano sul CrowdInvesting*, June 2016.

Participants in crowdfunding campaigns are mainly men, investors aged between 36 and 49 years...

Figure 5.8 – Participation in equity crowdfunding campaigns by gender and age



Breakdown of 384 individuals participating in 14 out of 19 equity crowdfunding campaigns successfully closed as of 15 June 2016 by gender and age. Source: Politecnico Milano, Osservatorio Crowdfunding, *1° Report italiano sul CrowdInvesting*, June 2016.

... and residents in the northern regions of Italy. Geographical proximity to the firms promoting the campaign involves around 40% of the participants, while the remaining live in different regions.

Figure 5.9 – Participation in equity crowdfunding campaigns by residence of investors and business proximity

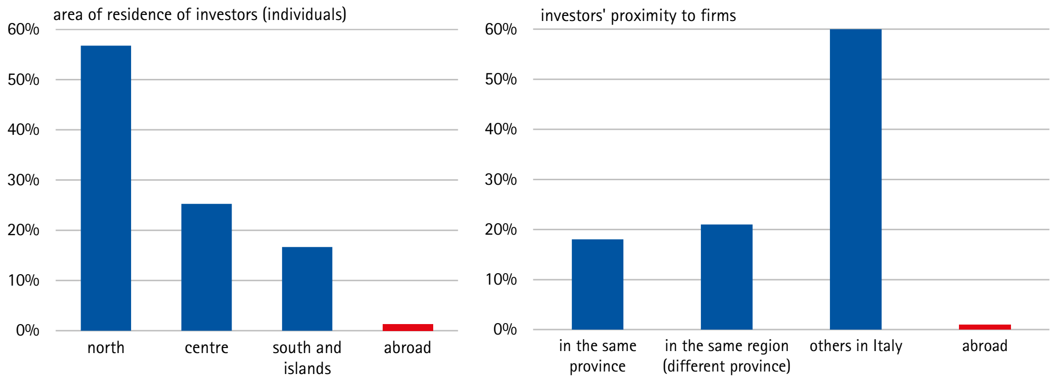


Figure on the left hand side refers to the area of residence of 384 individuals participating in 14 out of 19 equity crowdfunding campaigns successfully closed as of 15 June 2016. Figure on the right hand side reports the distribution of investors by proximity to the fundraising firm. Source: Politecnico Milano, Osservatorio Crowdfunding, *1° Report italiano sul CrowdInvesting*, June 2016.

Appendix: saving and investment decision making

Reported methods to keep track of money may be regarded as a proxy of the respondents' capability to effectively control their spending, being the propensity to rely on written records by far the most virtuous attitude. The 2016 Survey reveals that only 30% of respondents write down their disbursals (in detail, 26% of investors and 28% of non-investors), while the proportion of those keeping only a minimum check of or tracking their money without taking note almost doubles. Not surprisingly, trying to save regularly is more frequent among investors (71%) than non-investors (53%; averaging to 60% of all the interviewees) and, consistently, income is reported to just balance expenses by 13% of investors versus 32% of non-investors (overall more than 20% of respondents; Figure A1). Propensity towards proper tracking money does not show significant variability across age, education and wealth classes (Figure A2), contrary to the attitude to regular saving, which is more widespread among highly educated, wealthy, aged from 35 to 44 and elder individuals (Figure A3). The first step towards better choices is the awareness of one's own financial habits, i.e. the ability to identify one's own financial behaviour. To this respect, financial education seems to be key, as financially unaware respondents are significantly more frequent among low-literate individuals (Figure A4). When it comes to the self-assessment of one's own financial habits, average self-ratings prevail, while the propensity to evaluate their financial habits as worse-than-average is higher among those less inclined to tracking money and regular saving and those who do not exhibit any specific attitude towards investment decisions (Figure A5).

Financial control, meant as the ability to track expenses and to save, is a prerequisite of sound financial choices. Proper tracking of money (i.e. taking note of expenses) is shown by one third of respondents, whilst regular saving is reported by 60% of individuals. Virtuous habits are more frequent among investors.

Figure A1 – Monitoring expenses and saving habits

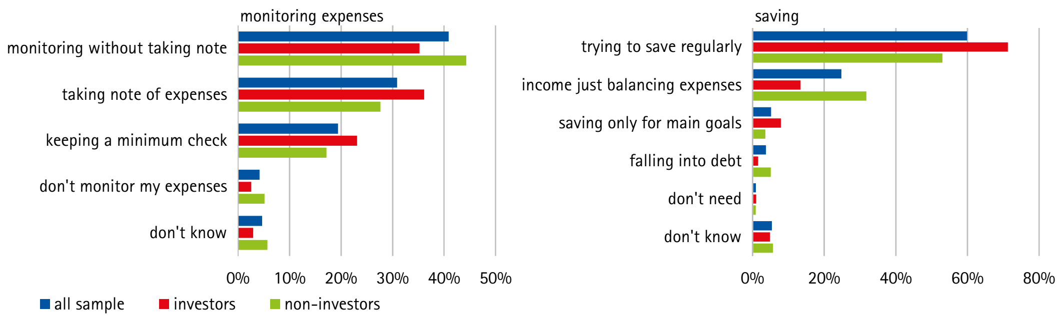
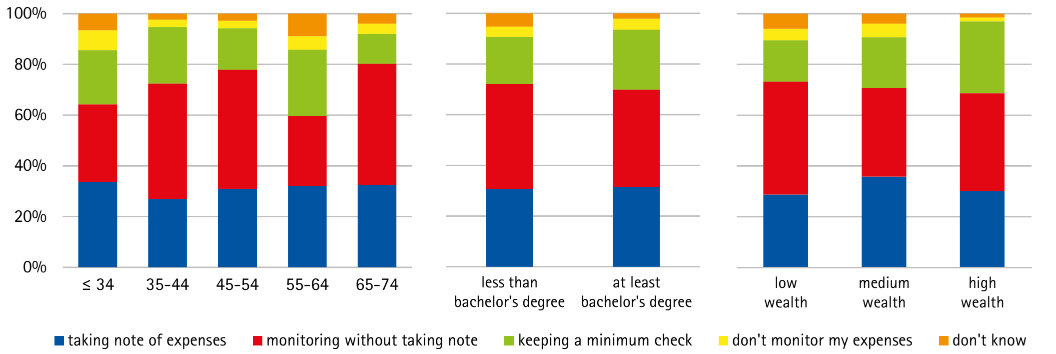


Figure on the left hand side refers to the following question: 'Which of the following best describes your attitudes towards monitoring household expenses?'. Figure on the right hand side refers to the following question: 'Which of the following best describes your saving behaviour?'. Source: calculations on GfK Eurisko data – Observatory on 'The approach to finance and investments of Italian households'.

Individuals' attitude to adequately monitor expenses does not show significant variability across age, education and wealth classes ...

Figure A2 – Monitoring expenses habits by some socio-demographic characteristics



Figures refer to the following question: 'Which of the following best describes your attitudes towards monitoring household expenses?'. Financial wealth categories are defined as follows: 'low' up to 10,000€; 'medium' from 10,000 to 50,000€; 'high' greater than 50,000€. Source: calculations on GfK Eurisko data – Observatory on 'The approach to finance and investments of Italian households'.

... while the propensity towards regular saving is more widespread among individuals aged from 35 to 44 and the elderly, highly educated and wealthy respondents.

Figure A3 – Saving habits by some socio-demographic characteristics

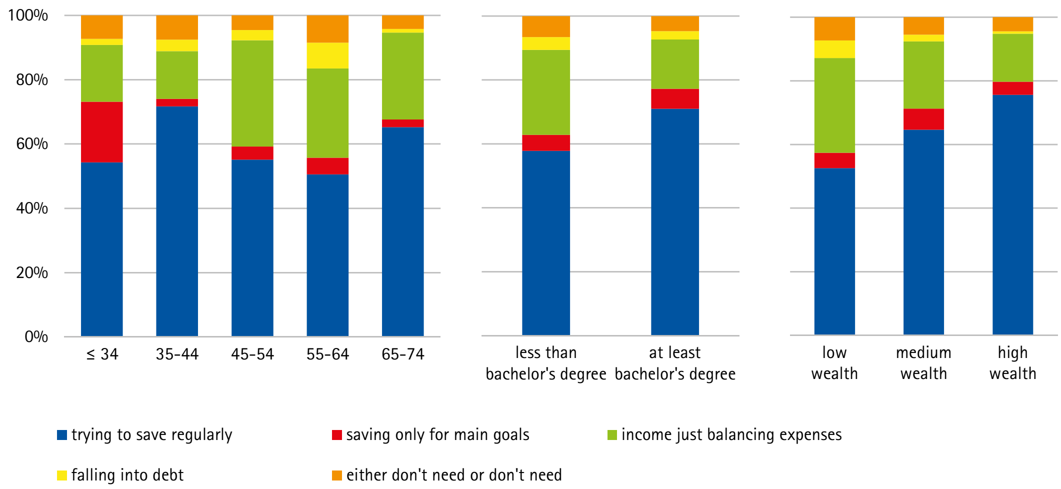
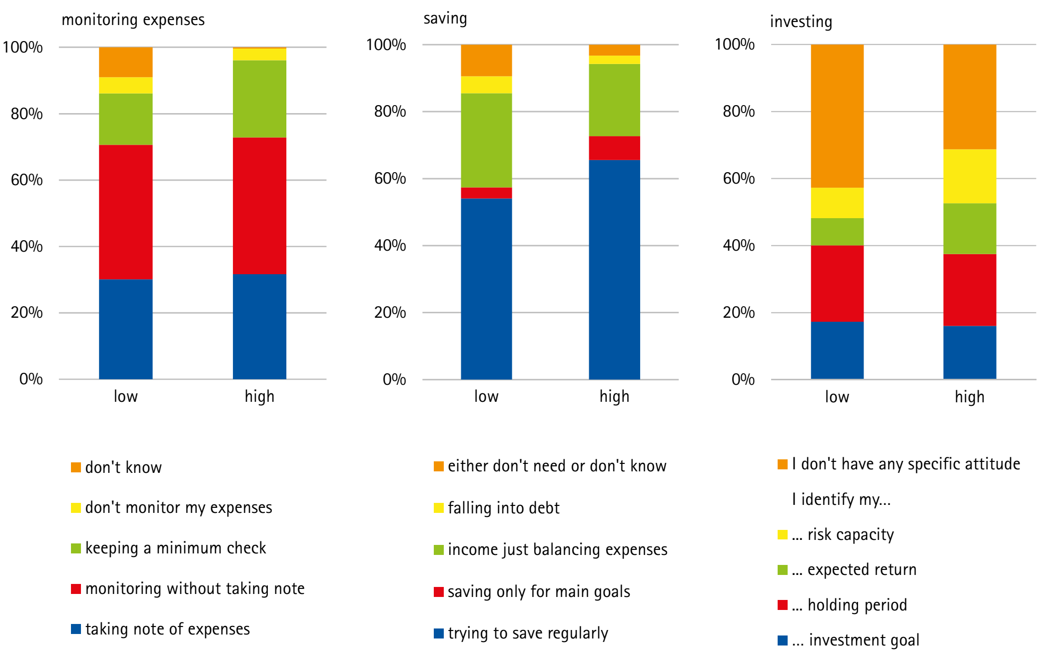


Figure refers to the following question: 'Which of the following best describes your saving behaviour?' Financial wealth categories are defined as follows: 'low' up to 10,000€; 'medium' from 10,000 to 50,000€; 'high' greater than 50,000€. Source: calculations on GfK Eurisko data – Observatory on 'The approach to finance and investments of Italian households'.

Financial knowledge seems to be key to individuals' awareness of their financial habits, especially when it comes to investment choices, as the proportion of those unable to identify their attitudes towards the investment-decision-making process are lower among high-literate respondents.

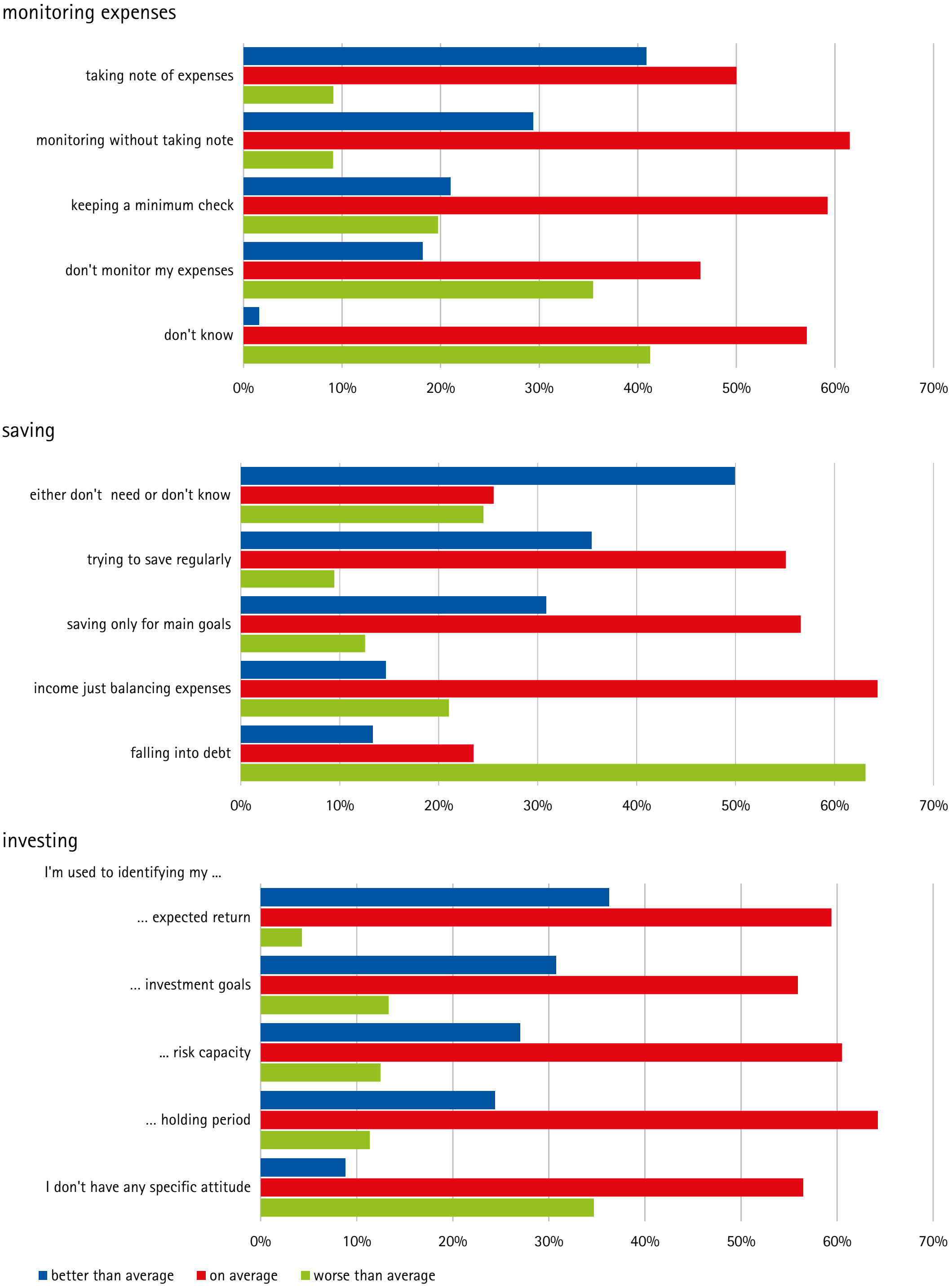
Figure A4 – Financial habits by level of financial knowledge



Sample breakdown by monitoring expenses, saving and investment-decision-making habits (see Figure A1 and Figure 4.17). Financial knowledge is measured through the 'factor indicator' (i.e. the first principal component of the correct, incorrect and 'don't know' answers rescaled by the easiness of questions; see Methodological notes). Source: calculations on GfK Eurisko data – Observatory on 'The approach to finance and investments of Italian households'.

Self-assessment of one's own financial habits sees average self-ratings prevailing. The propensity to evaluate one's own financial habits as worse-than-average is higher among those less inclined towards tracking money and regular saving and those who do not exhibit any specific attitude towards investment decisions.

Figure A5 – Monitoring expenses, saving and investment decision making by self-assessment level



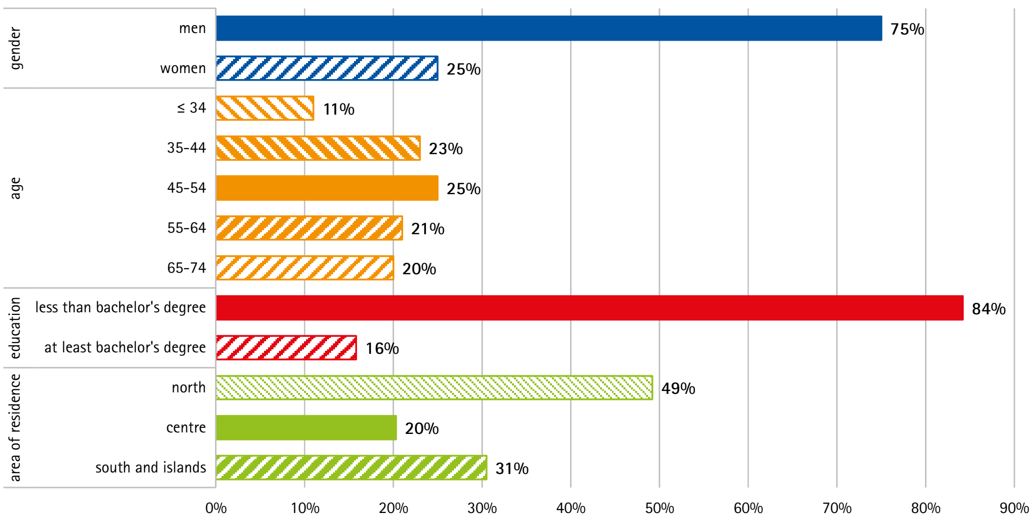
Sample breakdown by financial habits and self-assessment level. The first figure refers to the following question: 'Which of the following best describes your attitudes towards monitoring household expenses?'. The second figure refers to the following question: 'Which of the following best describes your saving behaviour?'. The third figure refers to the following question: 'Which of the following best describes your habits in financial investment choices?' and reports data concerning the subsample of investors. Source: calculations on GfK Eurisko data – Observatory on 'The approach to finance and investments of Italian households'.

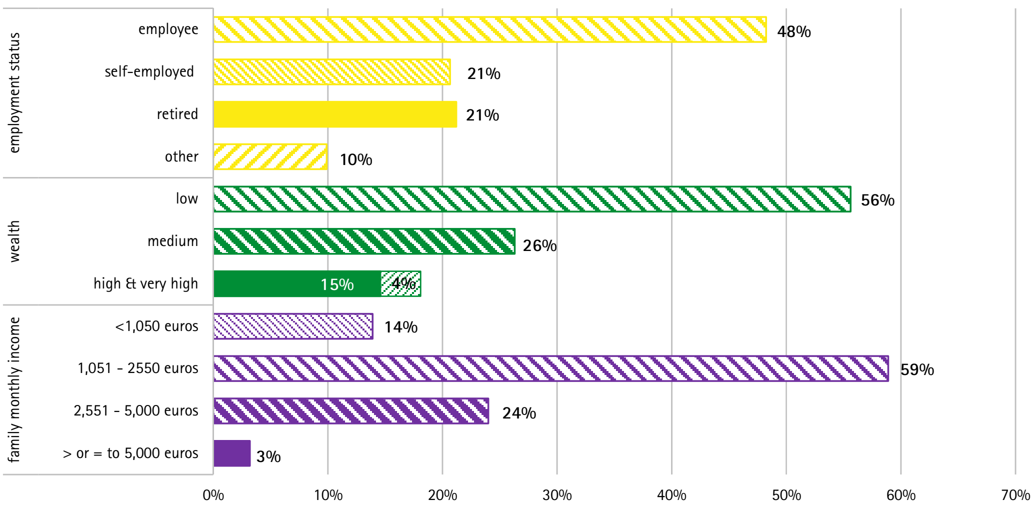
Methodological notes

About the data

The Report is based on the Multifinanziaria Retail Market Survey, gathering data from a sample of 2,500 Italian households, and on the Observatory on 'The approach to finance and investment of Italian households', collecting data from 1,000 households. Both Surveys, conducted by GfK Eurisko, provide information on the respondents' investment habits and choices, socio-demographic characteristics, financial situation, level of financial knowledge and behavioural attitudes. Surveys are representative of the same population of Italian retail financial decision makers, defined as the primary family income earner (or the most senior male, when nobody works, or the most senior female, when there are no male family members), aged between 18 and 74 and excluding bank employees, insurance company employees and financial advisers.

The sample





As for 'employment status', the group 'other' includes housewives, students and unemployed. Financial wealth categories are defined as follows: 'low' up to 10,000€; 'medium' from 10,000 to 50,000€; 'high and very high' greater than 50,000€. Reported percentages are estimates based on the application of sampling weights and refer to the same population of retail financial decision makers. Rounding may cause discrepancies in the figures. Source: calculations on GfK Eurisko – Observatory on 'The approach to finance and investments of Italian households'.

About financial knowledge indicators

The financial knowledge questions asked in the 2016 Survey capture a number of dimensions of literacy (understanding of basic notions and familiarity with advanced concepts), which were combined into three alternative indicators characterised by an increasing degree of sophistication (see Consob Working Paper no. 83, 2016). The first ('sample average' indicator) accounts only for the number of correct answers and is a dummy equal to 1 when the number of correct answers is higher than the sample median. The second ('weighted average' indicator) considers also the easiness of questions, by weighing more those recording lower sample frequencies of correct answers, and is a dummy equal to 1 when the weighted average of correct answers is higher than the sample median. The third ('factor' indicator) simultaneously uses the information content of correct, incorrect and 'don't know' responses and is a dummy equal to 1 when the first principal component of correct, incorrect and 'don't know' answers, rescaled by the easiness of questions, is higher than the sample median. Depending on the indicator used, the percentage of (relatively) low-literate respondents ranges from more than 30% (sample average indicator) to about 50% (weighted average and factor indicators). Considerations about statistical and informative robustness supported the use of the third indicator as a measure of individuals' financial knowledge throughout the Report.

Alternative financial knowledge indicators

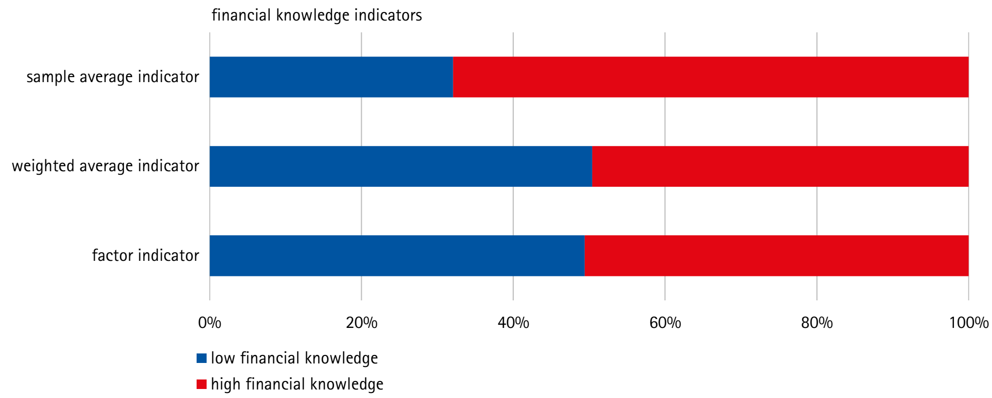
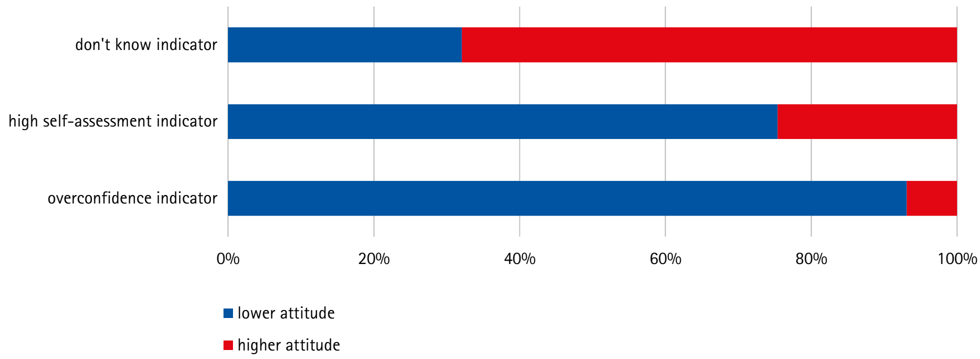


Figure reports the sample breakdown by three financial knowledge indicators, based on eight questions detailed in the following. Q1: 'What is the relationship between investment risk and return? Direct: the higher the risk, the higher the return; indirect: the higher the risk, the lower the return; none; don't know'. Q2: 'Suppose you win € 1,000 euros at the lottery and that you receive it after one year time (during that period your winnings is not invested). If the inflation rate is equal to 2%, in one year time you will be able to buy: more things than those you can buy today; the same things you can buy today; less things than those you can buy today; don't know'. Q3: 'Which of the following financial products typically shows the highest variability of expected returns? Current accounts; bonds; stocks; don't know'. Q4: 'Which of the following statements is true? When you buy a corporate bond you buy a quote of the issuer; when you buy a bond issued by a bank in bail-out you can pay for bank losses together with stockholders; when you buy a bank bond you can pay for bank losses together with stockholders only if the bond is subordinated; when you buy a stock you buy a quote of the issuer; when you buy a stock you are lending money to the issuer; don't know; none'. Q5: 'As for mutual funds, which of the following statements is correct? Once you invest in a mutual fund you can't withdraw your money before the end of the first year; mutual funds may invest both in stocks and bonds; mutual funds grant a yield based on their past performance; none of the above; don't know'. Q6: 'Which of the following risk ranking (from the most to the least risky financial product) is correct? Deposits; stock funds; stocks; don't know'. Q7: 'In the long run (10 to 20 years), which of the following financial products typically delivers a higher return? Current accounts; bonds; stocks; don't know'. Q8: 'If interest rates rise, how do bond prices change? Rise; decline; stay stable; there is no relationship between interest rates and bond prices; don't know' (see Figure 2.1). Source: calculations on GfK Eurisko data – Observatory on 'The approach to finance and investments of Italian households'.

About self-confidence indicators

In this Report, three alternative indicators measure self-confidence. The first relies on respondents' propensity to answer 'don't know' to financial knowledge questions from Q1 to Q8, as proxy of awareness of one's own limits. It is a dummy equal to 1 when the average of the 'don't know' answers to financial knowledge questions (see note to Figure 2.1) rescaled by the easiness of questions is greater than the sample median. The second is based on self-assessment of financial abilities ('high self-assessment' indicator) and is a dummy equal to 1 when respondents rate themselves as better-than-average in understanding basic financial products and making good investment decisions. The third considers the mismatch between self-assessed capability and actual financial knowledge ('overconfidence' indicator) and is a dummy equal to 1 when respondents rate their capabilities in understanding basic financial products and making good investment decisions as better-than-average whilst their financial knowledge level, as measured by the factor indicator, is low. These indicators capture different dimensions of individual's attitude to be self-confident and are therefore characterised by different patterns. The propensity to answer 'don't know' to financial knowledge questions rather than hazarding a guess involves the most part of respondents, whilst the propensity to assess one's own capabilities better-than-average and the mismatch between actual and perceived abilities result to be less widespread.

Alternative indicators of perceived capabilities



Source: calculations on GfK Eurisko data – Observatory on 'The approach to finance and investments of Italian households'.

About financial advice definitions

In this Report, financial advice services were classified by considering either the type of service provided or the frequency of interaction between the advisor and the client. As for the type of service, advice is defined as 'independent' where compliant to MiFID II definition, i.e. if advisor takes into consideration a sufficient range of sufficiently diverse financial instruments available on the market, and is remunerated exclusively by the investor to whom the service is rendered. Advice is classified as 'restricted' when the recommendation is based on a limited range of financial instruments and as 'advanced' when the professional considers a wide range of products and provides the client with a periodic suitability assessment.

As for the type of relation, 'high proactivity – MiFID advice' refers to services used by households declaring to have received a personal recommendation in respect of one or more transactions relating to financial instruments by their advisor in the last 12 months. 'Medium proactivity – generic advice' refers to households declaring to have been contacted by their advisor in the last 12 months without receiving any personal recommendations. 'Low proactivity – passive advice' refers to households declaring to have not been contacted by their advisor in the last 12 months.