Statistics and analyses

Report on financial investments of Italian households

Behavioural attitudes and approaches

2018

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 Survey 'The approach to finance and investment of Italian households' administered by GfK Italia to a representative sample of Italian retail financial decision makers.
For more information about the data, please see the Methodological notes at the end of this Report.

The opinions expressed in the Report are the authors' personal views and are in no way binding on Consob.

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Survey

Le scelte di investimento delle famiglie italiane

Ricchezza e risparmio delle famiglie italiane

La ricchezza netta delle famiglie italiane rimane stabile sui livelli del 2012, mentre il tasso di risparmio lordo continua ad attestarsi al di sotto della media dell'area euro (Fig. 1.1 e Fig. 1.2). Persiste il divario fra Italia ed Eurozona con riferimento sia alle scelte di portafoglio, soprattutto per la componente assicurativa e previdenziale (Fig. 1.3), sia al livello di indebitamento (Fig. 1.4). La diffusione di alcuni prodotti e servizi bancari vede l'Italia in linea con la media dell'area euro, dopo l'incremento registrato nel periodo 2011-2017 (Fig. 1.5), mentre sono meno incoraggianti i dati relativi alla familiarità con gli strumenti di pagamento digitali (Fig. 1.6 e Fig. 1.7).

L'Osservatorio Consob: caratteristiche socio demografiche e attitudini personali

L'Osservatorio Consob su 'L'approccio alla finanza e agli investimenti delle famiglie italiane' raccoglie i dati relativi a un campione di 1.601 individui, rappresentativo dei decisori finanziari italiani (Fig. 2.1). Oltre ai consueti profili socio-demografici, l'indagine censisce alcune attitudini psicologiche che possono orientare le scelte economico-finanziarie. In particolare, secondo gli indicatori attitudinali elaborati sulla base dell'auto-valutazione individuale, la maggior parte del campione risulta incline all'utilizzo di informazioni numeriche, ad attività cognitive impegnative e all'ansia finanziaria; è diffusa, inoltre, la percezione di auto-efficacia (intesa come capacità di raggiungere l'obiettivo) e auto-controllo; è molto frequente, infine, la propensione all'ottimismo e alla fiducia negli altri (Fig. 2.2 - Fig. 2.7). Un ultimo profilo riguarda le 'personalità finanziarie' degli intervistati (cosiddetti *behavioural investors' type*), di cui l'Indagine dà conto per la prima volta evidenziando, tra i caratteri più diffusi, la prevalenza dell'attitudine ad essere coscienzioso (Fig. 2.8). La preferenza per le informazioni di tipo numerico sembra essere più frequente tra gli uomini e tra i gli individui con un livello di istruzione più elevato, al contempo maggiormente inclini ad attività cognitive impegnative. La propensione verso l'ansia finanziaria è più comune tra le donne e gli intervistati con un grado di istruzione più basso, mentre risulta correlata negativamente con la percezione di auto-efficacia e l'ottimismo. La situazione economica personale si associa positivamente a tutte le attitudini esaminate, ad eccezione della tendenza a provare disagio nelle scelte finanziarie (Fig. 2.9).

Conoscenze finanziarie e ...

La cultura finanziaria delle famiglie italiane rimane contenuta: in media, un intervistato su due non è in grado di definire correttamente nozioni finanziarie di base; il dato scende a meno di uno su cinque nel caso di concetti avanzati (Fig. 3.1). Prima di mettersi alla prova, tuttavia, il 40% del campione dichiara di avere, nel complesso, un livello elevato di conoscenze finanziarie, anche se la stessa valutazione ex ante riferita alle singole nozioni oggetto di indagine registra in genere percentuali inferiori (Fig. 3.2). Tale disallineamento tra conoscenze effettive e percepite trova conferma anche nell'auto-valutazione ex post (Fig. 3.3 e Fig. 3.4). Tra i concetti attinenti alle abilità di calcolo complementari alla cultura finanziaria, quello di percentuale risulta ampiamente compreso dagli intervistati; viceversa, quasi l'80% del campione non ha familiarità con la nozione di probabilità (Fig. 3.5). Il quadro delle conoscenze finanziarie si completa con la cosiddetta *risk literacy*, definita con riferimento alla familiarità con specifici prodotti finanziari e alla capacità di valutarne il rischio relativo. Tra gli strumenti più conosciuti si annoverano i titoli di Stato (indicati dal 54% degli intervistati), mentre solo il 10% del campione è in grado di ordinare correttamente alcune opzioni di investimento per livello di rischio (Fig. 3.6). Le conoscenze finanziarie (reali e percepite) e le capacità di calcolo sono positivamente correlate al livello di istruzione e ad alcune inclinazioni personali (apprezzamento delle informazioni numeriche e delle attività cognitive impegnative), mentre risultano negativamente associate con l'ansia finanziaria. La cultura

finanziaria, inoltre, mostra una correlazione negativa con la propensione a sopravvalutare le proprie conoscenze (così come emerge dall'auto-valutazione ex-post; Fig. 3.7). I fattori di *background* della cultura finanziaria indicati con maggiore frequenza sono l'esperienza (di tipo professionale o legata alla gestione del bilancio familiare) e l'interesse personale, mentre all'istruzione scolastica e alle esperienze di investimento si riconosce un ruolo meno importante (Fig. 3.8).

... attitudine verso il rischio

La maggior parte del campione mostra un'elevata avversione alle perdite (Fig. 3.9) e dichiara di non essere orientata all'assunzione di rischio nelle scelte di investimento (Fig. 3.10). Tali attitudini sono più frequenti al crescere dell'età e della propensione all'ansia finanziaria, mentre risultano negativamente correlate con le conoscenze finanziarie, la preferenza per le informazioni numeriche, l'apprezzamento per le attività impegnative sul piano cognitivo e la ricchezza (Fig. 3.11).

Pianificazione finanziaria e risparmio

L'attitudine a gestire le risorse familiari nell'ambito di un processo strutturato di pianificazione e controllo (cosiddetto *financial control*) è ancora poco diffusa. Il 47% degli intervistati dichiara di predisporre un bilancio familiare, mentre solo il 30% tiene traccia scritta delle spese (Fig. 4.1). La maggior parte del campione, tuttavia, valuta gli acquisti attentamente, salda le utenze a scadenza e onora i debiti contratti (Fig. 4.2). Solo un terzo delle famiglie, infine, dichiara di avere un piano finanziario e di controllarne gli esiti (Fig. 4.3). Il *financial control* si associa positivamente a conoscenze finanziarie, abilità di calcolo, inclinazione verso le informazioni numeriche e capacità di auto-controllo, mentre l'ansia finanziaria sembra essere un fattore deterrente (Fig. 4.4). Fra coloro che non predispongono un piano finanziario, meno del 10% ne riconosce l'importanza, mentre circa il 65% lo ritiene inutile (Fig. 4.5). Il 20% degli intervistati non saprebbe come affrontare una riduzione significativa del reddito disponibile, mentre più del 30% si adopererebbe per rivedere al ribasso le abitudini di spesa (si noti al proposito che il 58% degli individui indebitati ha contratto un debito per far fronte a spese correnti; Fig. 4.6 e Fig. 4.7). Lo stile di vita potrebbe rimanere inalterato per circa un quinto delle famiglie, prevalentemente grazie ai risparmi accumulati. Nel dettaglio, le famiglie intervistate risparmiano in modo regolare (soprattutto per motivi precauzionali) nel 40% dei casi circa e in modo occasionale nel 36% dei casi; il 25% non accantona nulla, soprattutto per vincoli di bilancio (Fig. 4.8 e Fig. 4.9). L'abitudine a risparmiare in modo regolare si associa positivamente con la propensione a pianificare, la ricchezza e la cultura finanziaria (reale e percepita); è inoltre più frequente tra gli individui più sicuri della propria abilità di raggiungere gli obiettivi prefissati (auto-efficacia) e più inclini all'auto-controllo (Fig. 4.10 e Fig. 4.11).

Scelte e abitudini d'investimento

A fine 2017 il tasso di partecipazione delle famiglie italiane al mercato finanziario si attesta al 29%; dopo i depositi bancari e i prodotti postali, le attività che pesano di più nel portafoglio degli investitori sono i fondi comuni e i titoli di Stato (Fig. 5.1). La propensione all'investimento è più frequente fra gli individui residenti nel Nord d'Italia, con maggiori conoscenze finanziarie (effettive e percepite) e maggiori abilità di calcolo; allo stesso modo, risultano associate positivamente fiducia, ottimismo, l'attitudine per le informazioni numeriche e per le attività impegnative sul piano cognitivo. Per contro, risultano negativamente correlate l'avversione al rischio e l'avversione alle perdite, nonché la tendenza a provare disagio nella gestione delle finanze personali (Fig. 5.2). Le caratteristiche personali appena menzionate sono in larga parte coincidenti con quelle che rilevano anche rispetto all'interesse verso gli investimenti etici e socialmente responsabili (SRI), ancora poco conosciuti: più del 60% degli intervistati, infatti, dichiara di non averne mai sentito parlare e meno di un terzo manifesta interesse dopo essere stato informato degli elementi che in astratto li qualificano (Fig. 5.3 e Fig. 5.4). Per acquisire informazioni utili per le scelte di investimento le famiglie italiane si avvalgono prevalentemente di persone che operano nel settore finanziario (ad

esempio, il funzionario di banca con cui sono in contatto), persone di fiducia (amici e colleghi) e fonti informative specialistiche; documenti ufficiali come i prospetti finanziari vengono citati soltanto dal 25% degli intervistati (Fig. 5.5). Tra gli elementi informativi più apprezzati ricorrono quelli relativi al rischio di perdite in conto capitale e ai costi dell'investimento (Fig. 5.6). Tra coloro che dichiarano di seguire un solo stile decisionale (75% del campione), la metà ricorre ai consigli di amici e parenti (cosiddetta consulenza informale), poco più del 20% si affida alla consulenza professionale ovvero delega un esperto, mentre il 28% sceglie in autonomia (Fig. 5.7). Con riferimento al consulente (sia questi professionale o meno), le caratteristiche ritenute più importanti sono l'agire nel miglior interesse dell'investitore, essere competente e usare un linguaggio chiaro; più del 40% degli investitori indica l'essere sollevati dall'ansia finanziaria (Fig. 5.8). La propensione ad investire in autonomia, invece, è più frequente al crescere delle conoscenze finanziarie e delle competenze percepite; viceversa, è meno diffusa tra gli investitori inclini all'ansia finanziaria (Fig. 5.9). Circa il 40% dichiara di non monitorare l'andamento degli investimenti effettuati; il restante 60% del campione indica più frequentemente le *performance* del portafoglio rispetto ai costi tra le informazioni più importanti ai fini del controllo (Fig. 5.10). L'attitudine al monitoraggio è più frequente tra gli intervistati assistiti da un consulente professionale, oltre a crescere con l'età, il livello di istruzione e le competenze finanziarie; viceversa l'ansia finanziaria, l'avversione al rischio, l'avversione alle perdite e la preferenza per la consulenza informale mostrano una correlazione negativa (Fig. 5.11).

La domanda di consulenza finanziaria

Più del 50% degli intervistati non è in grado di definire in cosa consista il servizio di consulenza in materia di investimenti (Fig. 6.1). Tra gli elementi che orientano nella scelta dell'esperto (sia questi un consulente professionale o un funzionario bancario) si annoverano le indicazioni dell'istituto bancario di riferimento, la fiducia, i prodotti offerti e le competenze (Fig. 6.2 e Fig. 6.3). Nel 37% dei casi gli investitori sono convinti che la consulenza sia gratuita, mentre nel 45% dei casi essi dichiarano di non sapere se il consulente viene retribuito. Nel complesso il 50% circa non è disposto a pagare per il servizio (Fig. 6.4). La disponibilità a pagare si associa positivamente con la cultura finanziaria, la conoscenza delle caratteristiche del servizio, l'orientamento al lungo termine (definito come capacità emotiva di sostenere perdite nel breve periodo) e l'abitudine a monitorare gli investimenti (Fig. 6.5). Per quanto attiene al rapporto fra cliente e consulente, nella fase dello scambio informativo gli investitori ritengono importante comunicare all'esperto anzitutto la capacità finanziaria di assumere rischio e le aspettative riguardo ai rendimenti attesi. Dopo aver ricevuto la raccomandazione di investimento, più del 60% segue il consiglio, mentre soltanto il 10% si rivolge a una fonte diversa per una *second opinion*. Il 30% circa dei risparmiatori che si affidano a un consulente o a un gestore dichiara di non aver avuto alcun contatto con il professionista di riferimento nel corso dell'anno precedente. Tra gli investitori che incontrano regolarmente il proprio consulente, gli argomenti principali di conversazione riguardano, dopo l'andamento dell'investimento, gli aggiustamenti di portafoglio resi necessari dalla congiuntura di mercato. In caso di turbolenze finanziarie, infine, soltanto il 20% degli investitori si rivolge al consulente o viene da questi contattato (Fig. 6.6).

Focus: le intenzioni di accrescere la cultura finanziaria e di monitorare il bilancio familiare

Secondo la cosiddetta Theory of planned behaviour (TPB), i comportamenti osservati sono direttamente influenzati dalle intenzioni, che a loro volta sono associate a tre 'costrutti psicologici': l'attitudine verso il comportamento anche in termini di giudizio sulla sua importanza ed utilità; la pressione sociale avvertita a supporto del comportamento; il livello di controllo sul processo percepito. I costrutti psicologici sono a loro volta influenzati da caratteristiche individuali, profili

socio-demografici e livelli di informazione e conoscenza (fattori di *background*; Fig. 7.1). La presente indagine utilizza la TPB per analizzare le intenzioni relative a due comportamenti che ricadono nella sfera economico-finanziaria: l'approfondimento delle conoscenze in materia di risparmio e investimenti e il controllo delle spese familiari. Con riferimento al primo comportamento, l'attitudine verso l'accrescimento delle proprie competenze può classificarsi come elevata solo per il 20% degli intervistati (la frequenza è maggiore per le donne; Fig. 7.2). Si attesta su livelli inferiori al 10% la percentuale del campione che avverte una pressione sociale (riconducibile a familiari, amici e colleghi) elevata rispetto a questo tema (Fig. 7.3). Quasi un quarto degli intervistati, infine, percepisce un alto livello di controllo sull'impegno necessario per approfondire le proprie conoscenze (Fig. 7.4). Nel complesso, l'attitudine verso l'innalzamento della propria cultura finanziaria e il controllo comportamentale percepito sono correlati positivamente con ricchezza e reddito, cultura e competenze finanziarie (reali e percepite) e con alcune caratteristiche personali quali l'inclinazione verso le informazioni numeriche, l'auto-efficacia e l'ottimismo; viceversa, essi sono meno diffusi tra gli uomini, gli *overconfident* e le persone a disagio con la gestione delle proprie finanze. Queste ultime, per contro, avvertono maggiormente la pressione sociale, al pari degli individui con un livello di istruzione più elevato (Fig. 7.5). Nel complesso, il 25% del campione dichiara l'intenzione di allargare le proprie conoscenze finanziarie sia in maniera generica sia in maniera 'specifica' (ossia rispetto a un orizzonte temporale di un anno; Fig. 7.6 e Fig. 7.7).

Con riguardo al monitoraggio del bilancio familiare, l'attitudine comportamentale è classificabile come bassa o molto bassa nel 40% dei casi; l'80% degli intervistati avverte una pressione sociale bassa; circa un quinto percepisce un livello di controllo basso (Fig. 7.8 - Fig. 7.11). L'intenzione a monitorare il bilancio familiare (sia generica sia specifica) è più frequente fra quanti si dichiarano favorevoli al controllo delle spese, percepiscono un'elevata pressione sociale e ritengono di poter controllare il processo (Fig. 7.12 e Fig. 7.13).

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Financial investments of Italian households

Trends in household wealth and savings

In Italy household net wealth remains stable at its 2012 level, whereas gross saving rate keeps declining below the euro area average (Fig. 1.1 and Fig. 1.2). Discrepancies between Italy and the Eurozone persist also in the composition of financial assets, especially with respect to the holdings of insurance and pension products (Fig. 1.3), and in the level of indebtedness, with Italian households exhibiting more favourable figures (Fig. 1.4). Over 2011-2017, Italy has caught up with the average of the euro area as for the access to some banking products and services (Fig. 1.5), while still lagging behind with respect to the acquaintance with digital means of payment (Fig. 1.6 and Fig. 1.7).

The 2018 CONSOB Observatory: socio-demographics and personal traits of sampled financial decision makers

The 2018 CONSOB Observatory 'The approach to finance and investment of Italian households' collects data from 1,601 households, representative of the population of Italian retail financial decision makers (Fig. 2.1). As extensively acknowledged by researchers and practitioners, financial behaviours are deeply grounded into individual psychological traits and inclinations. According to indicators computed on the basis of respondents' self-evaluation, the majority of the sample prefers numerical information, shows the need for cognition, is inclined to financial anxiety. Moreover, the perception of self-efficacy and self-control as well as optimism and trust are common (Fig. 2.2 - Fig. 2.7). Finally, in line with the behavioural investors' type (BIT) literature, respondents are asked to report about some personality traits that may affect financial choices (Fig. 2.8). A preliminary inspection based on pairwise correlations among socio-demographic characteristics and personal traits shows that preference for numerical information is more frequent among men and highly educated individuals, who also show a higher need for cognition. Financial anxiety is more common among women and the lowest educated, whilst being negatively correlated with the attitudes potentially underpinning personal engagement in challenging tasks, self-confidence and optimism. The economic situation (as proxied by income, financial wealth, house property and employment status) is positively correlated with all the selected traits, except financial anxiety (Fig. 2.9).

Financial knowledge and risk preferences

Italian households' financial knowledge is still very low, as shown by the results of a test involving both basic notions recurrent in everyday life and advanced concepts (20%; Fig. 3.1). Actual and perceived financial knowledge display some misalignment, as unveiled by both ex-ante self-assessment (before testing their actual literacy more than 40% of interviewees rate themselves as highly knowledgeable; Fig. 3.2) and ex-post self-assessment (i.e. self-evaluation after the test; Fig. 3.3 and Fig. 3.4). Among the features that can be deemed as both a precondition and a complement of financial literacy (so called numeracy understanding), percentages are widely understood while probabilities remain obscure for almost 80% of the interviewees (Fig. 3.5). Risk literacy, as captured through familiarity with financial products and their riskiness, is not very widespread either. The proportion of respondents reporting to be acquainted with specific financial assets is never higher than 60% (with government bonds remaining the instrument most widely known after bank and postal accounts) while only 10% of the sample fare well in ranking financial assets by their riskiness (Fig. 3.6). Financial knowledge, both actual and perceived, and numeracy understanding are positively associated with education, preference for numerical information and need for cognition, whilst being negatively correlated with financial anxiety. Interestingly, both overconfidence (as defined with respect to the ex-post self-assessment) and the attitude towards upward mismatch result significantly and negatively associated with financial knowledge (Fig. 3.7). Individual background in financial matters is mainly due to professional experience, household

budgeting and personal interest, while formal education and investment experience seem to play a minor role (Fig. 3.8). As for risk attitudes, half of the interviewees show to be ambiguity averse, while about 45% state they wouldn't tolerate any capital loss (Fig. 3.9). Consistently, the vast majority of interviewees is not willing to take risk when making financial decisions (Fig. 3.10). Risk and loss aversion are more likely among older and financially anxious individuals, people with lower formal education and less wealthy. On the contrary, unwillingness to take risk is negatively associated to high financial knowledge, high numeracy understanding, preference for numerical information and need for cognition (Fig. 3.11).

Financial control and saving

Financial control, i.e. budgeting, planning and monitoring, is key to sound choices and to individual financial welfare. Italian households are not widely used to engage in good financial control practices yet. About 47% of interviewees have a budget, reported to be met in most of the cases, while less than one third take written notes of household expenses (Fig. 4.1). However, a careful consideration of purchases, timely bill payment and debt repayment appears to be the norm for the majority of the sample (Fig. 4.2). Finally, less than one third of respondents assert to have ever had a financial plan and to check for its progresses (Fig. 4.3). Financial control is more frequent among individuals recording higher levels of financial knowledge and numeracy understanding and among individuals inclined to numerical information and to self-control; feelings of financial anxiety may instead be a deterrent (Fig. 4.4). Among those not having a plan, less than 10% admit the importance of financial planning, about 65% believe it is useless, whilst around 25% are not even able to highlight what prevents them from planning (Fig. 4.5). One fifth of the sample can't figure out how they would cope with a hypothetical fall in the household income, whilst more than 30% would lower their current standards of living (Fig. 4.6; in this respect, 58% of the households are in debt for current expenses, as shown in Fig. 4.7). Saving (mainly driven by precautionary reasons) is undertaken by less than 40% of the interviewees on a regular basis and by 36% of the respondents on an occasional basis; 25% of the sample is not able to save at all mainly because of binding budget constraints (Fig. 4.8 and Fig. 4.9). Not surprisingly, saving is more likely among individuals used to financial control, as well as among wealthier and more literate respondents. A better-than-average self-assessment of one's own financial capabilities (including one's own saving capabilities) and some personal traits such as self-efficacy and self-control may also play a relevant role (Fig. 4.10 and Fig. 4.11).

Investment choices and investment habits

At the end of 2017, about 30% of the Italian households participate in financial markets (i.e. hold at least one investment product). Based on the reported breakdown of financial assets, mutual funds and government bonds weigh the most in households' portfolios, after bank and postal savings (Fig. 5.1). The propensity to invest is more likely among individuals with higher formal education, resident in the North and with higher financial knowledge and numeracy understanding. As for personal traits, beyond trust and optimism, preference for numerical information, need for cognition and tolerance to short-term losses are among the factors positively correlated with participation, whilst risk aversion and loss aversion go in the opposite direction (Fig. 5.2). Ethical and socially responsible products (or socially responsible investing – SRI) are not broadly known yet, as more than 60% of respondents have never heard about them, nor are they attractive, as only less than one third of interviewees plead interested after receiving information about them (Fig. 5.3 and Fig. 5.4). Information on financial products and services is deemed to be fundamental to investor protection: ascertaining the extent to which investors rely on official sources of information is therefore of great interest to regulators and supervisors. In fact, only 25% of the interviewees refer to regulatory information (i.e. financial prospectus), while financial experts (mainly bank tellers),

unofficial channels (mainly friends and colleagues) and specialised magazines are the most frequently mentioned (Fig. 5.5). Information valued as useful predominantly refer to risk of capital losses and costs (Fig. 5.6). Among investors reporting a single investment habit, 50% rely on friends and relatives for support to investment choices (so called informal advice); 28% make decisions on their own (self-directed investors); about 20% seek for professional support or delegate to an expert (Fig. 5.7). People acting as advisors (either professionals or trusted persons) are expected to act in the investors' best interest, to be competent and clear. For more than 40% of the respondents, it is important to be relieved by financial anxiety (Fig. 5.8). Self-directed investors are more frequent among individuals living alone, showing preference for numerical information and self-assessing their financial knowledge and capabilities as better-than-average, whereas informal advice is more widespread among anxious and loss averse individuals (Fig. 5.9). Monitoring one's own portfolio over time is a key feature describing individuals' attitude towards the investment process. About 40% of the investors do not monitor nor in most of the cases are they informed about the previous year performance of their investments. Among those reporting to keep track of their choices, information about past performances seem to be more salient than costs disclosure (Fig. 5.10). Investment monitoring is more likely among aged, highly educated and financially literate people as well as among investors inclined to ask for professional support, while financial anxiety, loss and risk aversion as well as inclination to informal advice show a negative correlation (Fig. 5.11).

The demand for investment advice

More than 50% of interviewees are able to identify neither the contents of the service of investment advice nor the characteristics of the independent advice service (Fig. 6.1). This lack of knowledge is likely to affect also the individual attitude to shop around for advice. Indeed, the main driver of the choice of the expert (either a professional advisor or, more generically, financially skilled staff) is the recommendation from one's own bank, followed by the range of products available and the perceived reliability of the advisor. The cost of the service is mentioned by only around 5% of the investors seeking for support (Fig. 6.2 and Fig. 6.3). Indeed almost 80% of those relying on professional advice either state the service is free or don't know whether it is compensated, while overall about 50% are not willing to pay for it (Fig. 6.4). Willingness to pay for investment advice rises with formal education and financial knowledge (Fig. 6.5). As for the client-advisor relationship, the most part of respondents consider very important to disclose to the advisor their risk capacity and expectations about the investment performance, whereas communication about financial knowledge and experience is felt to be less important. More than 60% of investors follow the professional advice they received, while less than 10% ask for a second opinion. About 30% of investors report to have had no contacts with their advisors in the previous year. Those having regular meetings refer that conversations topics mainly focus on portfolio performance and portfolio adjustments driven by market trends. Finally, in case of market downturn only 20% of investors are used to meet or to be called by their advisor (Fig. 6.6).

Focus: the Theory of planned behaviour and ...

According to the Theory of planned behaviour (TPB), intentions are the precursors of a specific behaviour. They depend on attitudes (i.e. one's own overall evaluation of the behaviour), social pressure (feeding into social norms and motivation) and behavioural control (i.e. perception of one's own ability to enact the behaviour). All these psychological constructs are backed by background factors, such as individual features (e.g. personality traits or experience), social features (e.g. education, age, gender and income) and information features (e.g. knowledge and media; Fig. 7.1). In this framework, intentions towards a specific behaviour can therefore be boosted by intervening on attitudes, perceived social pressure and feeling of control. This Report applies TPB to individual intentions to learn more about finance and to enact a proper monitoring of household expenses.

... the intention to learn finance and ...

Behavioural beliefs underpinning intentions to learn more about saving and investment can be related to two components: behavioural beliefs about the consequences of learning more and judgments about these consequences. Based on the opinions elicited on these components, only 20% of the interviewees (more frequently women) may be classified as having a high evaluation of the intention to learn more about finance (Fig. 7.2). The motivation to learn more about finance may come from social pressure, resulting from both the individual perception about how other people would like the person to behave and the individual consideration of other people's opinion. The overall score resulting from the combination of these two components shows that the social pressure to learn more is felt to be high by less than 10% of the sample (Fig. 7.3). When it comes to individual evaluation of one's own ability to pursue the proposed behaviour, almost 25% of the interviewees perceive a high degree of control (Fig. 7.4). Overall attitude and perceived control underlying the intention to learn more about finance are higher among women and display a positive correlation with financial wealth, inclination towards numerical information, self-efficacy and optimism, actual and perceived financial knowledge and capabilities. The contrary holds as for age, overconfidence, financial anxiety, risk and loss aversion. As for perceived social pressure, high education and financial anxiety are among the factors showing a positive association, while income, risk aversion and some personal attitudes play in the opposite direction (Fig. 7.5). The breakdown of the intention (resulting from the combination of attitude, perceived social pressure and perceived control) over the spectrum 'strong disagreement' - 'strong agreement' unveils that about 25% of the interviewees report a high disposition towards learning about finance; this figure is slightly lower among women (Fig. 7.6 and Fig. 7.7).

... the intention to monitor the household budget

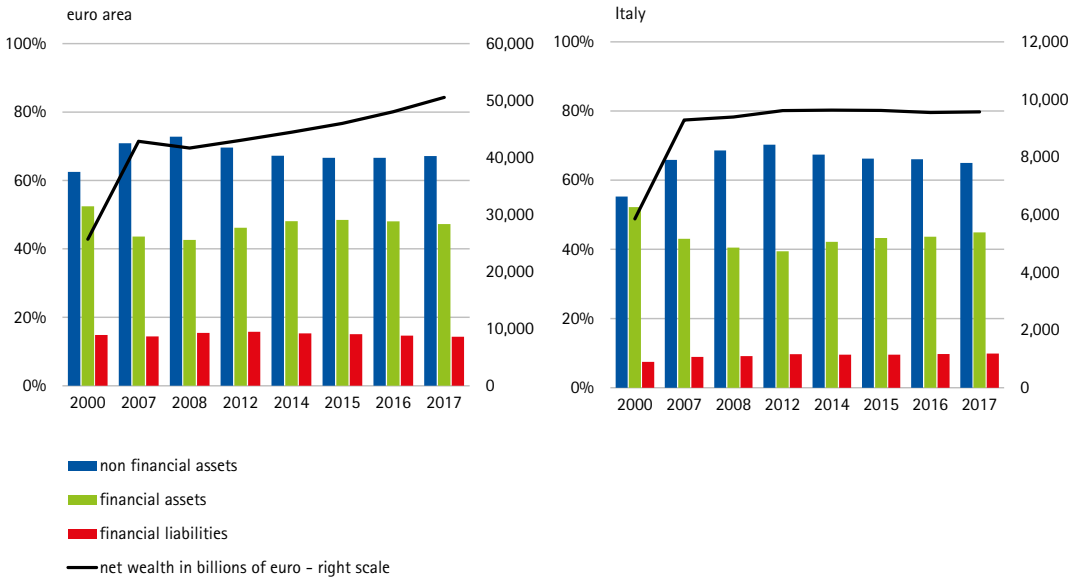
Slightly more than 40% of the sample shows a low or very low overall attitude towards budget monitoring, whereas peer pressure and the level of control are felt to be low respectively by 80% and 20% of the interviewees. Attitude and perceived behavioural control are positively associated (among the others) with inclination to use numerical information, need for cognition, actual and self-assessed financial knowledge. Financial anxiety, while displaying a negative association with attitude and control, seems to positively correlate with perceived peer pressure (Fig. 7.8 - Fig. 7.11). Intention to monitor the budget is strong for individuals showing to be highly in favour of tracking expenses, to perceive a high social pressure and to feel in control of the process (Fig. 7.12 - Fig. 7.13).

2018
Survey

Trends in household wealth and savings

Household net wealth remains stable at its 2012 level in Italy, while following an upward trend in the euro area.

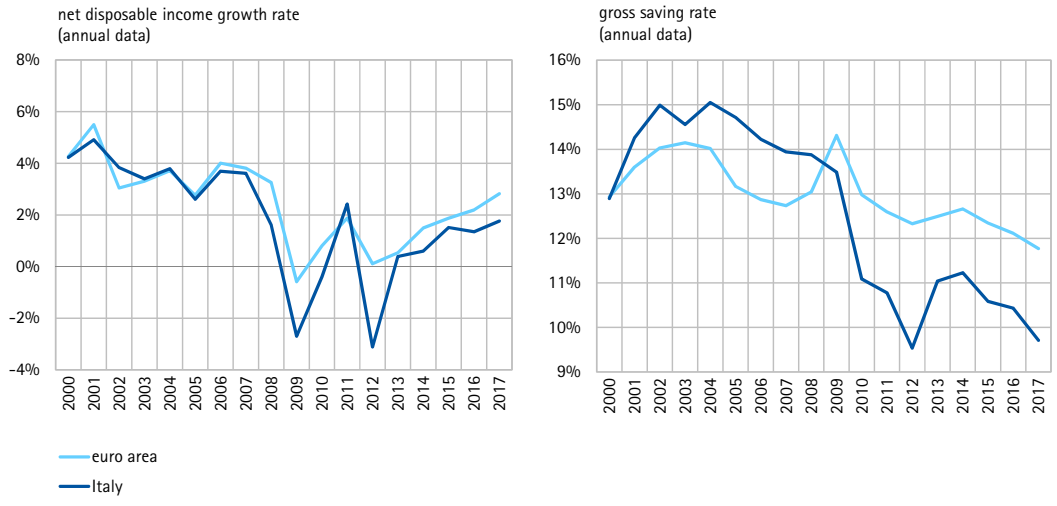
Fig. 1.1 – Household net wealth: level and composition
(annual data)



Figures refer to the reporting institutional sector 'Households and non-profit institutions serving households' (NPISH) in euro area 19 (fixed composition) as of 1 January 2015. Non-financial assets include: dwellings; buildings other than dwellings; machinery and equipment and weapon systems products; intellectual property; inventories by type of inventory; land under cultivation; consumer durable. Net wealth is defined as the sum of real and financial assets net of financial liabilities. For Italy, 2017 net wealth is estimated on the basis of the quarterly variations published by the ECB. Source: ECB, Eurostat, Istat.

Since 2014, gross saving rate has been declining both in Italy and in the Eurozone, with the Italian rate persistently below the euro area average.

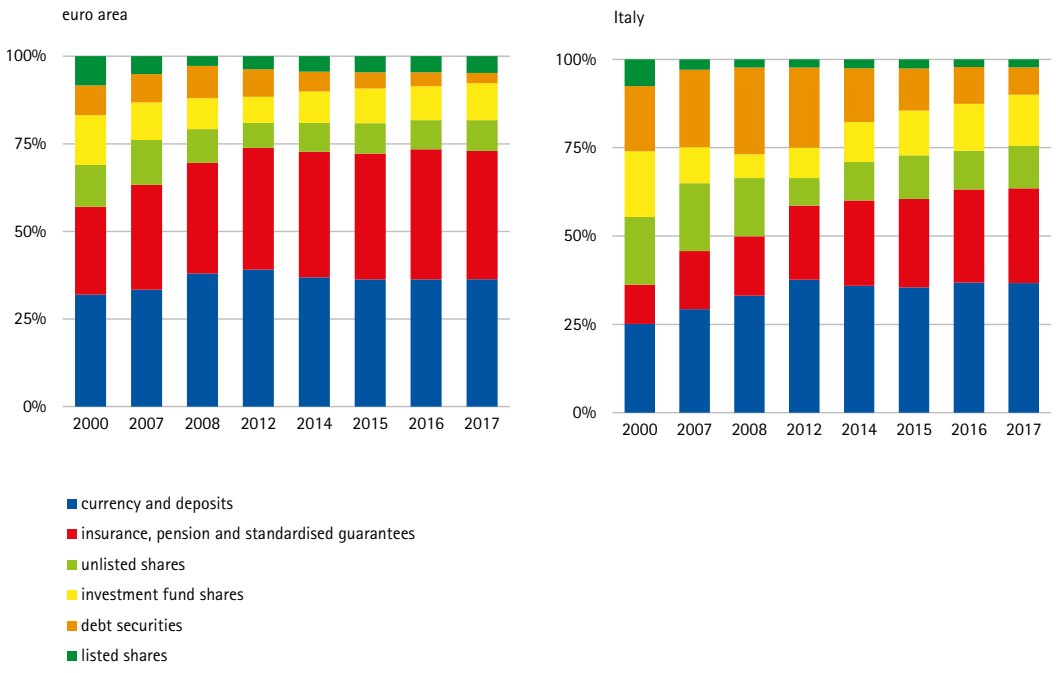
Fig. 1.2 – Household net disposable income and gross saving rate



Gross saving rate of households (including non-profit institutions serving households) is defined as gross saving divided by gross disposable income. Source: Eurostat, European Commission, Istat.

Italian household holdings of debt securities keep declining, thus shrinking the gap with euro area, while differences persist as for holdings of insurance policies, pension funds and investment fund shares.

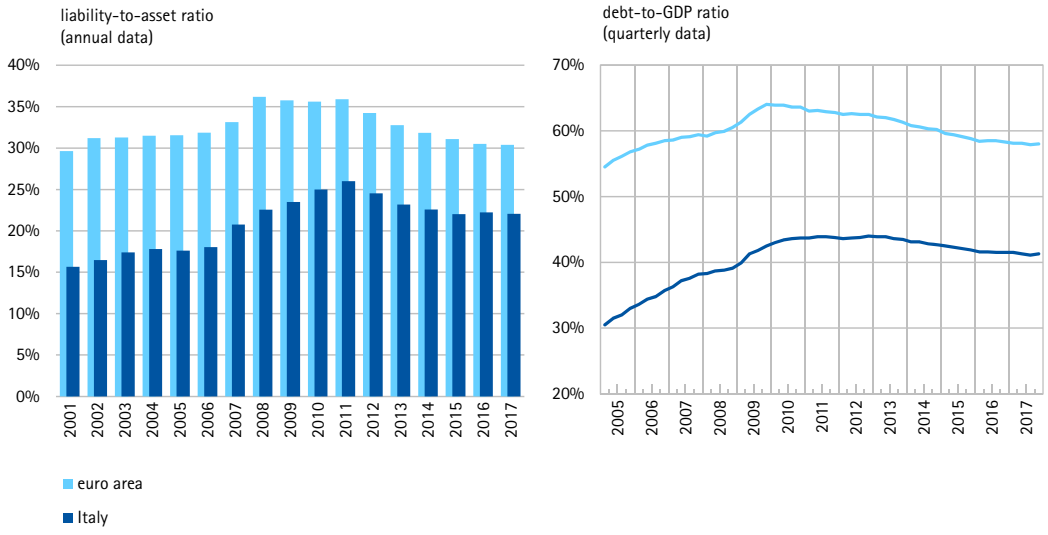
Fig. 1.3 – Breakdown of household financial assets



Source: Eurostat.

Since 2015 household financial resilience, as measured by liability-to-asset ratio and household debt-to-GDP ratio, has stabilised across the euro area, with Italy historically exhibiting more favourable figures.

Fig. 1.4 – Household liabilities

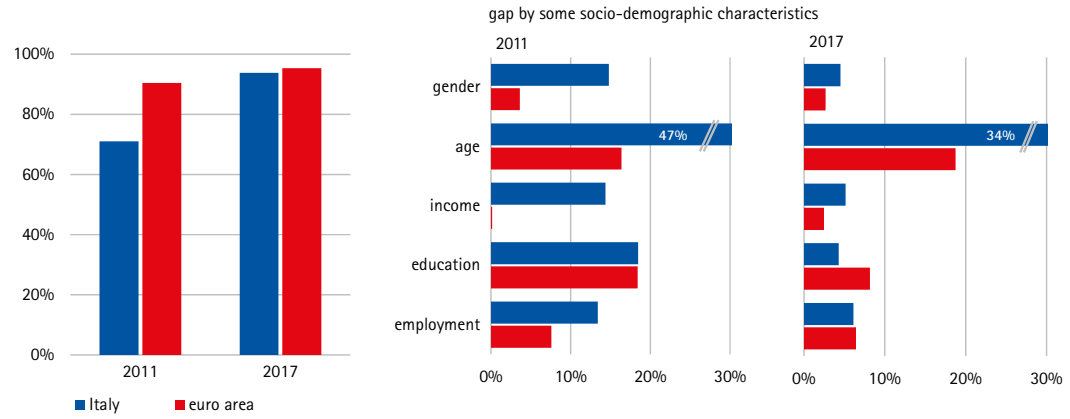


Source: ECB, Bank of Italy, Banque de France.

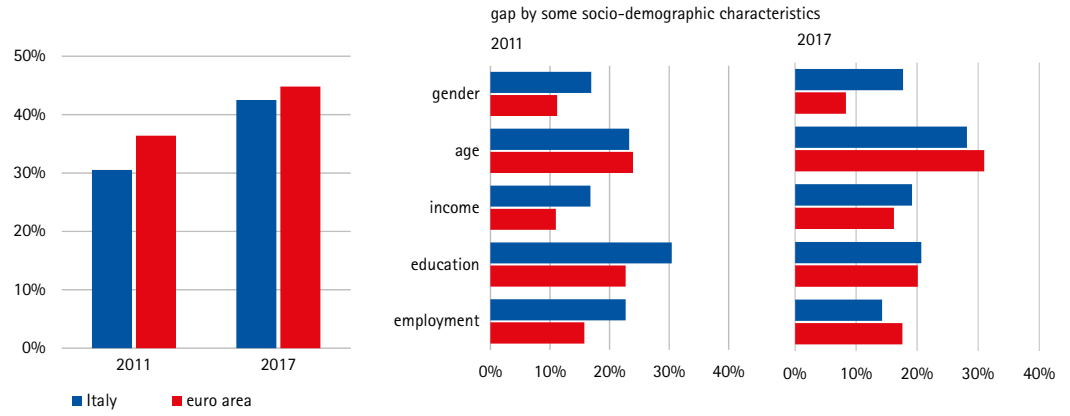
Over 2011-2017, household financial inclusion, as proxied by access to some banking products and services, has risen especially in Italy, by now in line with the Eurozone average. This in turn led to a significant reduction in gaps recorded across gender, income and education levels.

Fig. 1.5 – Financial inclusion indicators

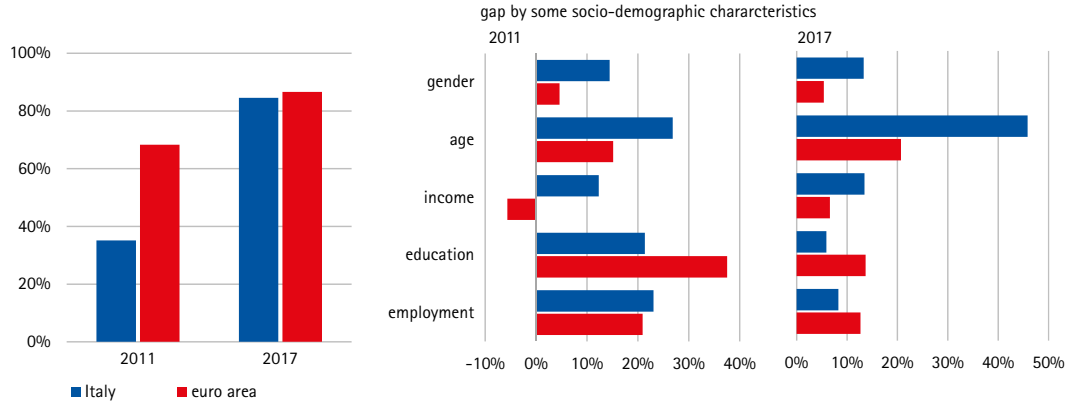
households having a bank account



households having a credit card



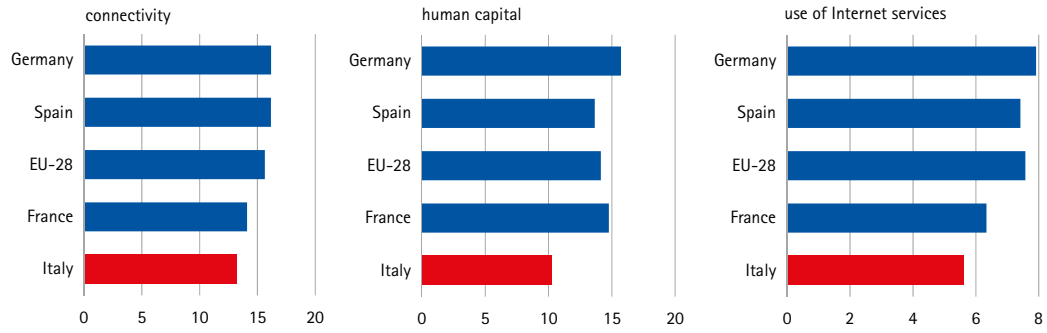
households having a debit card



Figures are based on survey data referring to almost 150,000 adults, aged 15 and above, belonging to randomly selected and nationally representative samples of almost 1,000 adults for each of the 144 countries surveyed. Data refer to the percentage of respondents who report having an account (either at a financial institution or through a mobile money provider), a credit card or a debit card, respectively, in the past 12 months. Gaps are the difference in the proportions of respondents' categories referred to: gender (male and female); age (adults aged 25 years or more and young aged from 15 to 24); income (richest 60% of the sample based on income quintiles and poorest 40% of the sample based on income quintiles); education (secondary school or more and primary school or less); employment (in the labour force, i.e. either employed or seeking work, and out of the labour force, i.e. neither employed nor seeking work). Source: calculations on Global Findex database, World Bank.

Among the main European countries Italy ranks the lowest in terms of connectivity tools, human digital skills and use of the Internet.

Fig. 1.6 – Availability of connectivity instruments and household digital skills in 2017

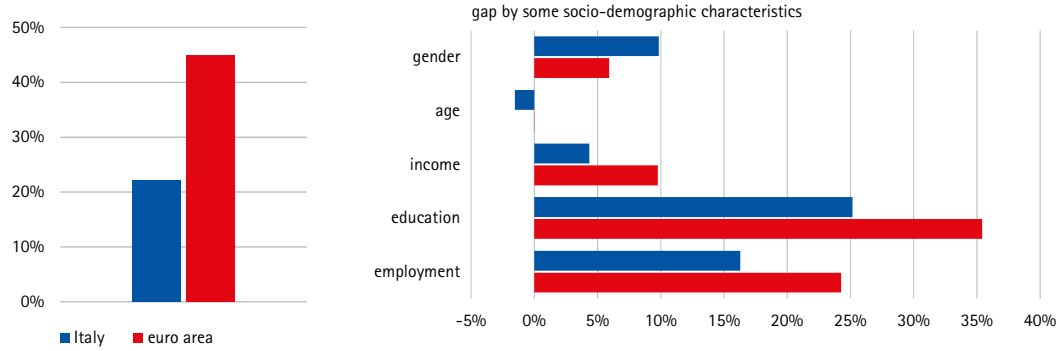


Figures refer to three out of five dimensions of the Digital Economy and Society Index (DESI), which brings together a set of relevant indicators on European current digital policy mix. In particular, connectivity sub-index is based on nine indicators relative to fixed, mobile, fast and ultrafast broadband connection and prices; human capital sub-index includes four indicators relative to basic skills, Internet use, advanced skills and education; use of Internet services sub-index includes seven indicators relative to citizens' use of content, communication and online transactions. Source: European Commission.

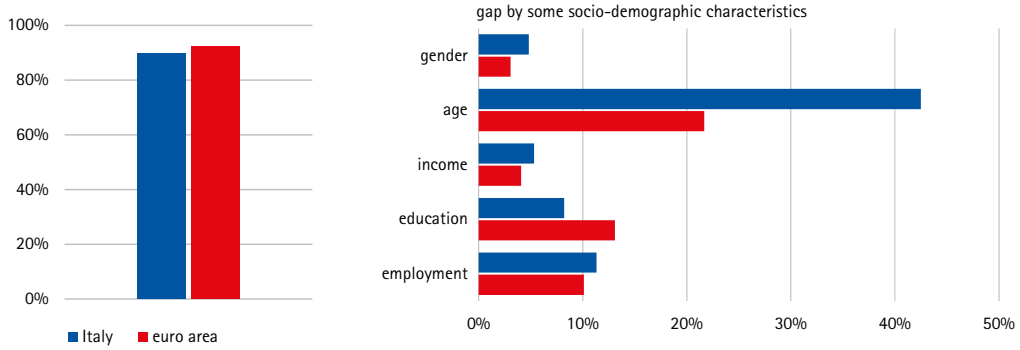
In the wake of digitalization of finance, a relevant driver of financial inclusion may also be the acquaintance with digital means of payment. In 2017 only 20% of Italian households uses mobile phone or the Internet to make payments and purchases, send or receive money. In the euro area the share is more than twice than in Italy. On the contrary, digital payments are widespread both in the Eurozone and in Italy, mainly due to payments of wages and pensions remittances.

Fig. 1.7 – Household digital payments and purchase in 2017

using mobile phone or Internet



making or receiving digital payments



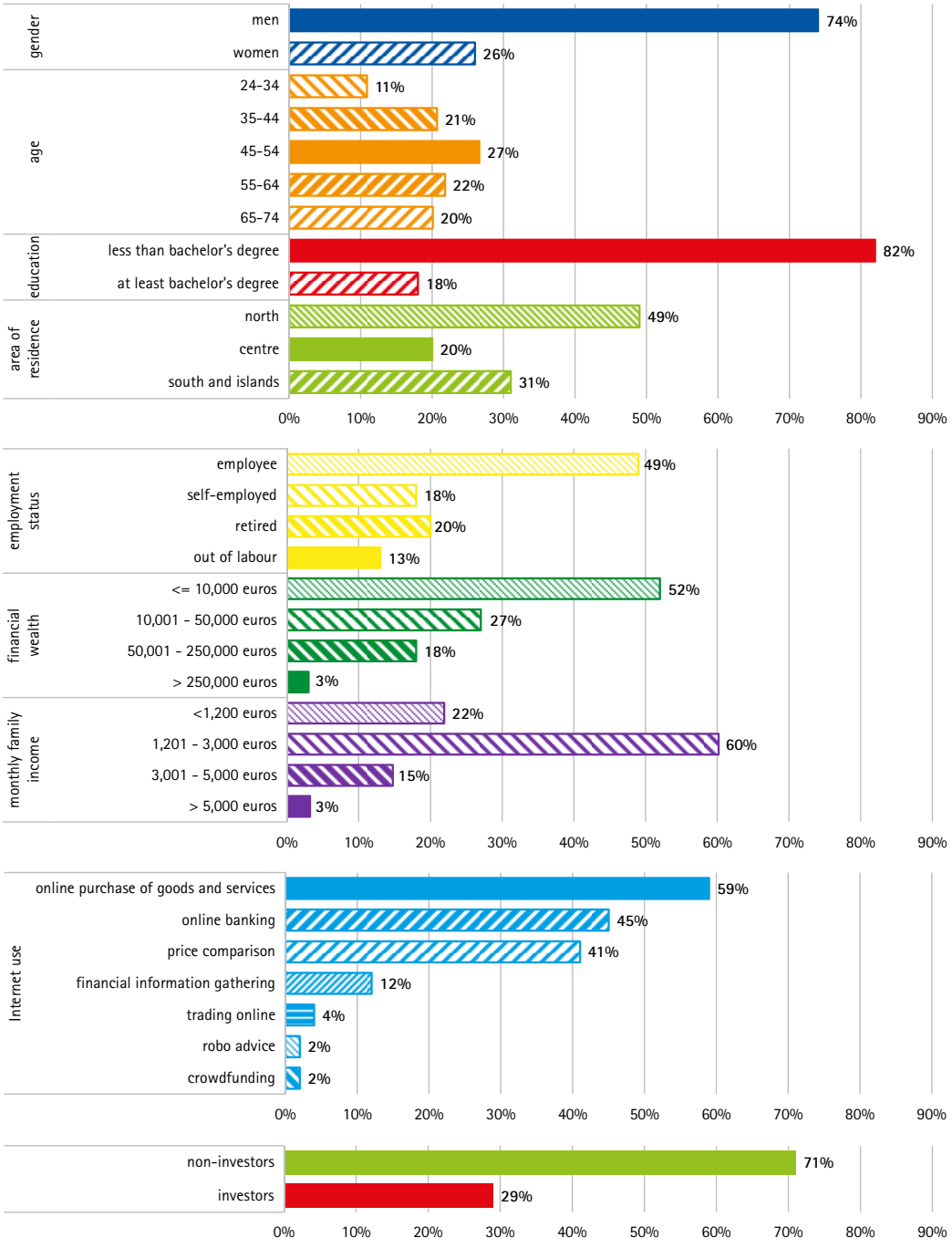
For the sample description and gaps calculations see note to Fig. 1.5. Data on mobile phone or Internet usage refer to the percentage of respondents who report using a mobile phone or the Internet to make a payment, to make a purchase, or to send or receive money through their financial institution account in the past 12 months. Data on digital payments refer to the percentage of respondents who report using mobile money, a debit or credit card, or a mobile phone to make a payment from an account, or report using the Internet to pay bills or to buy something online, in the past 12 months. Data also include respondents who report paying bills, sending or receiving remittances, receiving payments for agricultural products, receiving government transfers, receiving wages, or receiving a public sector pension directly from or into a financial institution account or through a mobile money account in the past 12 months. Source: Global Findex database, World Bank.

2018
Survey

Socio-demographics and personal traits

The Observatory 'The approach to finance and investment of Italian households' collects data on 1,601 respondents' investment habits and choices, financial situation, level of financial knowledge and behavioural attitudes. The survey is representative of the 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.

Fig. 2.1 – The sample



The sample does not include bank employees, insurance company employees and financial advisors. As for 'employment status' group, 'out of labour' includes housewives, students and unemployed. The sample breakdown by the use of the Internet does not sum up to 100% because multiple answers are allowed. 'Investors' includes all the financial decision makers that hold at least one financial asset without considering current account, insurance and pension products. Rounding may cause discrepancies in the figures. For details see Methodological notes.

As shown also by experimental research, financial behaviour is grounded into individuals' psychological traits and inclinations. Some attitudes have proven particularly relevant. Among these, the Observatory reviews preference for numerical information (around 36% of respondents can be ranked as having a high consideration of the importance and usefulness of data and figures), ...

... need for cognition (slightly more than 40% can be classified as highly inclined to engage in effortful thought), ...

... financial anxiety (nearly 50% of the sample report to experience feelings of anxiousness when thinking about their personal finances at least to a 'medium' extent), ...

Fig. 2.2 – Preference for numerical information

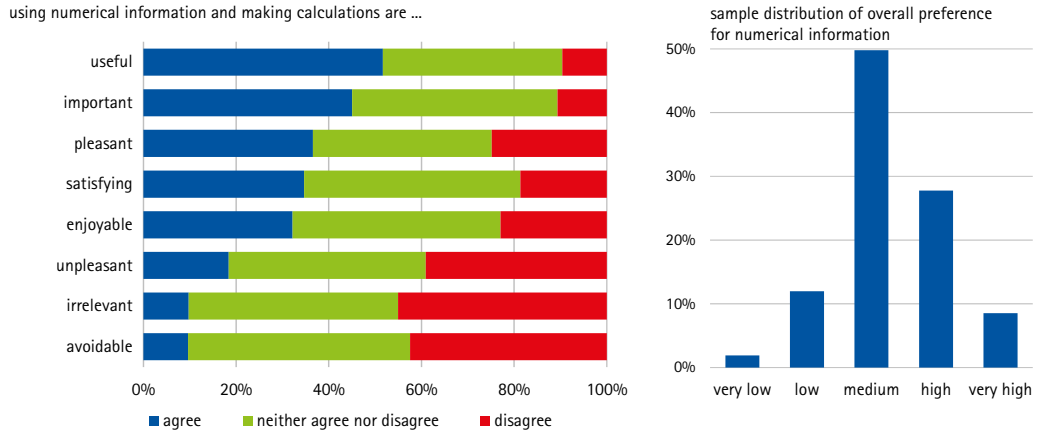


Figure on the left hand side refers to respondents' opinion on the eight statements reported above (scale type: 5-point Likert, from 1 – 'strongly disagree' to 5 – 'strongly agree'). 'Agree' includes 'agree' and 'strongly agree', while 'disagree' includes 'disagree' and 'strongly disagree'. Figure on the right hand side refers to the overall indicator of preference for numerical information (for details see Methodological notes).

Fig. 2.3 – Need for cognition

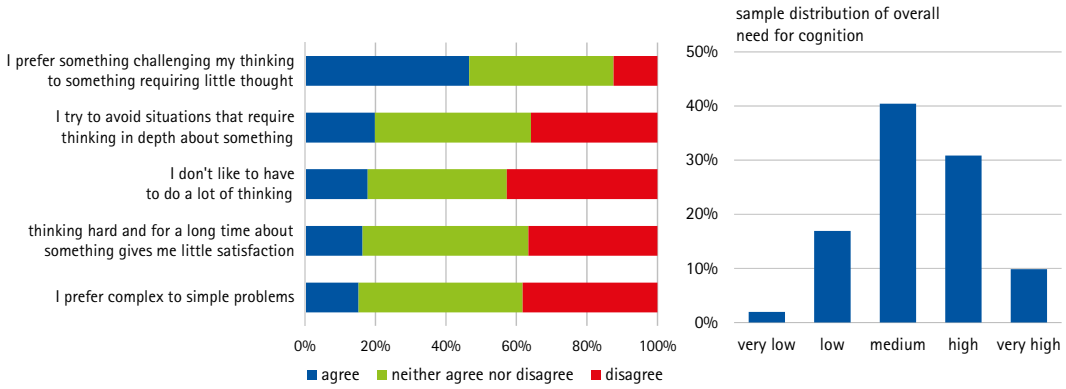


Figure on the left hand side refers to respondents' opinion on the five statements reported above (scale type: 5-point Likert, from 1 – 'strongly disagree' to 5 – 'strongly agree'). 'Agree' includes 'agree' and 'strongly agree', while 'disagree' includes 'disagree' and 'strongly disagree'. Figure on the right hand side refers to the overall indicator of need for cognition (for details see Methodological notes).

Fig. 2.4 – Financial anxiety

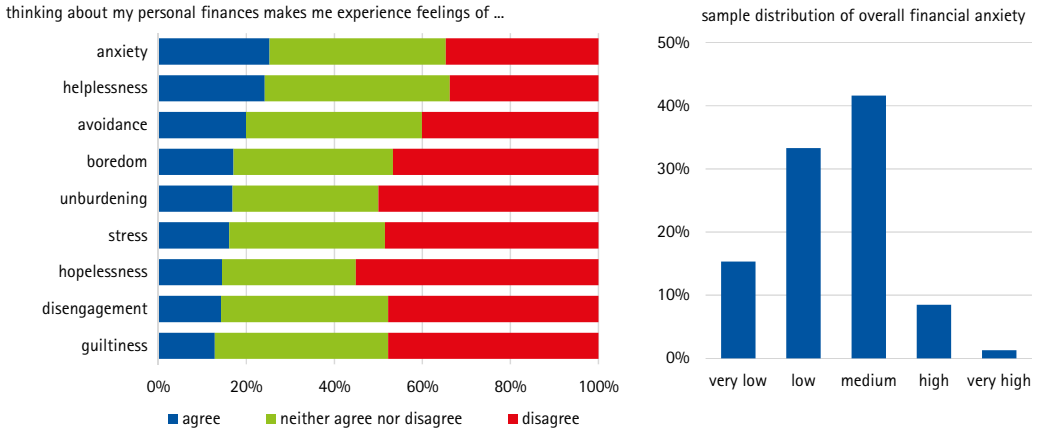


Figure on the left hand side refers to respondents' opinion on the nine statements reported above (scale type: 5-point Likert, from 1 – 'strongly disagree' to 5 – 'strongly agree'). 'Agree' includes 'agree' and 'strongly agree', while 'disagree' includes 'disagree' and 'strongly disagree'. Figure on the right hand side refers to the overall indicator of financial anxiety (for details see Methodological notes).

... self-efficacy (confidence in one's own ability to accomplish goals and to overcome potential difficulties is very widespread) and...

Fig. 2.5 – Attitude towards self-efficacy

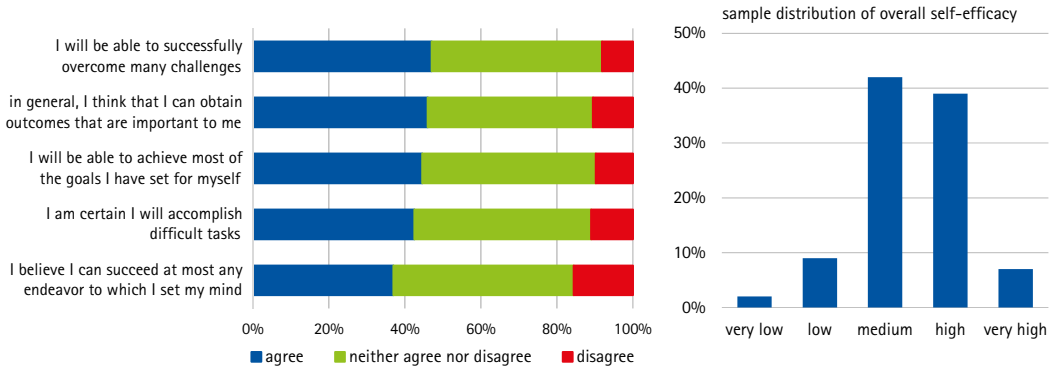


Figure on the left hand side refers to respondents' opinion on the five statements reported above (scale type: 5-point Likert, from 1 – 'strongly disagree' to 5 – 'strongly agree'). 'Agree' includes 'agree' and 'strongly agree', while 'disagree' includes 'disagree' and 'strongly disagree'. Figure on the right hand side refers to the overall indicator of self-efficacy (for details see Methodological notes).

... self-control (based on self-evaluation, the most part of the sample seems to exhibit at least a 'medium' degree of overall restraint).

Fig. 2.6 – Attitude towards self-control (restraint)

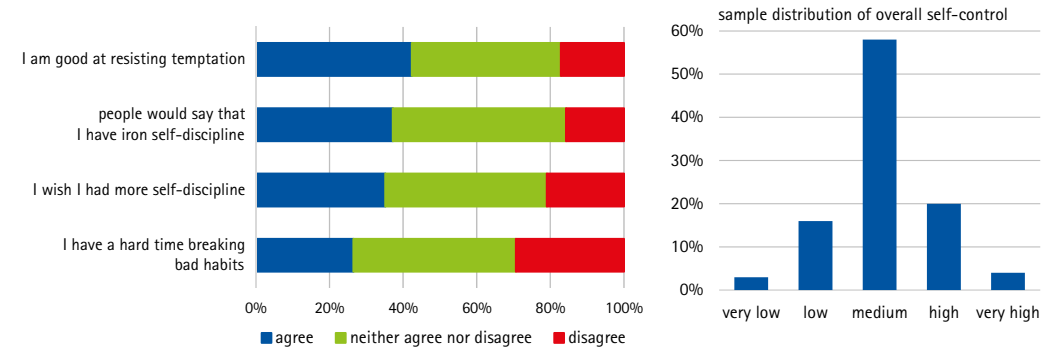


Figure on the left hand side refers to respondents' opinion on the four statements reported above (scale type: 5-point Likert, from 1 – 'strongly disagree' to – 5 'strongly agree'). 'Agree' includes 'agree' and 'strongly agree', while 'disagree' includes 'disagree' and 'strongly disagree'. Figure on the right hand side refers to the overall indicator of self-control (for details see Methodological notes).

Optimism and generalised trust are common to the largest part of households.

Fig. 2.7 – Optimism and trust

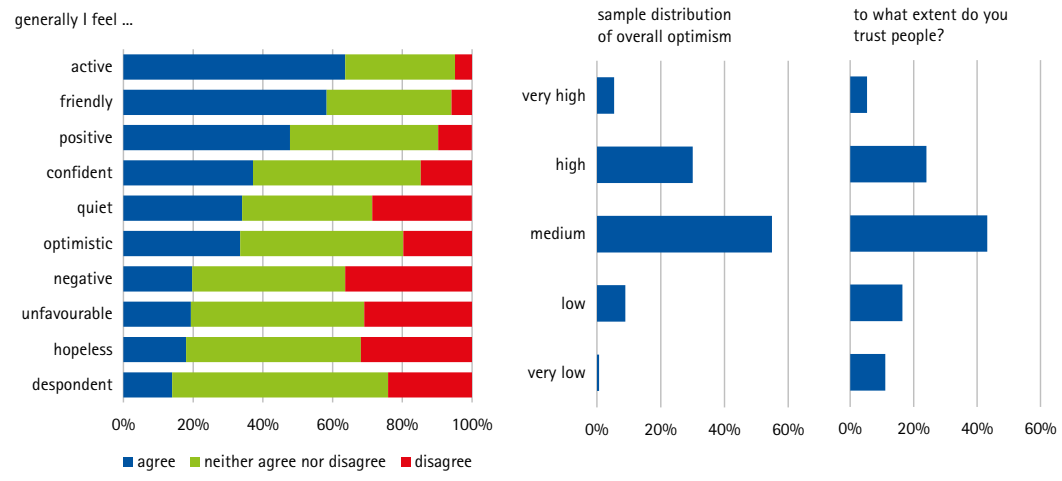
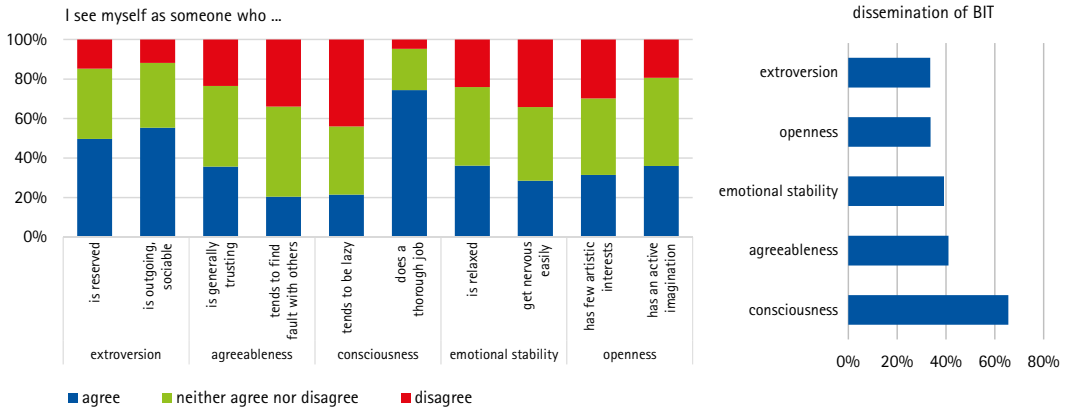


Figure on the left hand side refers to respondents' opinion on the ten statements reported above (scale type: 5-point Likert, from 1 – 'strongly disagree' to – 5 'strongly agree'). 'Agree' includes 'agree' and 'strongly agree', while 'disagree' includes 'disagree' and 'strongly disagree'. Figure in the centre refers to the overall optimism indicator (for details see Methodological notes).

In line with the behavioural investors' type (BIT) literature, respondents are asked to report about some personality traits that may affect financial choices. Conscientious individuals seem to be the most frequent BIT.

Fig. 2.8 – Behavioural investors' type (BIT)



Figures refer to respondents' opinion on the ten statements reported above (scale type: 5-point Likert, from 1 – 'strongly disagree' to 5 – 'strongly agree'). 'Agree' includes 'agree' and 'strongly agree', while 'disagree' includes 'disagree' and 'strongly disagree'. Figure on the right hand side reports the proportion of respondents predominantly exhibiting the corresponding BIT (see Methodological notes).

Among socio-demographics correlated to personal traits, gender is relevant to preference for numerical information and financial anxiety, while the economic situation (as proxied by income, financial wealth, house property and employment status) is significant to all the selected traits with the expected sign.
Not surprisingly, high education is positively associated to preference for numerical information and need for cognition, whilst financial anxiety is negatively correlated with the attitudes potentially underpinning personal engagement in challenging tasks, self-confidence and optimism.

Fig. 2.9 – Correlations among selected socio-demographics and personal traits
(blue stands for positive correlations and red stands for negative correlations)

	NUMERICAL INFORMATION PREFERENCE	NEED FOR COGNITION	FINANCIAL ANXIETY	SELF-EFFICACY	OPTIMISM
SOCIO-DEMOGRAPHICS	man, high education, north, self-employed*, income, wealth, house property	high education, north**, employee, self-employed**, income, wealth	south & islands, out of labour	employee, income, house property*	age, north*, retired*, income, wealth, house property, childless couple**
SOCIO-DEMOGRAPHICS	south & islands, out of labour**, retired*, relatives in financial sector*	age**, south & islands**, out of labour**, retired, childless couple*	man*, age*, north, income, wealth, house property, childless couple	age, out of labour, retired**	south & islands* out of labour
PERSONAL TRAITS	need for cognition, self-efficacy, self-control, optimism, trust	numerical information preference, self-efficacy, self-control, optimism, trust*		numerical information preference, need for cognition, self-control, optimism, trust	numerical information preference, need for cognition, self-efficacy, self-control, trust
PERSONAL TRAITS	financial anxiety	financial anxiety	numerical information preference, need for cognition, self-efficacy, self-control, optimism	financial anxiety	financial anxiety

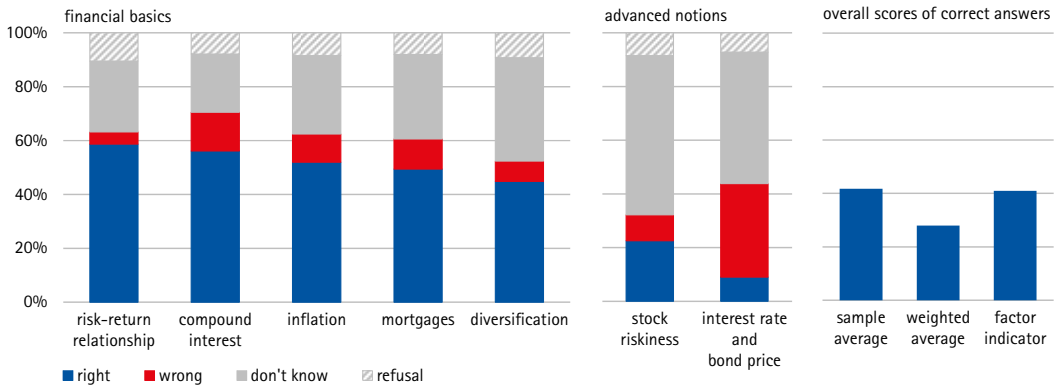
Pairwise correlations significant at 1%, except for the items marked ** (significant at 5%) and * (significant at 10%). As for indicators of preference for numerical information, need for cognition, financial anxiety, self-efficacy and optimism see Fig. 2.2 - Fig. 2.7 and Methodological notes. 'High education' refers to respondents with at least a bachelor's degree.

2018
Survey

Financial knowledge and risk preferences

Almost one out of two respondents seems to be not aware of some basic financial notions recurrent in everyday life. This proportion rises even more when coming to advanced concepts, such as the relationship between interest rates and bond prices.

Fig. 3.1 – Actual financial knowledge



Figures on the left hand side and in the centre report percentages of correct, wrong, 'don't know' and 'refusal' responses to questions about: risk/return relationship (Q1); compound interest (Q2); inflation (Q3); mortgage characteristics (Q4); diversification (Q5); comparative riskiness of listed and unlisted stocks (Q6); relationship between interest rate and bond price (Q7). For details about the overall scores see Methodological notes.

Actual and perceived financial knowledge show some misalignment, as unveiled by both ex-ante self-assessment (i.e. before answering to financial knowledge questions more than 40% of respondents evaluate their overall knowledge high, although the percentage of those having heard and understood the specific notions under review is on average lower)...

Fig. 3.2 – Ex-ante self-assessment of financial knowledge

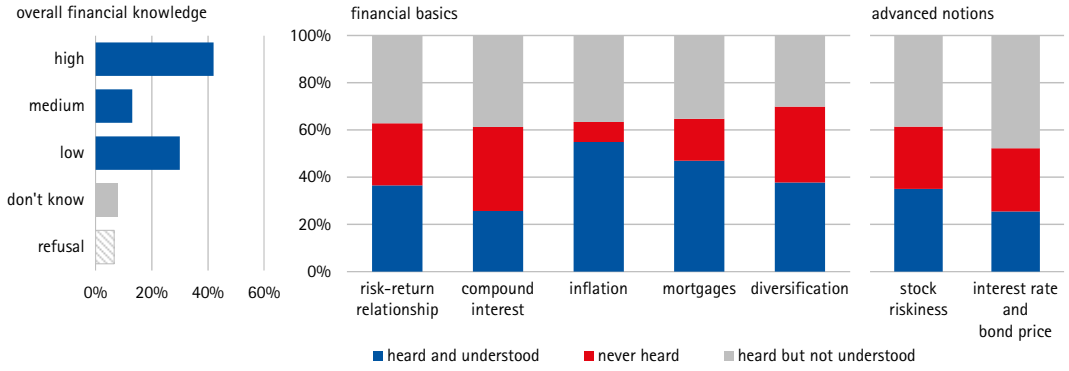
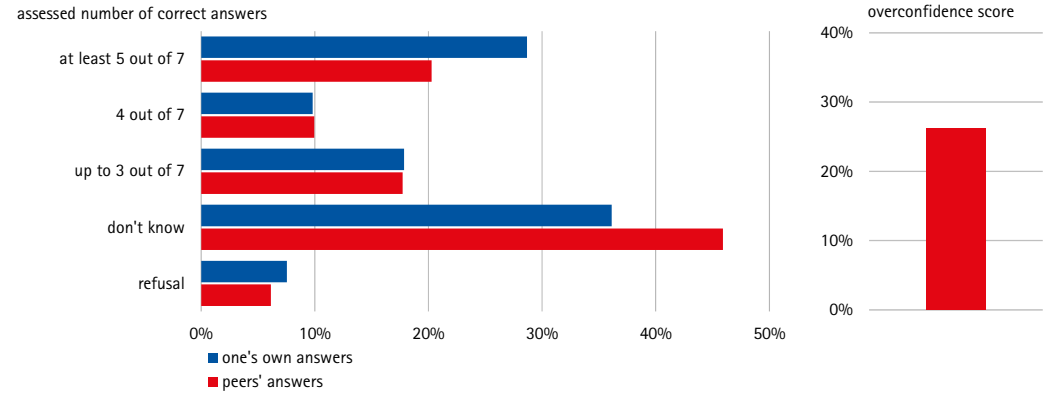


Figure on the left hand side refers to the following question: 'How would you assess your overall financial knowledge? (scale type: 7-point Likert, from 1 – 'very low' to 7 – 'very high'; 'low' ranges from 1 to 3; 'high' ranges from 5 to 7). Figures in the centre and on the right hand side report, respectively, the percentages of respondents stating to have 'heard and understood', 'heard but bot understood' and 'never heard' the notions shown in Fig. 3.1.

... and ex-post self-assessment (i.e. self-evaluation after the measurement). Based also on respondents' perception about how well they fare with respect to their peers, overall nearly 27% of interviewees award themselves a better-than-average knowledge.

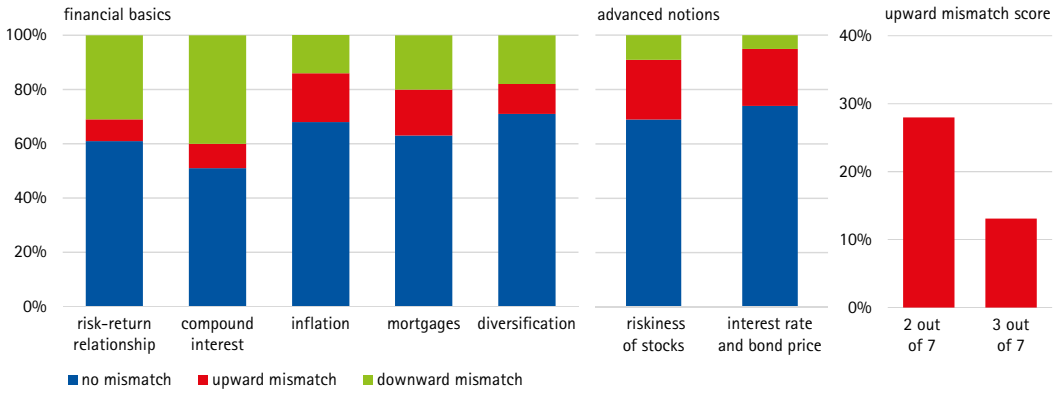
Fig. 3.3 – Ex-post self-assessment of financial knowledge



Figures refer to respondents' assessment of the number of correct answers to financial knowledge questions shown in Fig. 3.1, given respectively by themselves and by their peers. As for the overconfidence indicator see Methodological notes.

The item-by-item mismatch between perceived and actual knowledge ranges from 49%, as for compound interest, to 26%, as for the relationship among interest rates and bond prices. Quite surprisingly 'upward mismatch' – i.e. the attitude to over-estimate one's own literacy – is higher for advanced financial notions.

Fig. 3.4 – Mismatch between perceived and actual financial knowledge



Mismatch refers to inconsistencies between perceived and actual financial knowledge of the items reported in Fig. 3.1. 'No mismatch' means no inconsistency; 'upward mismatch' refers to individuals self-rating to be knowledgeable but answering wrongly; 'downward mismatch' refers to individuals self-rating to be not knowledgeable but answering correctly (for details, see Methodological notes).

As for numeracy capabilities, while a large part of interviewees display to be acquainted with percentages, only 23% of them respond properly to a basic question concerning probability computation.

Fig. 3.5 – Numeracy understanding

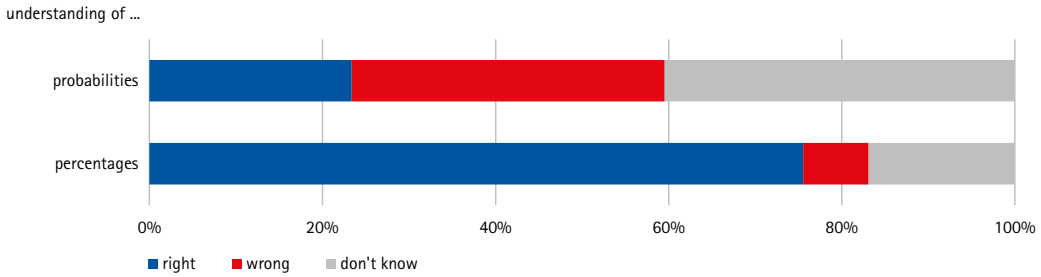
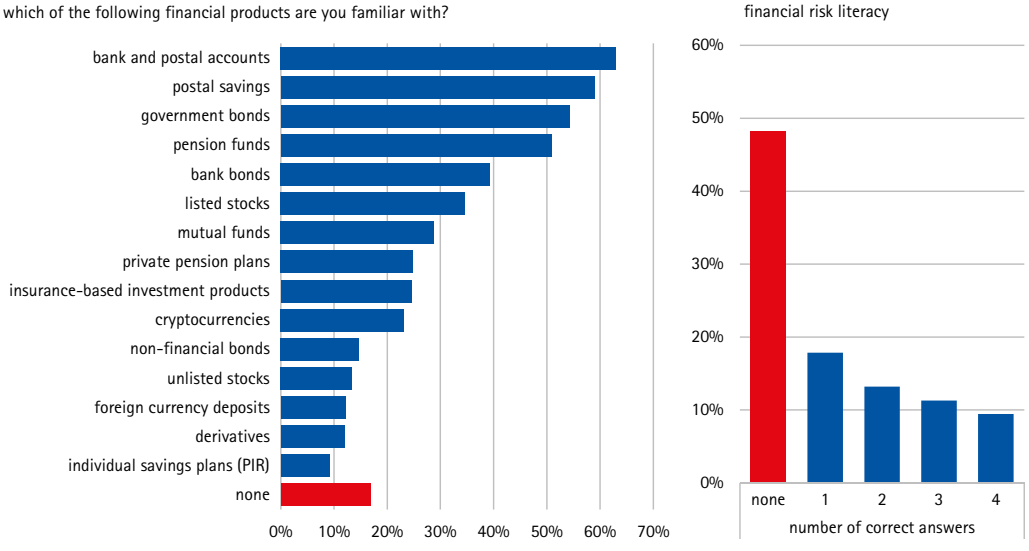


Figure refers to questions ascertaining respectively the understanding of probabilities ('How many times would you expect to get an even number if you roll a fair six-faces die 1.000 times?') and percentages ('What does 40% mean?').

Among financial assets, government bonds remain the instrument most widely known after bank/postal accounts and savings, while cryptocurrencies are named by more than 20% of respondents. Only 10% of the sample fare well in ranking financial assets by their riskiness.

Fig. 3.6 – Familiarity with financial products and risk literacy



'Bank and postal accounts' include current and saving accounts; 'foreign currency deposits' include certificates and repos. Figure on the right hand side reports respondents' opinions on whether the following statements are true or false: A stock fund is riskier than a single stock. Stocks are generally riskier than bonds. Derivatives are less risky than bond funds. Bonds and stocks issued by the same non-financial firm are equally risky'.

2018
Survey

Financial knowledge and numeracy understanding are positively associated with education, preference for numerical information and need for cognition, whilst showing a negative correlation with financial anxiety. Ex-ante self-assessment of financial knowledge goes hand in hand with both financial knowledge and numeracy understanding and overconfidence. Interestingly, overconfidence and attitude towards upward mismatch result significantly and negatively associated with financial knowledge.

Fig. 3.7 – Correlations among financial knowledge (actual and perceived), numeracy understanding, selected socio-demographics and personal traits
(blue stands for positive correlations and red stands for negative correlations)

	FINANCIAL KNOWLEDGE	EX-ANTE SELF-ASSESSED FINANCIAL KNOWLEDGE	OVERCONFIDENCE	UPWARD MISMATCH	NUMERACY UNDERSTANDING
SOCIO-DEMOGRAPHICS	high education, north, employee, income, wealth	high education, north*, employee, income, wealth, relatives in financial sector	high education, wealth**, relatives in financial sector	man**	high education, north, employee, income, wealth
	south & islands, out of labour	age, out of labour, south & islands**, retired**			south & islands, out of labour
PERSONAL TRAITS	numerical information preference, need for cognition, self-efficacy, self-control, optimism, trust	numerical information preference, need for cognition, self-efficacy, self-control, optimism, trust	need for cognition*	financial anxiety	numerical information preference, need for cognition, self-efficacy, trust
	financial anxiety	financial anxiety			financial anxiety
ACTUAL AND PERCEIVED KNOWLEDGE	ex-ante self-assessed financial knowledge, numeracy understanding, BTA financial knowledge	financial knowledge, numeracy understanding, overconfidence, BTA financial knowledge	ex-ante self-assessed financial knowledge, upward mismatch, BTA financial knowledge	overconfidence	financial knowledge, ex-ante self-assessed financial knowledge, BTA financial knowledge
	overconfidence, upward mismatch		financial knowledge	financial knowledge, numeracy understanding, BTA financial knowledge**	upward mismatch

Pairwise correlations significant at 1%, except for the items marked ** (significant at 5%) and * (significant at 10%). As for the indicators of: financial knowledge, ex-ante overall self-assessed financial knowledge, overconfidence and upward mismatch see Fig. 3.1 – Fig. 3.5 and Methodological notes. 'High education' refers to respondents with at least a bachelor's degree. 'Numeracy understanding' refers to both 'percentage understanding' and 'probability understanding' (Fig. 3.5). 'BTA financial knowledge' stands for better-than-average self-assessed financial knowledge (Fig. 3.3).

Individual background in financial matters is mainly due to professional experience, household budgeting and personal interest, while formal education and investment experience seem to play a minor role.

Fig. 3.8 – Individual background in financial matters

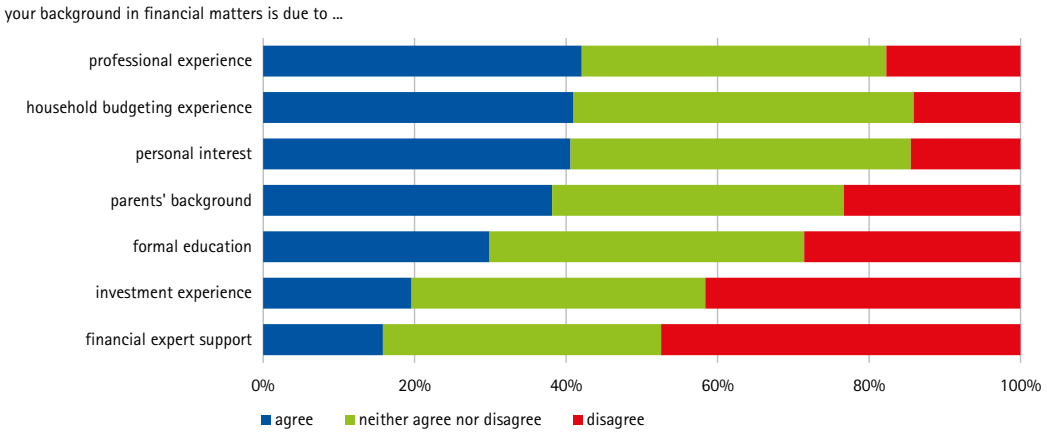


Figure refers to respondents' opinion on the seven statements reported above (scale type: 5-point Likert, from 1 – 'strongly disagree' to 5 – 'strongly agree'). 'Agree' includes 'agree' and 'strongly agree', while 'disagree' includes 'disagree' and 'strongly disagree'.

Half of the interviewees show to be ambiguity averse, while about 45% state they wouldn't tolerate any capital loss when investing. Nevertheless, about one fourth of respondents exhibit a certain degree of tolerance towards short-term losses.

Fig. 3.9 – Ambiguity and loss aversion

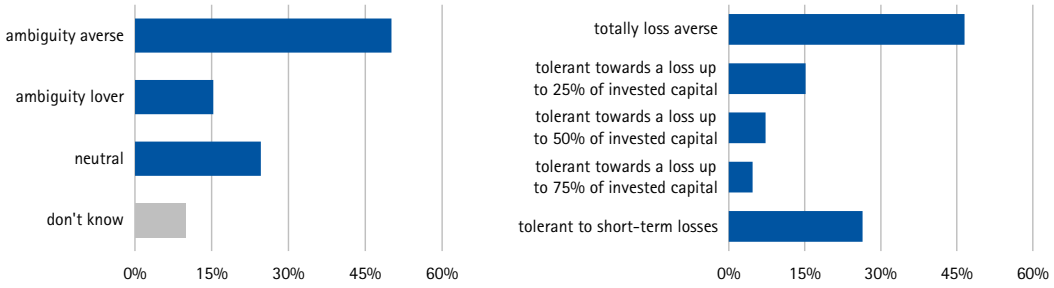


Figure on the left hand side refers to the following question: 'Suppose you face two urns, A and B, each with 100 balls. Urn A has 100 balls: 50 white and 50 black. Urn B has 100 balls, some are white some are black but you don't know how many are white and how many are black. One ball is drawn from the urn that you choose and you will win 1,000 euros if the ball is white, while you will not win anything if the ball is black. Which urn would you prefer to draw from? Urn A (ambiguity averse); Urn B (ambiguity lover); Indifferent between the two urns (neutral); Don't know'. Figure on the right hand side refers to the following question: 'Suppose six months ago you invested in a financial asset offering good expected return in five years. The asset value is now below the value it had six months ago. If five-year expected return is still the same, you are... (answer options in the figure).

In line with the widespread loss aversion, the vast majority of interviewees is not willing to take risk when making financial decisions. More than half of the sample, however, would take moderate (or high) risk in order to gain moderate (or high) return. Quite interestingly, more than 30% of them are not aware of the risk-return relationship.

Fig. 3.10 – Risk preferences

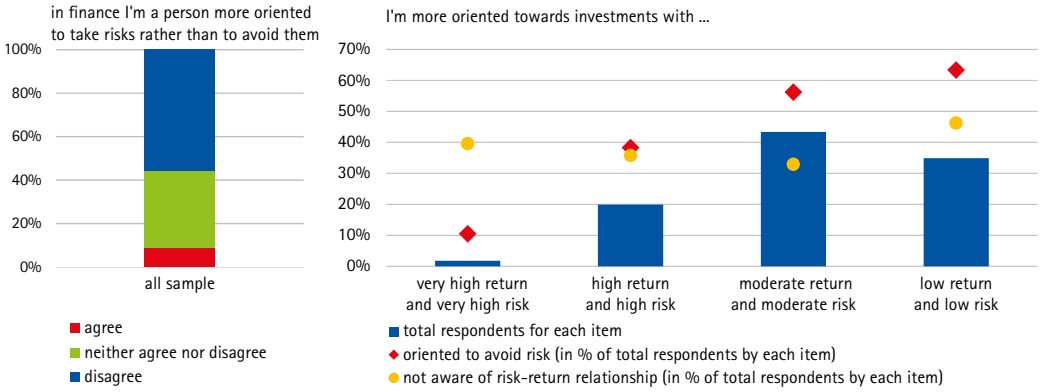


Figure on the right hand side reports the percentage of respondents stating to be more oriented to avoid risks shown in the figure on the left hand side (diamonds) and the percentage of respondents not aware of risk-return relationship shown in Fig. 3.1, item Q1 (dots).

Risk and loss aversion are more likely among older and financially anxious individuals, whilst they are less frequent among people with higher formal education, higher financial knowledge, attitude towards numeracy, preference for numerical information and need for cognition as well as among wealthy groups. Tolerance to short term losses and ambiguity aversion seem to work the other way round, rising with education, knowledge and wealth (among the others) and declining among individuals inclined to upward mismatch.

Fig. 3.11 – Correlations among risk attitude and selected socio-demographics, personal traits, financial knowledge and risk preferences
(blue stands for positive correlations and red stands for negative correlations)

	RISK AVERSION	TOLERANCE TO SHORT-TERM LOSSES	LOSS AVERSION	AMBIGUITY AVERSION
SOCIO-DEMOGRAPHICS	age, retired, out of labour, childless couple	age, high education**, north, income, wealth, childless couple	age**, south & islands, retired, out of labour	high education, employee, income, wealth, couple with kids
	high education, north**, self-employed, income, wealth, couple with kids, employee**	south & islands, out of labour**	man*, high education, north, employee, income, wealth	out of labour
PERSONAL TRAITS	financial anxiety	numerical information preference, need for cognition, self-efficacy, self-control, optimism	financial anxiety	numerical information preference, need for cognition, self-efficacy, self-control*, optimism**, trust
	numerical information preference, need for cognition, self-efficacy*, optimism, trust,	financial anxiety	numerical information preference, need for cognition, self-control, optimism, trust, self-efficacy**	financial anxiety
ACTUAL AND PERCEIVED KNOWLEDGE		financial knowledge, ex-ante self-assessed financial knowledge, numeracy understanding, BTA financial knowledge		financial knowledge, ex-ante self-assessed financial knowledge, numeracy understanding, BTA financial knowledge
	financial knowledge, ex-ante self-assessed financial knowledge, numeracy understanding, BTA financial knowledge, overconfidence**	upward mismatch	financial knowledge, ex-ante self-assessed financial knowledge, numeracy understanding overconfidence, BTA financial knowledge	upward mismatch
RISK PREFERENCES	loss aversion	ambiguity aversion	risk aversion	tolerance to short-term losses
	tolerance to short-term losses, ambiguity aversion**	loss aversion, risk aversion	ambiguity aversion, tolerance to short-term losses	loss aversion, risk aversion**

Pairwise correlations significant at 1%, except for the items marked ** (significant at 5%) and * (significant at 10%). 'Risk aversion' refers to respondents stating to be oriented towards investments with low returns and low risk (Fig. 3.10). As for 'tolerance to short-term losses', 'loss aversion' and 'ambiguity aversion' see Fig. 3.9. 'High education' refers to respondents with at least a bachelor's degree. 'Numeracy understanding' refers to both 'percentage understanding' and 'probability understanding' (Fig. 3.5). 'BTA financial knowledge' stands for better-than-average self-assessed financial knowledge (Fig. 3.3).

Financial control and saving

About 47% of interviewees have a budget, reported to be met in most of the cases. Almost 70% of respondents monitor their expenses but less than one third do it by taking written notes.

Fig. 4.1 – Budgeting and monitoring expenses

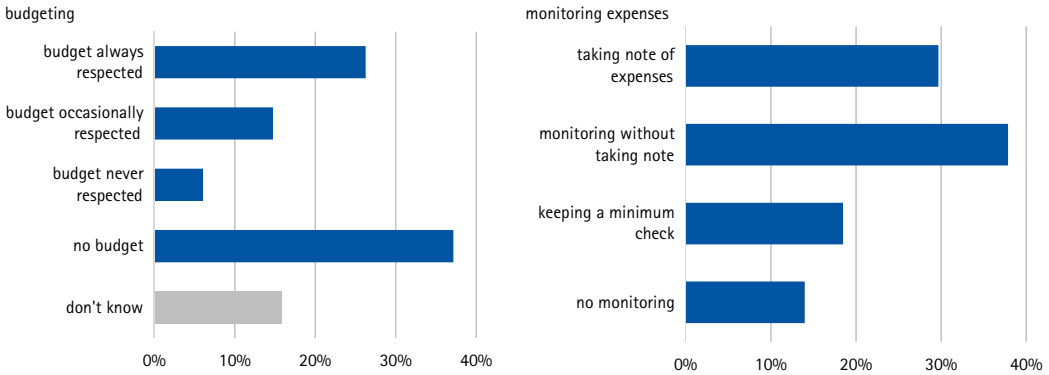


Figure on the left hand side refers to the following question: 'Which of the following best describes your attitudes towards budget planning?'. Figure on the right hand side refers to the following question: 'Which of the following best describes your attitudes towards monitoring household expenses?'.

A careful consideration of purchases, timely bill payment and debt repayment appears to be the norm for the most part of the sample.

Fig. 4.2 – Making considered purchases and paying on time

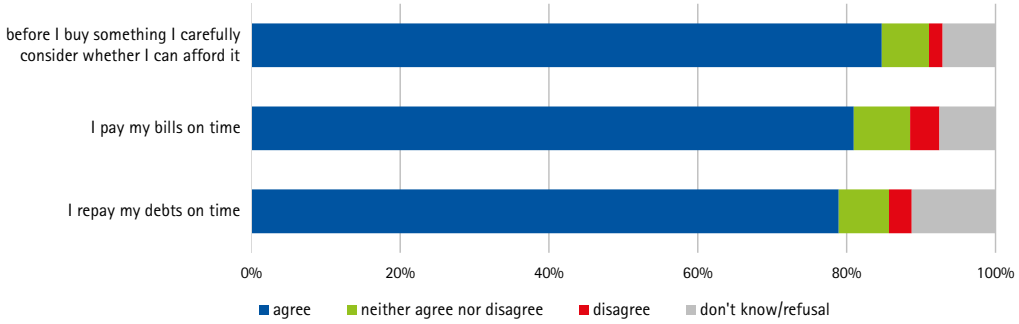
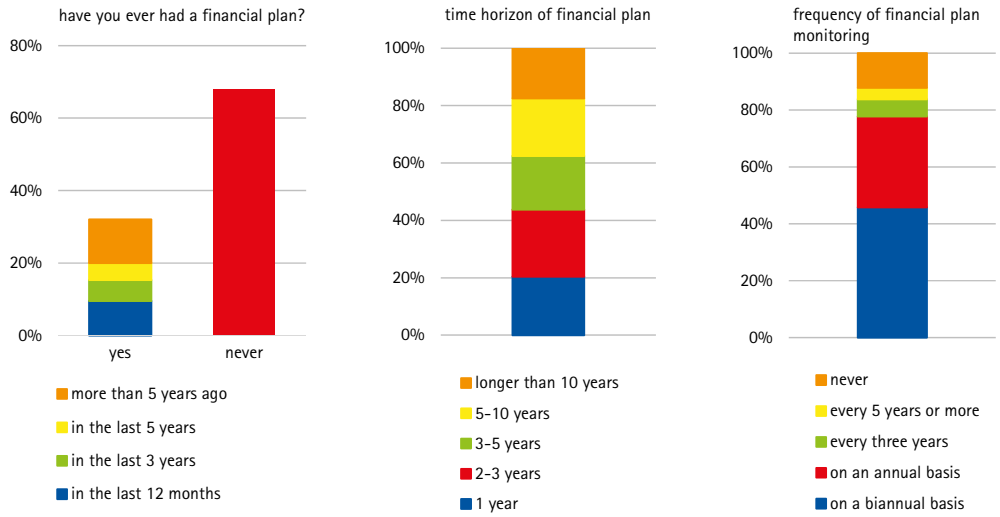


Figure refers to respondents' opinion on the three statements reported above (scale type: 5-point Likert, from 1 – 'strongly disagree' to 5 – 'strongly agree'). 'Agree' includes 'agree' and 'strongly agree', while 'disagree' includes 'disagree' and 'strongly disagree'.

Only one third of respondents assert to have ever had a financial plan, with a time horizon evenly ranging from one to more than ten year and with a monitoring frequency predominantly on an annual basis or less.

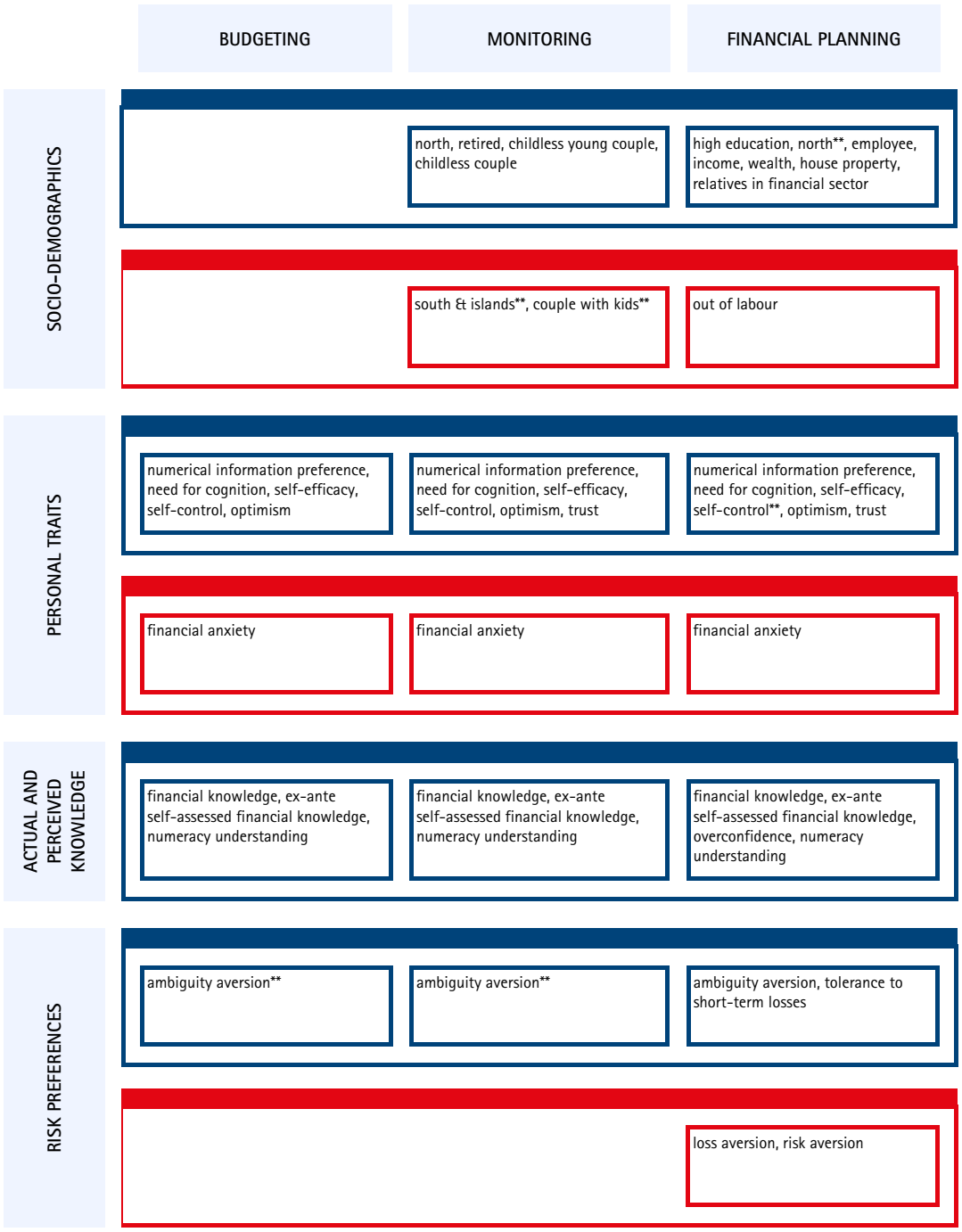
Fig. 4.3 – Financial planning



Figures in the centre and on the right hand side refer to the subsample of individuals reporting to have a financial plan.

The proportion of respondents declaring to have a budget and to take note of expenses is higher among literate individuals and those showing numeracy understanding, preference for numerical information and self-control. Financial planning results to be more frequent among more educated and wealthier people. Overall, financial control is negatively correlated with financial anxiety.

Fig. 4.4 – Correlations among financial control and selected socio-demographics, personal traits, financial knowledge and risk preferences
(blue stands for positive correlations and red stands for negative correlations)



Pairwise correlations significant at 1%, except for the items marked ** (significant at 5%) and * (significant at 10%). As for 'budgeting', 'monitoring' and 'financial planning' see Fig. 4.1 and Fig. 4.3. 'High education' refers to respondents with at least a bachelor's degree. 'Numeracy understanding' refers to both 'percentage understanding' and 'probability understanding' (Fig. 3.5). As for 'ambiguity aversion', 'tolerance to short-term losses', 'loss aversion' see Fig. 3.9. 'Risk aversion' refers to respondents stating to be oriented towards investments with low returns and low risk (Fig. 3.10). Financial control is also found to be positively associated with a favourable assessment of one's own financial capabilities as defined in Fig. 4.10 (pairwise correlations available upon request).

Among the main deterrents for financial planning interviewees point to income just balancing expenses and the belief that tracking household cash-flows is all that is needed. Furthermore a significant part of respondents displays lack of understanding of the added value of a financial plan as they are not even able to explain why they don't have it.

Fig. 4.5 – Deterrents for financial planning

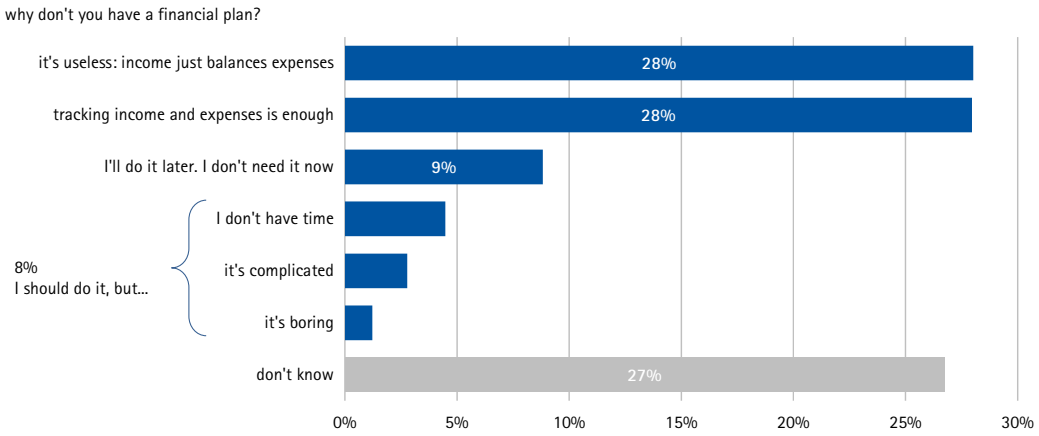


Figure refers to the subsample of respondents reporting not to have a financial plan.

As for perceived financial resilience, 20% of respondents don't know how they would cope with a decrease in family income, whilst more than 30% report they would lower their standards of living.

Fig. 4.6 – Perceived resilience

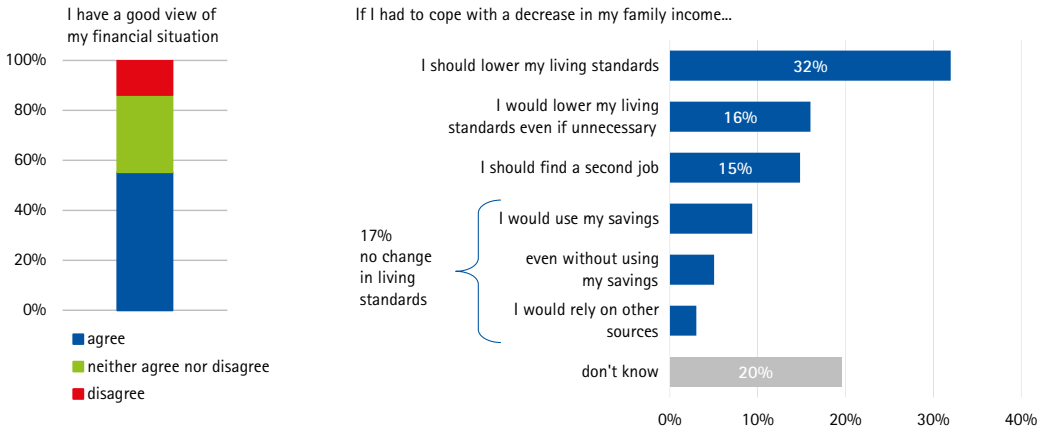


Figure on the right hand side aggregates under the item 'I would rely on other sources' the proportions of respondents reporting that they would not change their living standards because they would ask for either an advance on severance pay or a loan by a relative of them or a bank loan.

More than half of the households in debt report an exposure for current expenses to either a financial institution or (less frequently) to parents and friends, probably as a consequence of their low income levels.

Fig. 4.7 – Household indebtedness

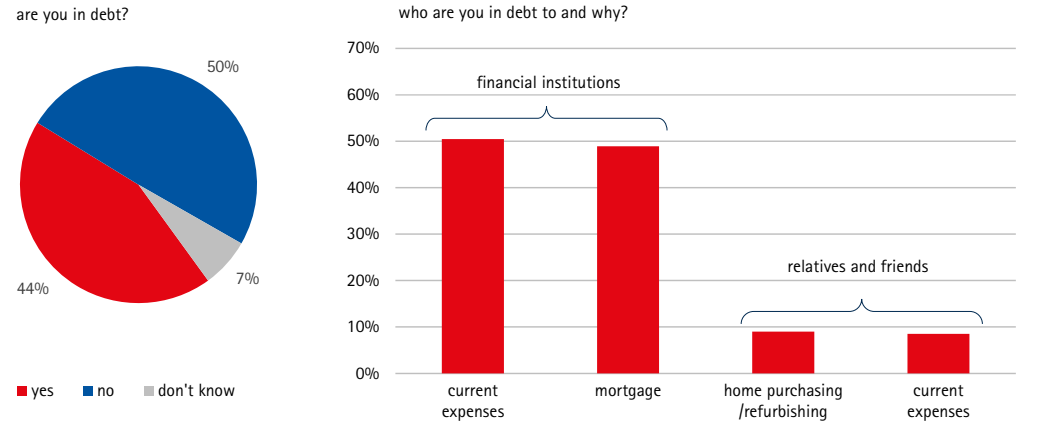


Figure on the right hand side refers to the subsample of respondents reporting to be in debt (multiple answers allowed).

Less than 40% of the interviewees report to save regularly (most or some of the household income), 36% do it occasionally whilst 25% is not able to save. The majority of savers are able to economise autonomously, whilst 15% are enrolled in a saving plan.

Fig. 4.8 – Saving habits

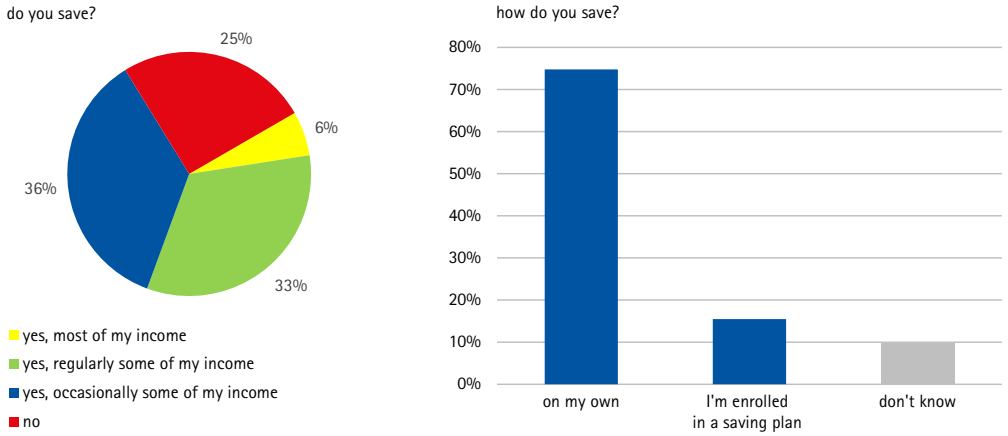


Figure on the right hand side refers to the subsample of respondents reporting to save.

The precautionary motive is the main trigger of saving, as reported by 55% of respondents, whilst the main deterrent lies in budget constraints.

Fig. 4.9 – Determinants of saving

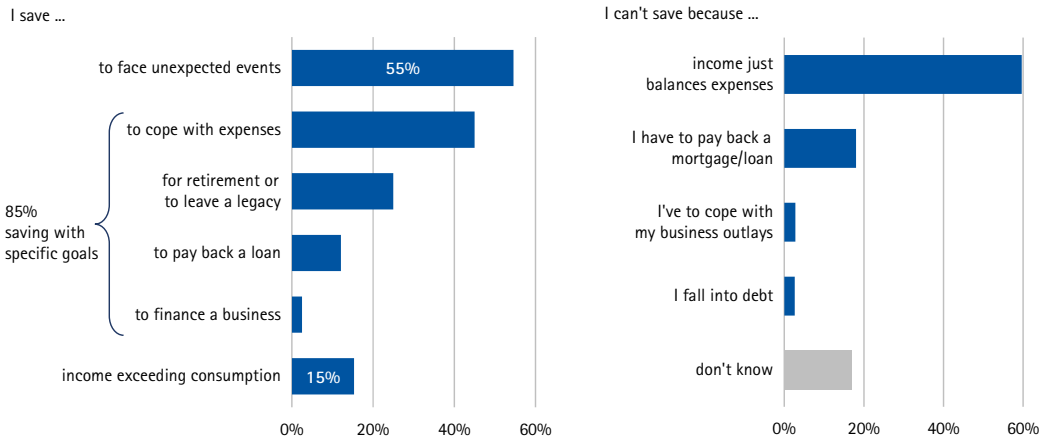


Figure on the left hand side refers to the following question: 'Why do you save?' (multiple answers allowed except for the single-answer item 'I save income exceeding consumption') and to the subsample of respondents reporting to save. Figure on the right hand side refers to the following question: 'What prevents you from saving?' (multiple answers allowed) and to the subsample of respondents reporting not to save.

Respondents' confidence in their financial capabilities is higher when it comes to budgeting, saving for expected expenses and making calculations, whereas it declines with respect to investing (i.e. consulting financial information and investment monitoring), planning and saving for retirement.

Fig. 4.10 – Self-assessment of financial capabilities

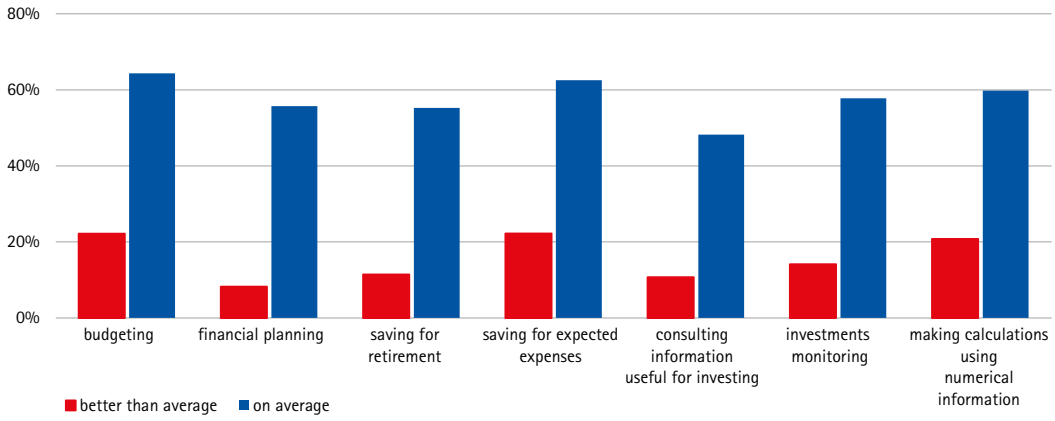
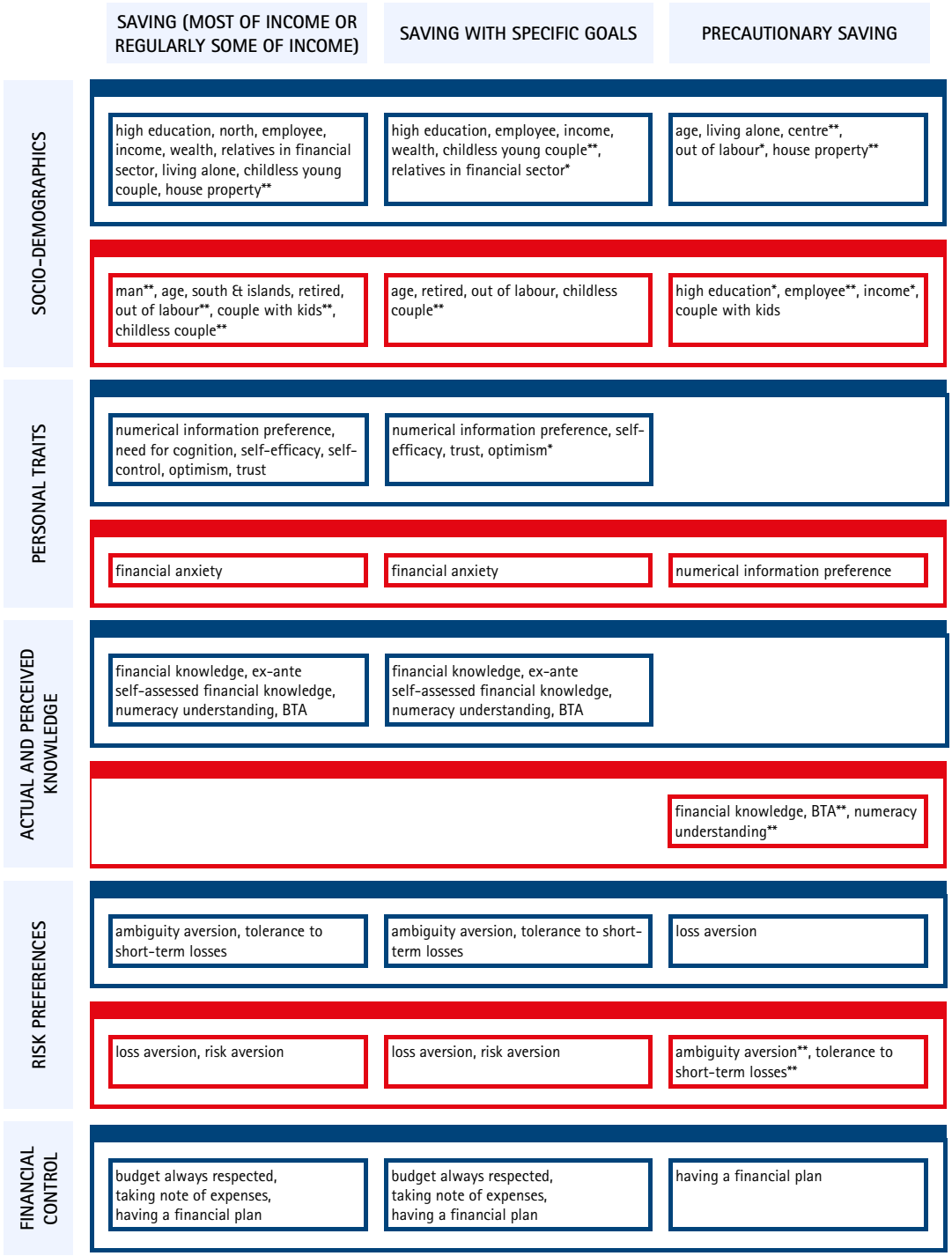


Figure refers to respondents rating themselves as 'better-than-average' (including also 'slightly better-than-average') and 'on average' on each specified item (the other options being: 'slightly worse-than-average' and 'worse-than-average').

Saving is positively correlated with education, literacy, wealth and inclination to financial control (budgeting, monitoring and financial planning). Personal traits also seem to play a role (e.g. self-efficacy) as well as risk preferences. Saving is less likely among financially anxious individuals: in fact, financial anxiety is negatively correlated with households income, that in turn negatively affects saving capacity.

Fig. 4.11 – Correlations among saving and selected socio-demographics, personal traits, financial knowledge, risk preferences and financial control
(blue stands for positive correlations and red stands for negative correlations)



Pairwise correlations significant at 1%, except for the items marked ** (significant at 5%) and * (significant at 10%). As for 'saving (most of income or regularly some of income)' see Fig. 4.8; as for 'saving with specific goals' and 'precautionary saving' see Fig. 4.9. 'High education' refers to respondents with at least a bachelor's degree. 'Numeracy understanding' refers to both 'percentage understanding' and 'probability understanding' (Fig. 3.5). 'BTA' stands for better-than-average self-assessed financial knowledge and financial capabilities (Fig. 3.3 and Fig. 4.10). As for 'ambiguity aversion', 'tolerance to short-term losses', 'loss aversion' see Fig. 3.9. 'Risk aversion' refers to respondents stating to be oriented towards investments with low returns and low risk (Fig. 3.10).

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Investment choices and investment habits

Households holding investment products account for 29% of the sample. Based on the reported breakdown of financial assets, mutual funds and government bonds weigh the most in households' portfolios, after bank and postal savings.

Fig. 5.1 – Household financial investments

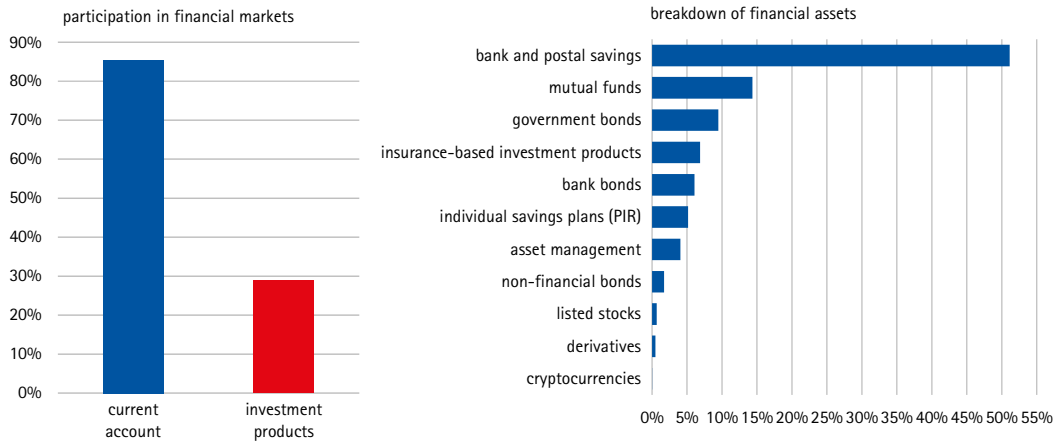


Figure on the right hand side refers to the subsample of investors, i.e. households holding at least one investment product; 'foreign currency deposits' include certificates and repo. Assets do not include liquidity (deposit and current accounts); 'bank and postal savings' include foreign currency deposits, certificates and repo.

The propensity to participate in financial markets is higher among individuals with higher formal education, higher financial literacy and resident in the North. As for personal traits, preference for numerical information and need for cognition show a positive association, contrary to financial anxiety risk aversion and loss aversion.

Fig. 5.2 – Correlations among participation in financial markets and selected socio-demographics, personal traits, financial knowledge and risk preferences
(blue stands for positive correlations and red stands for negative correlations)

Pairwise correlations significant at 1%, except for the items marked ** (significant at 5%) and * (significant at 10%). As for 'participation' see Fig. 5.1. 'High education' refers to respondents with at least a bachelor's degree. 'Numeracy understanding' refers to both 'percentage understanding' and 'probability understanding' (Fig. 3.5). 'BTA' stands for better-than-average self-assessed financial knowledge and financial capabilities (Fig. 3.3 and Fig. 4.10). As for 'ambiguity aversion', 'tolerance to short-term losses', 'loss aversion' see Fig. 3.9. 'Risk aversion' refers to respondents stating to be oriented towards investments with low returns and low risk (Fig. 3.10).

More than 60% of the respondents have never heard about ethical and socially responsible investing (SRI), while only about one third plead interested after receiving information about it.

Fig. 5.3 – Attitude towards socially responsible investing (SRI)

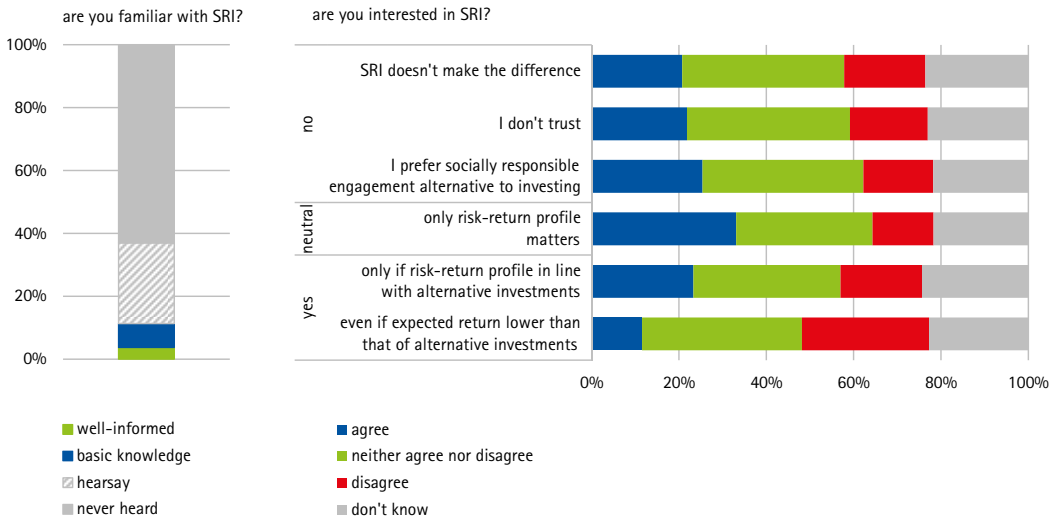
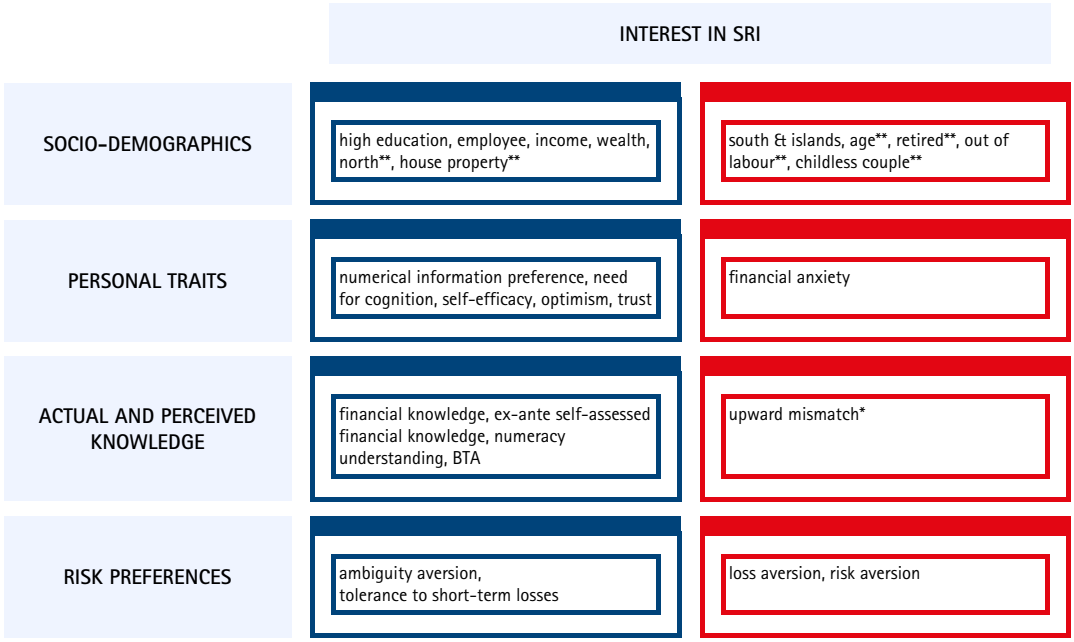


Figure on the right hand side refers to respondents' opinion on the statements reported above (scale type: 5-point Likert, from 1 – 'strongly disagree' to 5 – 'strongly agree'). 'Agree' includes 'agree' and 'strongly agree', while 'disagree' includes 'disagree' and 'strongly disagree'.

Willingness to invest in SRI seems to rise with education, wealth, financial knowledge, numeracy as well as with optimism, trust and tolerance to short term losses. A negative association holds with financial anxiety, loss aversion and risk aversion.

Fig. 5.4 – Correlations among interest in SRI and selected socio-demographics, personal traits, financial knowledge, risk preferences and financial habits
(blue stands for positive correlations and red stands for negative correlations)



Pairwise correlations significant at 1%, except for the items marked ** (significant at 5%) and * (significant at 10%). As for 'interest in SRI' see Fig. 5.3. 'High education' refers to respondents with at least a bachelor's degree. 'Numeracy understanding' refers to both 'percentage understanding' and 'probability understanding' (see Fig. 3.5). 'BTA' stands for better-than-average and refers to the self-assessment of both financial knowledge and financial capabilities (Fig. 3.3 and Fig. 4.10). As for 'ambiguity aversion', 'tolerance to short-term losses', 'loss aversion' see Fig. 3.9. 'Risk aversion' refers to respondents stating to be oriented towards investments with low returns and low risk (Fig. 3.10). 'Interest in SRI' is also found to be positively associated with 'participation' as defined in Fig. 5.1 (pairwise correlations available upon request).

For investors, the main source of information is a person perceived to be an expert (predominantly the bank teller) followed by unofficial channels (mainly friends and colleagues) and specialised magazines. Regulatory information is mentioned by only 25% of the interviewees.

Fig. 5.5 – Source of financial information accessed when investing in a financial asset

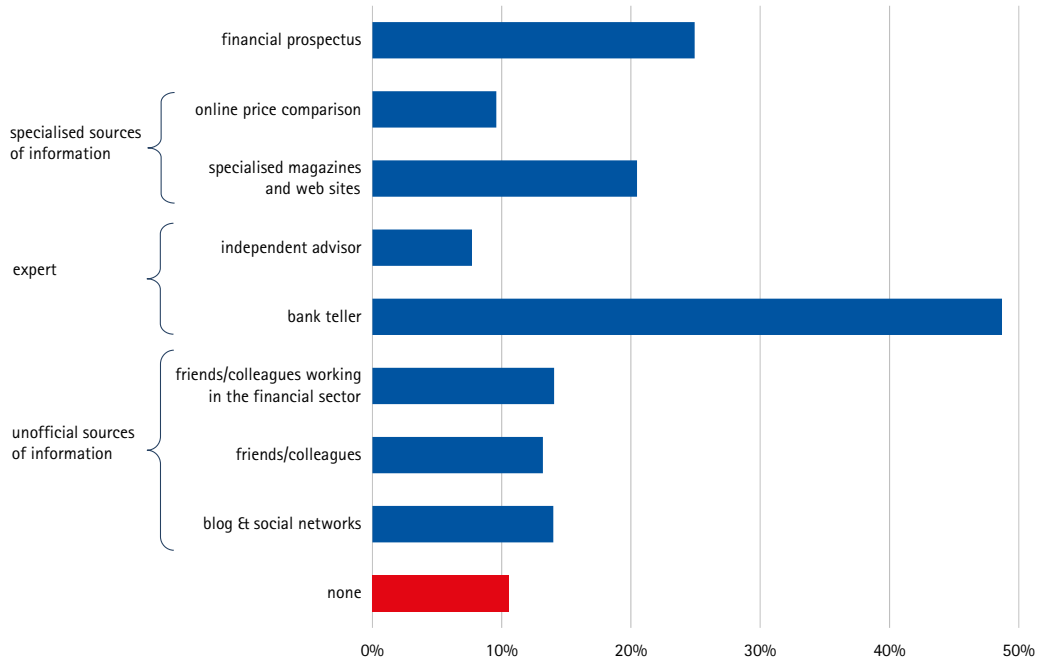


Figure refers to the subsample of investors holding investment products (apart from postal savings) and to the following question: 'Which sources of information do you refer to before investing?' (multiple answers allowed; maximum 3 answers).

Disclosure about risk of capital losses and costs is the information that investors most frequently deem useful.

Fig. 5.6 – Most valued financial information when investing in a financial asset

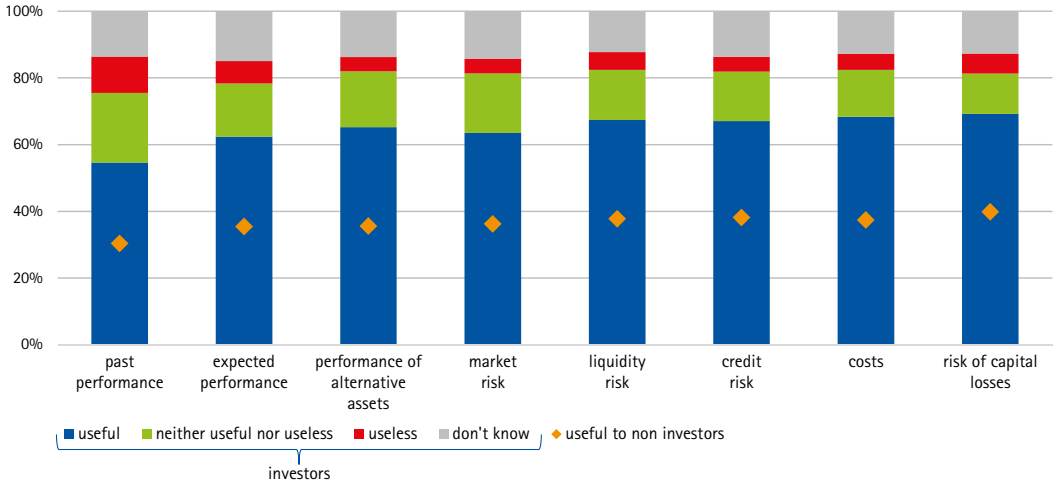


Figure refers to respondents' assessment of usefulness of reported informational items (single answer; scale type: 5-point Likert, from 1 – 'useless' to 5 – 'useful'). 'Useful' includes 'useful' and 'very useful', while 'useless' includes 'useless' and 'very useless'.

More than half of the respondents reporting a single investment habit make their investment choices by relying on the advice of relatives and friends (so called informal advice). 28% of the interviewees make decisions on their own, whereas approximately 22% rely on either professional support or delegate to a portfolio manager.

Fig. 5.7 – Investment habits

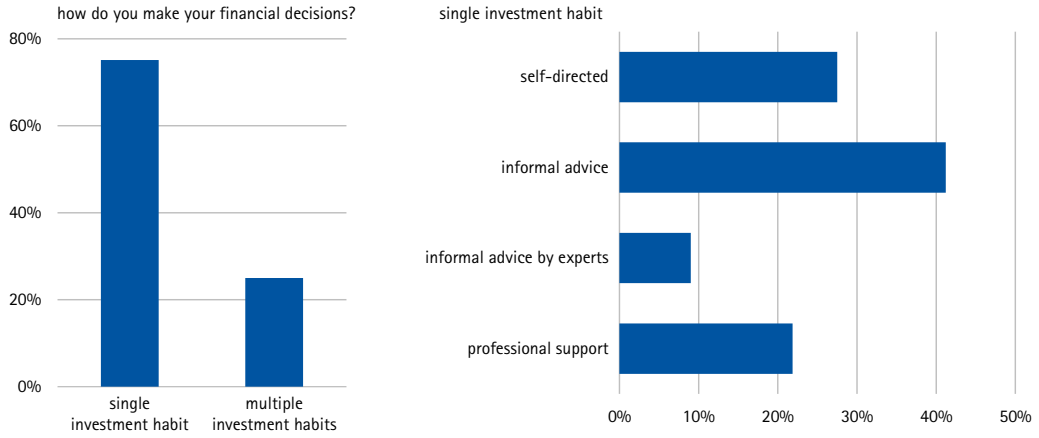


Figure on the right hand side refers to the subsample of investors stating to have a single investment habit. 'Self-directed' includes investors making decisions on their own; 'informal advice' includes investors making decisions with family/friends/colleagues; 'informal advice by experts' refers to investors making decisions with family/friends/colleagues working in the financial sector; 'professional support' includes both investors making decisions after receiving support from a professional advisor and investors delegating their financial decisions to a portfolio manager.

People acting as advisors (either professionals or trusted persons) are expected to act in the investors' best interest, to be competent and clear. For more than 40% of the respondents, it is important to be relieved by financial anxiety.

Fig. 5.8 – Support expected from the advisor

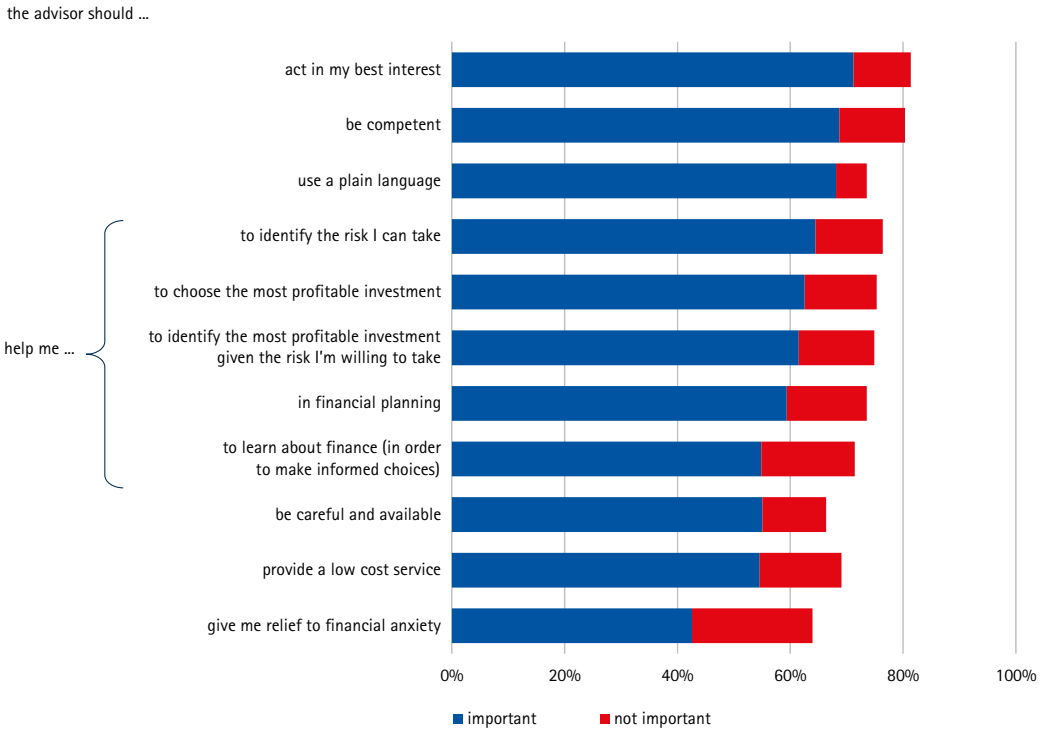
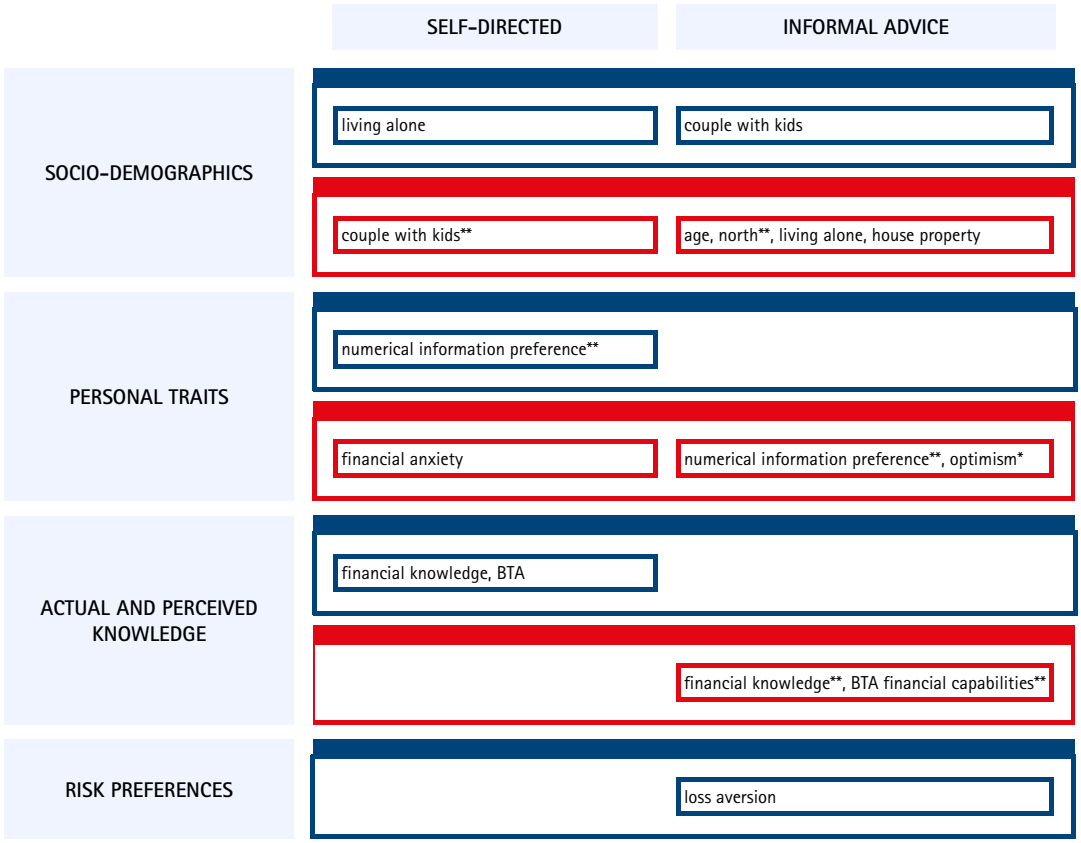


Figure refers to respondents' opinion on the statements reported above (scale type: 5-point Likert, from 1 – 'not important at all' to 5 – 'very important'). 'Important' includes 'important' and 'very important'; 'not important' includes 'not so important' and 'not important at all'. 'Advisor' refers both to a professional expert and a trusted person (relative, friend, colleague).

Autonomous investors are more frequent among individuals living alone, showing preference for numerical information and self-assessing their financial knowledge and capabilities as better-than- average, whereas informal advice is more widespread among anxious and loss averse individuals.

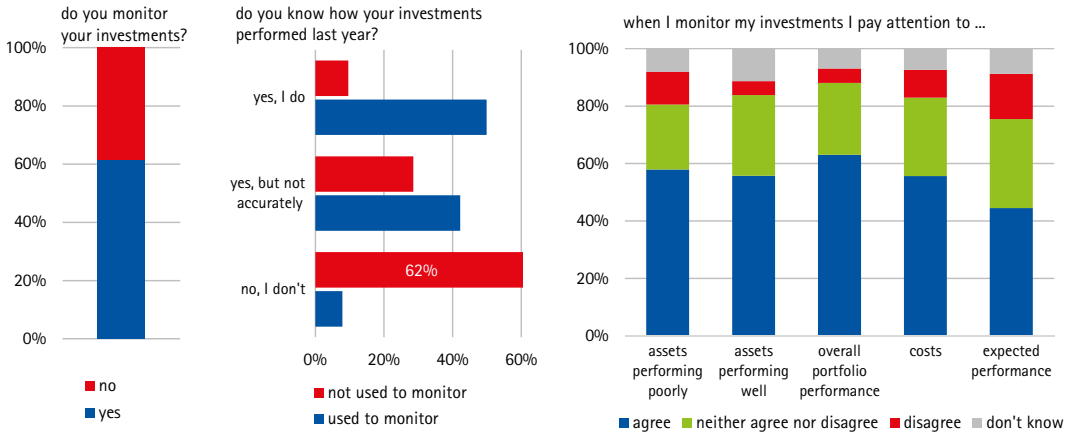
Fig. 5.9 – Correlations among investments habits and selected socio-demographics, personal traits, financial knowledge and risk preferences
(blue stands for positive correlations and red stands for negative correlations)



Pairwise correlations significant at 1%, except for the items marked ** (significant at 5%) and * (significant at 10%). 'Informal advice' includes both investors making decisions with family/friends/colleagues and investors making decisions with family/friends/colleagues working in the financial sector (see Fig. 5.7); as for pairwise correlations relative to 'professional support' see Section 6. 'High education' refers to respondents with at least a bachelor's degree. 'Numeracy understanding' refers to both 'percentage understanding' and 'probability understanding' (Fig. 3.5). 'BTA' stands for better-than-average self-assessed financial knowledge and financial capabilities (Fig. 3.3 and Fig. 4.10). As for 'ambiguity aversion', 'tolerance to short-term losses', 'loss aversion' see Fig. 3.9. 'Risk aversion' refers to respondents stating to be oriented towards investments with low returns and low risk (Fig. 3.10).

About 40% of the investors do not monitor nor in most of the cases are they informed about the previous year performance of their investments. Among those reporting to keep track of their choices, information about past performances seem to be more salient than information about costs.

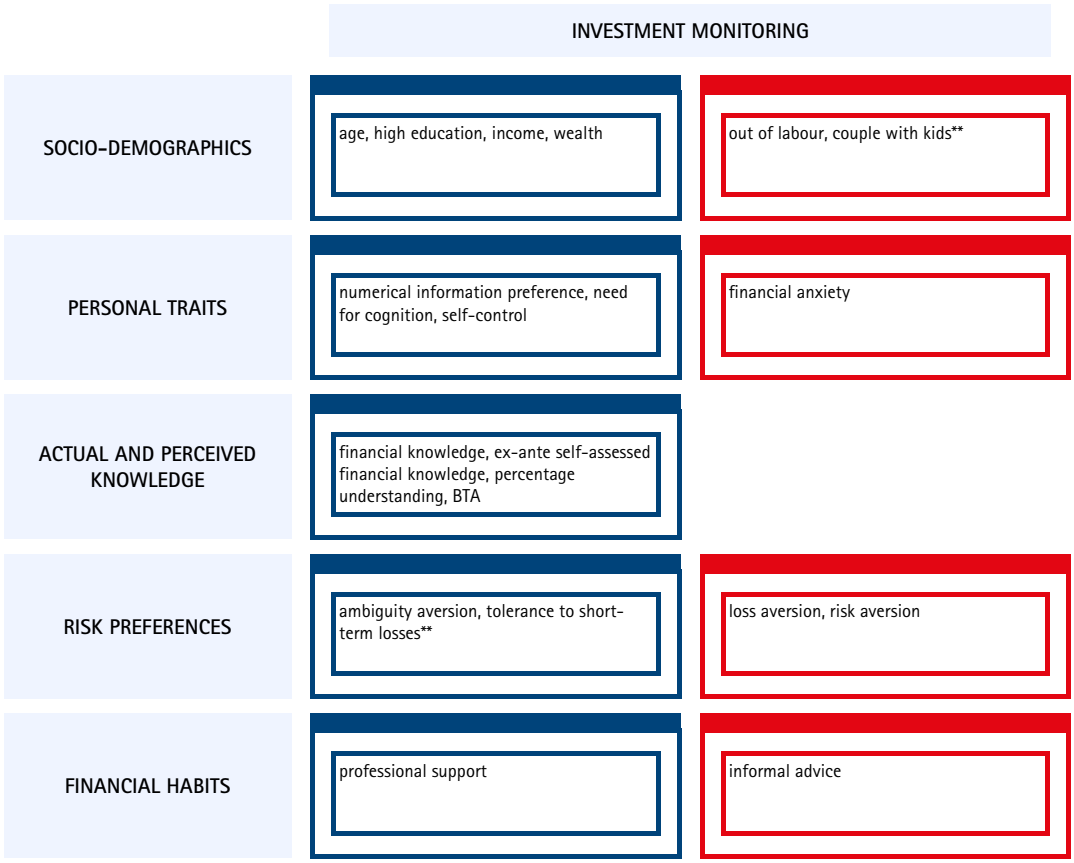
Fig. 5.10 – Investment monitoring



Figures refer to the subsample of investors.

Investment monitoring is more likely among aged, highly educated, financially literate people and is positively associated with the attitude to ask for professional financial advice. On the opposite, it results to be less widespread among anxious, loss averse and risk averse individuals as well as among investors inclined to seek for informal advice.

Fig. 5.11 – Correlations among investment monitoring and selected socio-demographics, personal traits, financial knowledge, risk preferences and financial habits
(blue stands for positive correlations and red stands for negative correlations)



Pairwise correlations significant at 1%, except for the items marked ** (significant at 5%) and * (significant at 10%). As for 'investment monitoring' see Fig. 5.10. 'High education' refers to respondents with at least a bachelor's degree. 'BTA' stands for better-than-average self-assessed financial knowledge and financial capabilities (Fig. 3.3 and Fig. 4.10). As for 'ambiguity aversion', 'tolerance to short-term losses', 'loss aversion' see Fig. 3.9. 'Risk aversion' refers to respondents stating to be oriented towards investments with low returns and low risk (Fig. 3.10). As for 'professional support' and 'informal advice' see Fig. 5.7.

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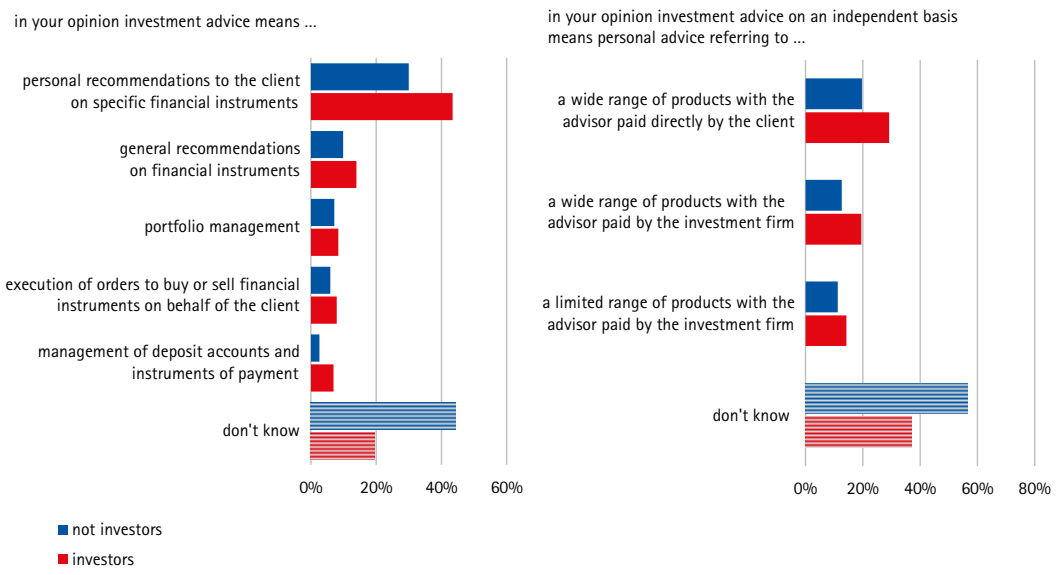
Survey

The demand for investment advice

More than 50% of interviewees are able to identify neither the meaning of investment advice nor what type of service is provided by independent advisors.

Fig. 6.1 – Knowledge of investment advice



The main factors underpinning the attitude towards investment advice are the perceived reliability of the advisor, the recommendation from one's own bank and the range of products available.

Fig. 6.2 – Factors influencing the attitude towards investment advice

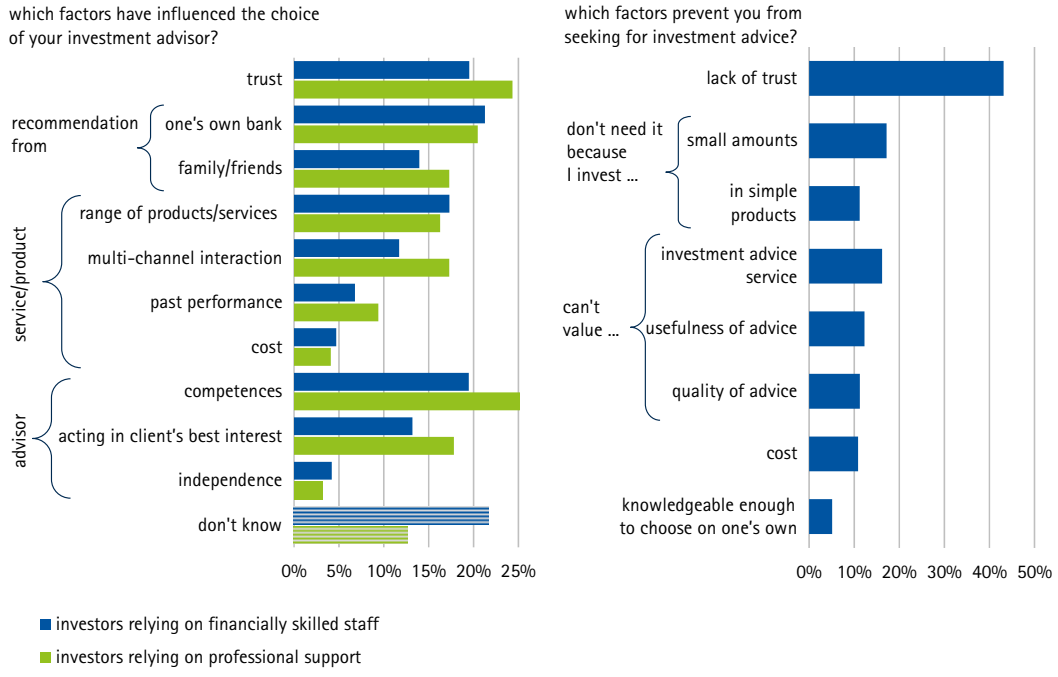
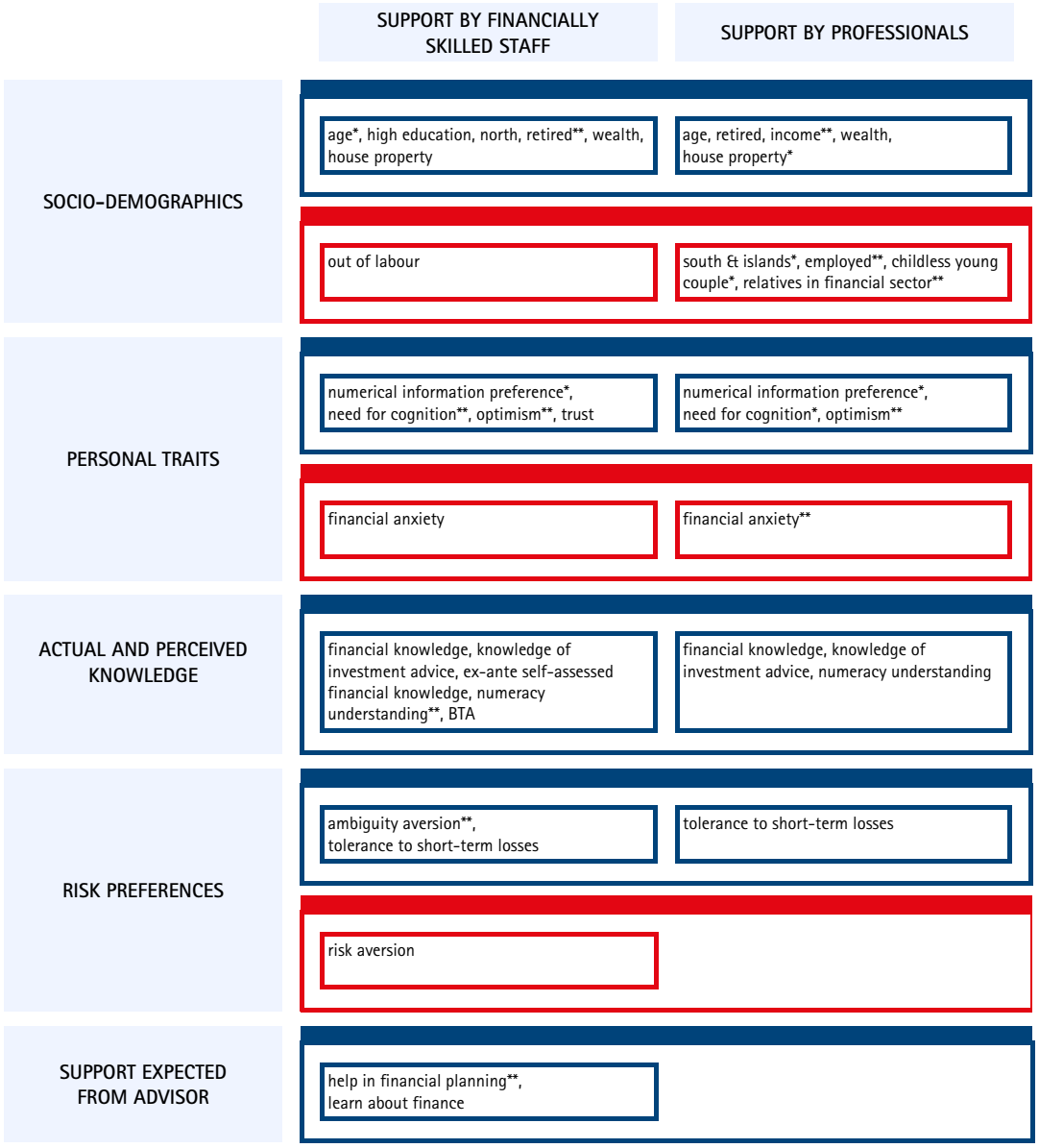


Figure on the right hand side refers to the subsample of respondents which do not rely neither on financially skilled staff nor on professional support and to the following question: 'Which factors prevent you from seeking for investment advice?' (multiple answers allowed; maximum 3 answers).

Financial knowledge is positively associated to the propensity to rely on the advice of either financially skilled staff or a professional advisor, while to opposite holds as for the inclination towards financial anxiety.

Fig. 6.3 – Correlations among willingness to seek for financial advice and selected socio-demographics, personal traits, risk preferences and financial habits
(blue stands for positive correlations and red stands for negative correlations)



Pairwise correlations significant at 1%, except for the items marked ** (significant at 5%) and * (significant at 10%). As for 'support by financially skilled staff' and 'support by professionals' see Fig. 6.2. 'High education' refers to respondents with at least a bachelor's degree. 'BTA' stands for better-than-average self-assessed financial knowledge and financial capabilities (see Fig. 3.3 and Fig. 4.10). 'Numeracy understanding' refers to both 'percentage understanding' and 'probability understanding' (Fig. 3.5). As for 'knowledge of investment advice' see Fig. 6.1. As for 'ambiguity aversion', 'tolerance to short-term losses', 'loss aversion' see Fig. 3.9. 'Risk aversion' refers to respondents stating to be oriented towards investments with low returns and low risk (Fig. 3.10). As for 'learn about finance' and 'help in financial planning' see Fig. 5.8.

2018
Survey

Almost 80% of investors either believe the investment advice is free or don't know whether it is compensated. While about 50% are not willing to pay. Among those willing to pay for the service the most part would prefer a performance-based fee.

Fig. 6.4 – Compensation of investment advice

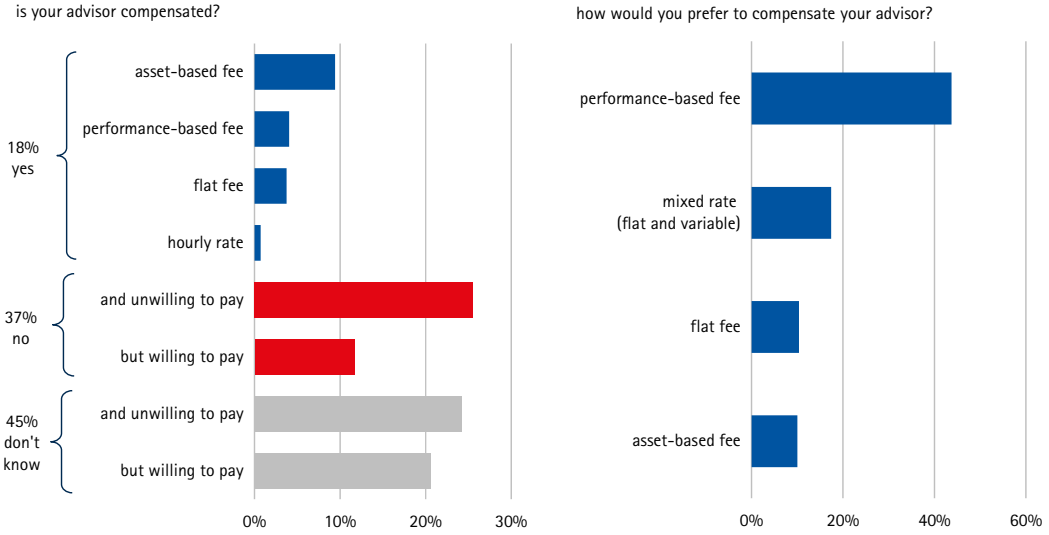
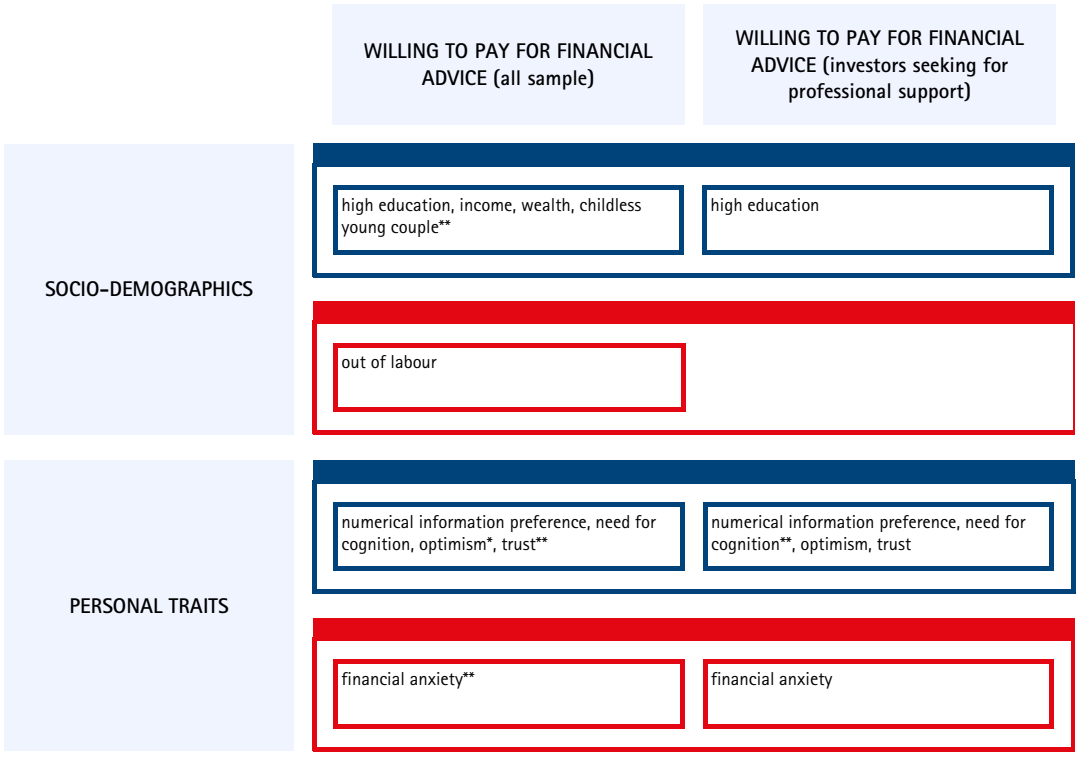


Figure on the left hand side refers to the subsample of investors stating that they either rely on investment advice or delegate. Figure on the right hand side refers to the subsample of investors willing to pay for the advice service.

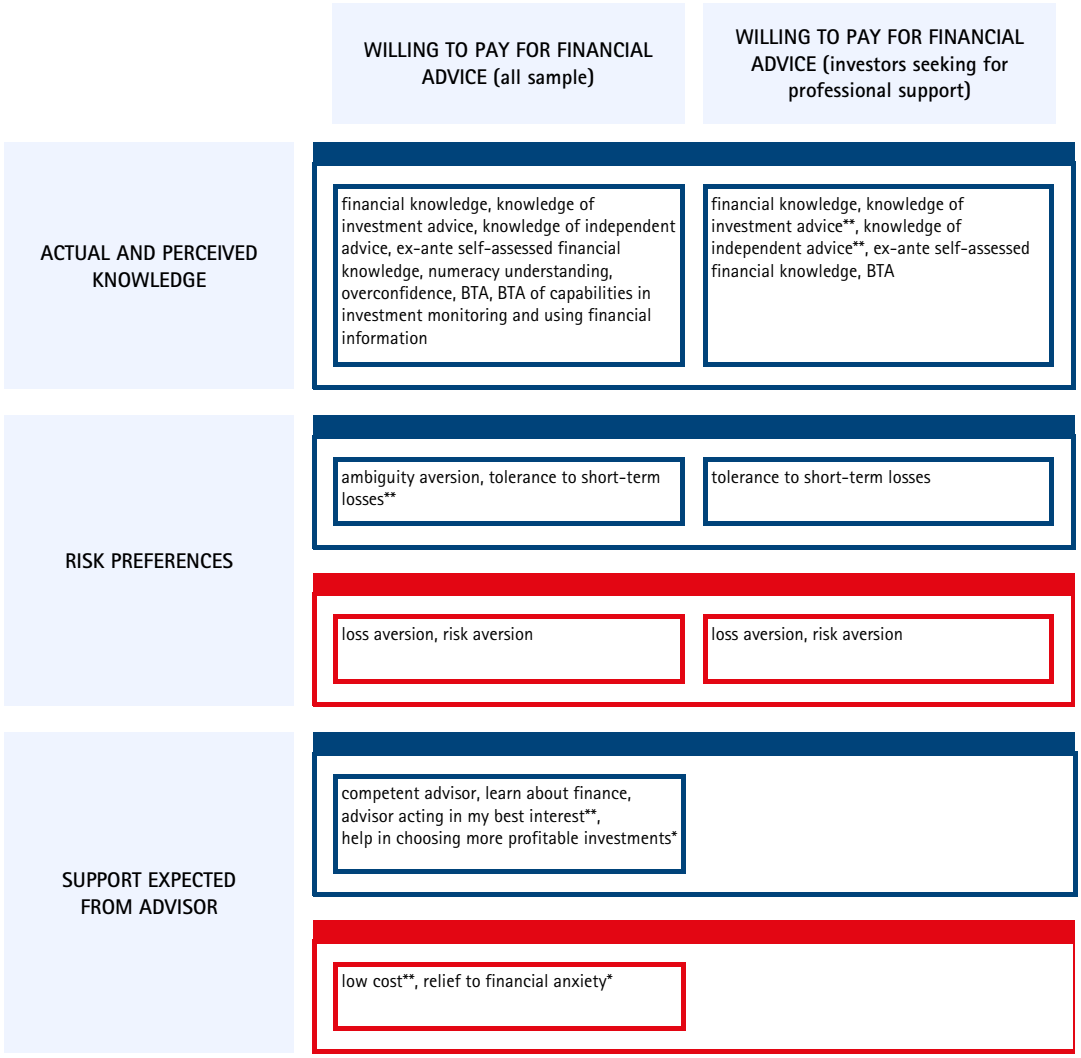
Willingness to pay for financial advice rises as formal education and financial knowledge rise and results to be higher among investors looking for a competent advisor who may act in their best interest.

Fig. 6.5 – Correlations among willingness to pay for financial advice and selected socio-demographics, personal traits, financial knowledge, risk preferences and financial habits
(blue stands for positive correlations and red stands for negative correlations)



- Cont. -

Cont. Fig. 6.5 – Correlations among willingness to pay for financial advice and selected socio-demographics, personal traits, financial knowledge, risk preferences and financial habits

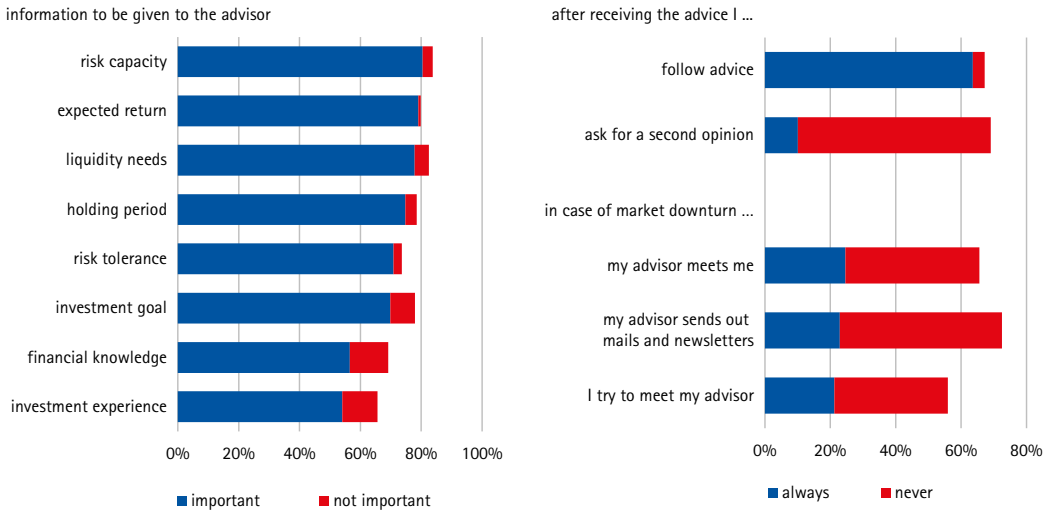


Pairwise correlations significant at 1%, except for the items marked ** (significant at 5%) and * (significant at 10%). As for 'willing to pay for financial advice' see Fig. 6.4. 'High education' refers to respondents with at least a bachelor's degree. 'BTA' stands for better-than-average self-assessed financial knowledge and financial capabilities (Fig. 3.3 and Fig. 4.10). As for 'BTA capabilities in investment monitoring' and 'BTA capabilities in using financial information' see Fig. 4.10. 'Numeracy understanding' refers to both 'percentage understanding' and 'probability understanding' (Fig. 3.5). As for 'knowledge of investment advice' and 'knowledge of independent advice' see Fig. 6.1. As for 'ambiguity aversion', 'tolerance to short-term losses', 'loss aversion' see Fig. 3.9. 'Risk aversion' refers to respondents stating to be oriented towards investments with low returns and low risk (Fig. 3.10). As for 'competent advisor', 'learn about finance', 'advisor acting in my best interest', 'help in choosing more profitable investments', 'low cost' and 'relief to financial anxiety' see Fig. 5.8.

2018
Survey

The most part of respondents consider very important to disclose to the advisor their risk capacity and their expectations about returns, whereas financial knowledge and experience are felt to be less important.
As for the on-going relationship, more than 60% of investors follow the professional advice while less than 10% ask for a second opinion. In case of market downturn only 20% of investors are used to meet or to be called by their advisor.
About 30% of investors had no contacts with their advisor in the previous year.
Among those reporting to have regular meetings, conversations with advisor mainly refer to actual performance and portfolio adjustments driven by changes in market conditions.

Fig. 6.6 – Advisor-client interaction



Figures refer to the subsample of investors stating that they either rely on investment advice or delegate their investment decisions. Figure on the left hand side refers to respondents' opinion on the statements reported above (scale type: 5-point Likert, from 1 – 'not important at all' to 5 – 'very important'); 'important' includes 'important' and 'very important'; 'not important' includes 'not so important' and 'not important at all'. Figure on the right side refers to respondents' opinion on the statements reported above (scale type: 5-point Likert, from 1 – 'never' to 5 – 'always'); 'never' includes 'never' and 'rarely'; 'always' includes 'often' and 'always'.

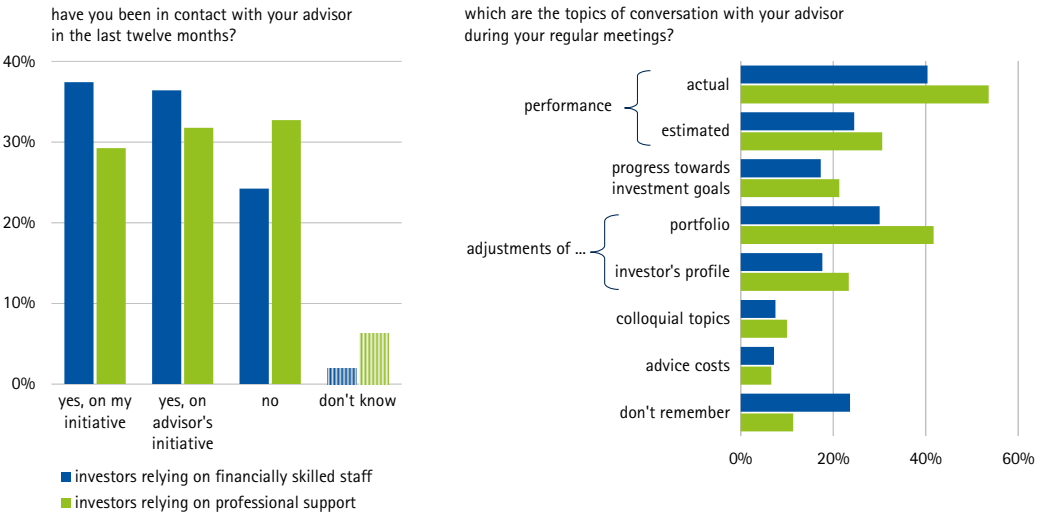
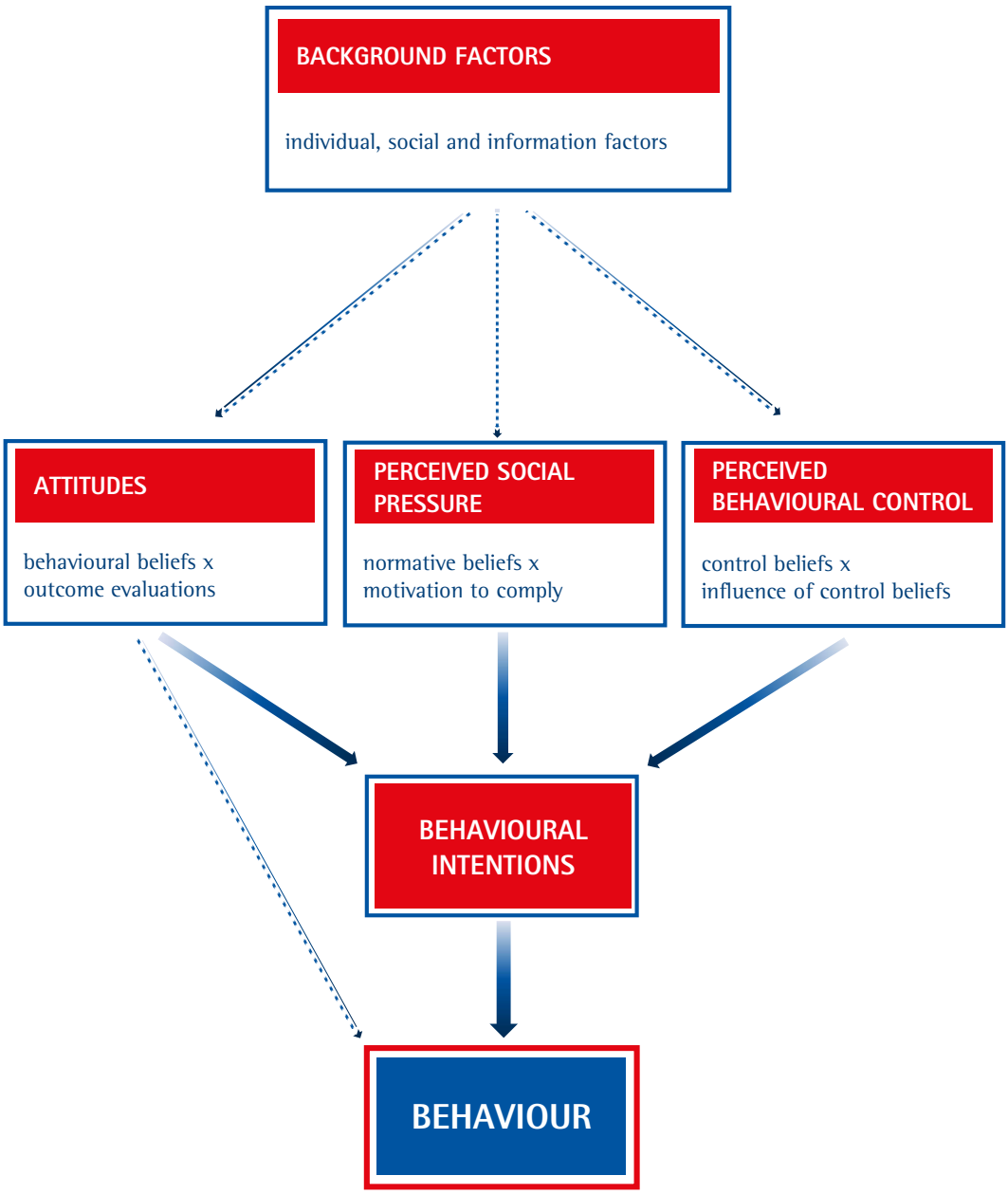


Figure on the right hand side refers to the following question: 'Which are the topics of conversation with your advisor during your regular meetings?' (multiple answers allowed; maximum 3 answers).

Focus: intention to learn finance and monitor household budget

According to the Theory of planned behaviour (TPB), intentions are the precursors and hence a proximal measure of a specific behaviour. They depend on attitudes (i.e. one's own overall evaluation of the behaviour), social pressure (feeding into social norms and motivation) and behavioural control (i.e. perception of one's own ability to enact the behaviour). All these psychological constructs are backed by background factors, such as individual factors (e.g. personality traits or experience), social factors (e.g. education, age, gender and income) and information factors (e.g. knowledge and media). This Report uses TPB to investigate individual intentions to learn more about finance and to enact a proper monitoring of household expenses.

Fig. 7.1 – Theory of planned behaviour framework

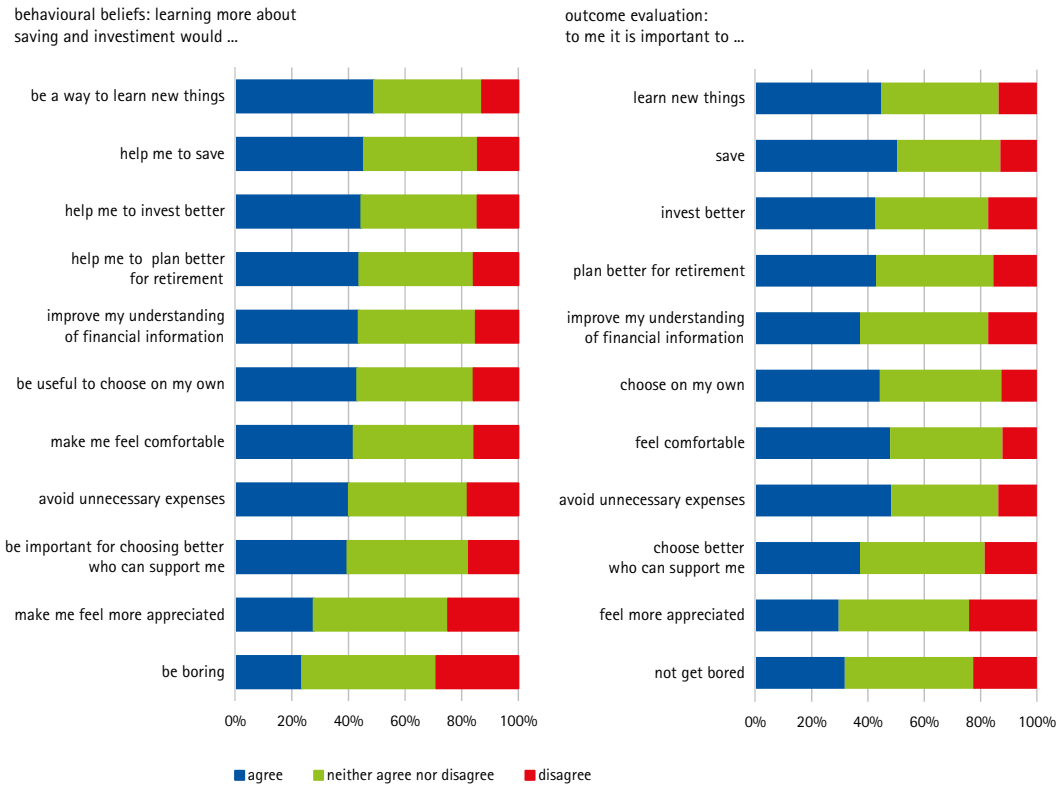


Source: Ajzen I. and M. Fishburne (2005), *The Influence of Attitudes on Behavior*, in *The handbook of attitudes*, publisher: Mahwah, NJ: Lawrence Erlbaum Associates, Editors: D. Albarracín, B. T. Johnson, M. P. Zanna.

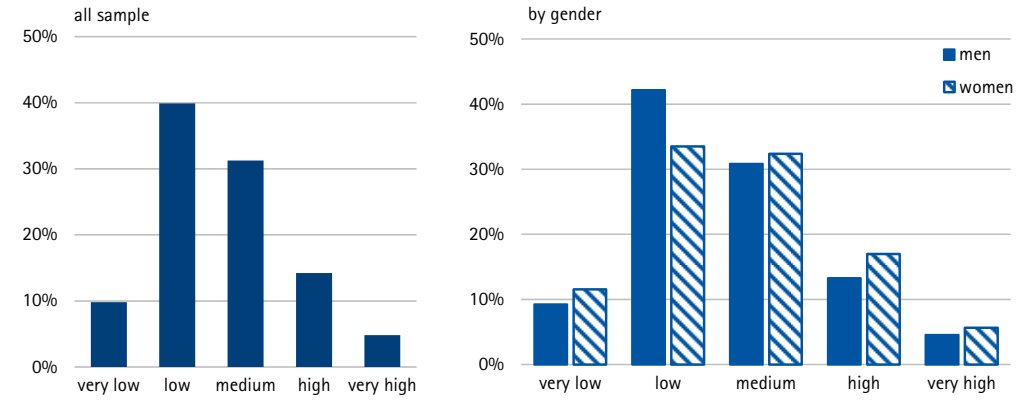
2018
Survey

Behavioural beliefs underpinning intentions to learn more about saving and investment can be related to two components: beliefs about the consequences of learning more (behavioural beliefs) and judgments about these consequences (outcome evaluation). Based on the opinions elicited on these components, only 20% of the interviewees (more frequently women) may be classified as having a high evaluation of the intention to learn more about finance.

Fig. 7.2 – Attitude towards learning more about saving and investment



sample distribution of overall score of attitude

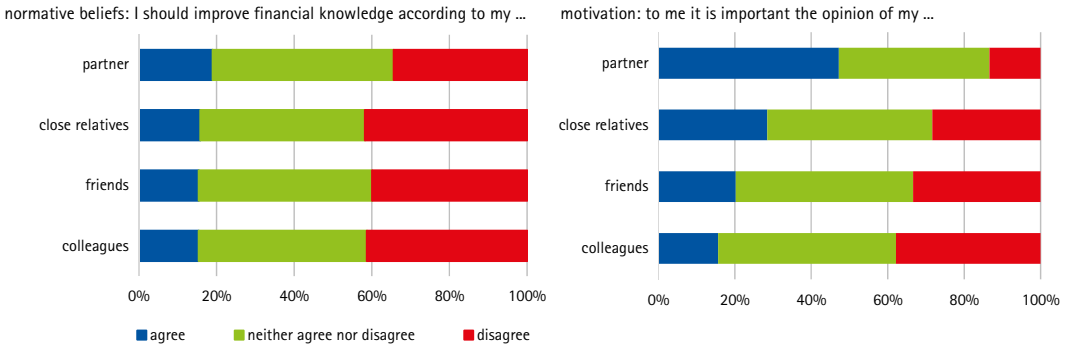


Figures on the bottom report the sample distribution of the overall score of the attitude towards learning more about saving and investment, computed by taking into account both behavioural beliefs and outcome evaluation. For details see Methodological notes.

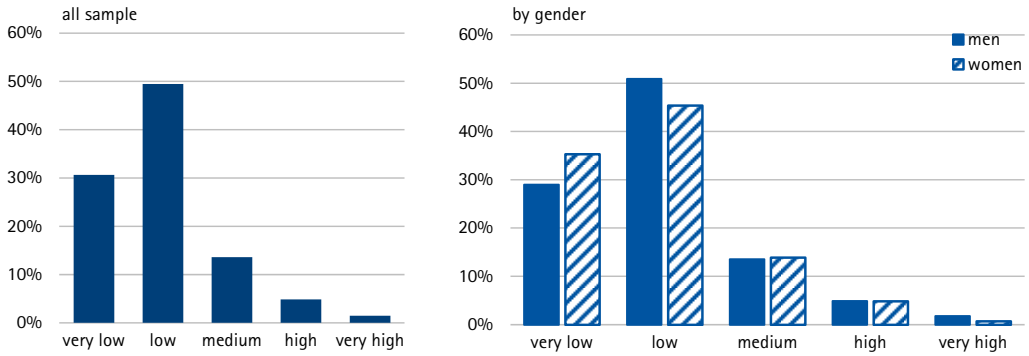
7. Focus: intention to learn finance and monitor household budget

The motivation to learn more about finance may come from social pressure, resulting from both the individual perception about how other people would like the person to behave and the individual consideration of other people's opinion. The overall score resulting from the combination of these two components shows that the social pressure to learn more is felt to be high by less than 10% of the sample.

Fig. 7.3 – Perceived social pressure relative to learning more about saving and investment



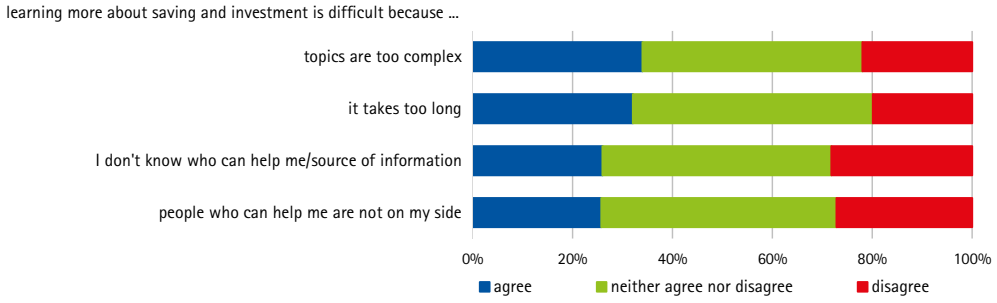
sample distribution of overall score of perceived social pressure



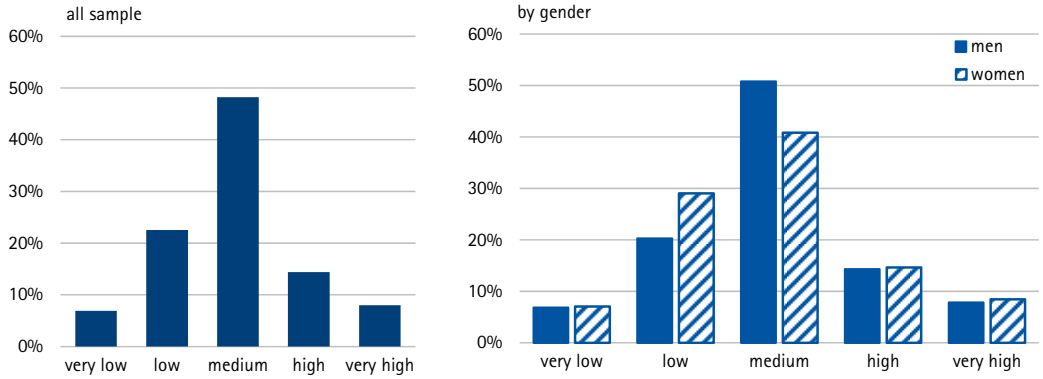
Figures on the bottom report the sample distribution of the overall score of perceived social pressure, computed by taking into account both normative beliefs and motivation to comply. For details see Methodological notes.

Finally, almost 25% of the interviewees perceive a high degree of control when evaluating their own ability to learn more about finance.

Fig. 7.4 – Perceived behavioural control relative to learning more about saving and investment



sample distribution of overall score of perceived behavioural control



Figures on the bottom report the sample distribution of the overall score of perceived behavioural control. For details see Methodological notes.

Overall attitude and perceived control underlying the intention to learn more about finance are higher among women and display a positive correlation with financial wealth, inclination towards numerical information, self-efficacy and optimism, actual and perceived financial knowledge and capabilities. The contrary holds as for age, overconfidence, financial anxiety, risk and loss aversion. As for perceived social pressure, high education and financial anxiety are among the factors showing a positive association, while income, risk aversion and some personal attitudes play in the opposite direction.

Fig. 7.5 – Attitude, perceived social pressure and perceived behavioural control relative to learning more about saving and investment by selected background factors
(blue stands for positive correlations and red stands for negative correlations)

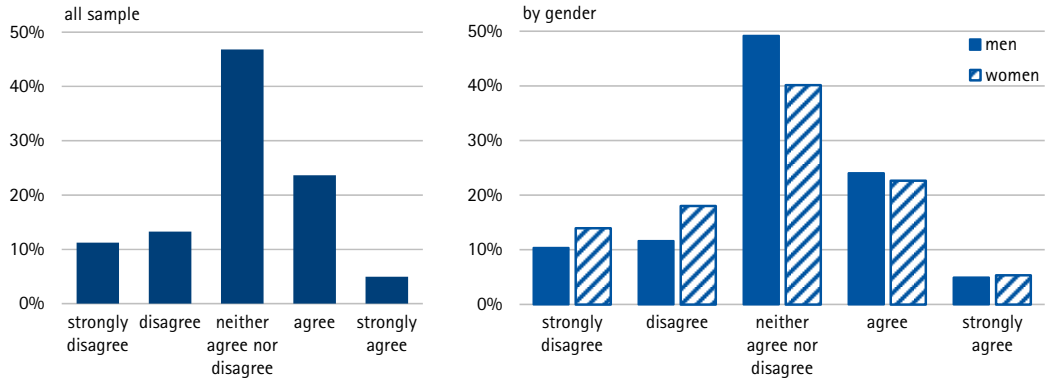
	ATTITUDE	PERCEIVED SOCIAL PRESSURE	PERCEIVED BEHAVIOURAL CONTROL
SOCIO-DEMOGRAPHICS	wealth	high education, south & islands, self-employed**, out of labour**	man*, high education**, north*, employee*, income, wealth**
	man*, age*	age, retired, north**, income**	south & islands*
PERSONAL TRAITS	numerical information preference, need for cognition, self-efficacy, optimism, trust, consciousness, extroversion	financial anxiety, optimism*, trust	numerical information preference, need for cognition, self-efficacy, self-control, optimism, emotional stability
	financial anxiety	numerical information preference**, need for cognition, self-control**, consciousness, agreeableness, emotional stability**	financial anxiety
ACTUAL AND PERCEIVED KNOWLEDGE	financial knowledge, numeracy understanding, BTA*	upward mismatch**	financial knowledge, BTA, numeracy understanding**
	overconfidence**	financial knowledge, self-assessed financial capabilities, numeracy understanding	
RISK PREFERENCES	ambiguity aversion		tolerance to short-term losses
	risk aversion	ambiguity aversion**, tolerance to short-term losses, risk aversion*	risk aversion**, loss aversion

Pairwise correlations significant at 1%, except for the items marked ** (significant at 5%) and * (significant at 10%). As for 'attitude', 'perceived social pressure' and 'perceived behavioural control' the overall score is considered (see, respectively, Fig. 7.2, Fig. 7.3 and Fig. 7.4). 'High education' refers to respondents with at least a bachelor's degree. 'Numeracy understanding' refers to both 'percentage understanding' and 'probability understanding' (Fig. 3.5). 'BTA' stands for better-than-average self-assessed financial knowledge and financial capabilities (Fig. 3.3 and Fig. 4.10). As for 'ambiguity aversion', 'tolerance to short-term losses', 'loss aversion' see Fig. 3.9. 'Risk aversion' refers to respondents stating to be oriented towards investments with low returns and low risk (Fig. 3.10).

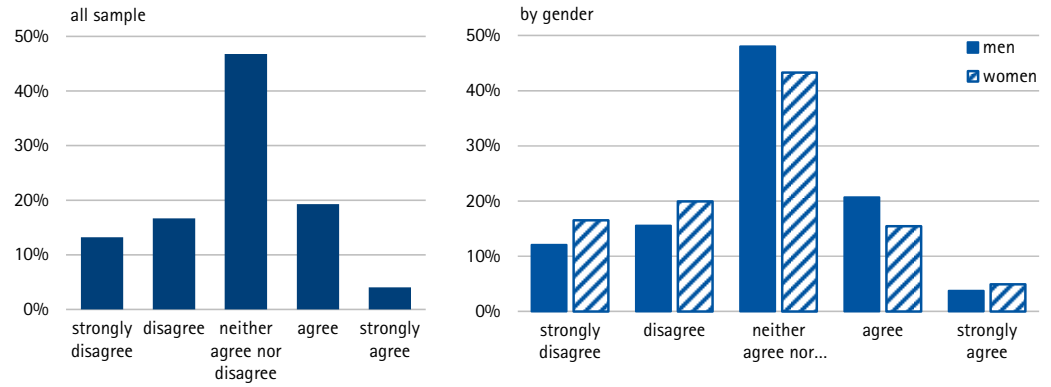
The breakdown of the intention over the spectrum 'strong disagreement' - 'strong agreement' unveils that 25% of the interviewees report a high disposition towards learning about finance, either in general or at latest within the next year. Intention results to be slightly lower among women.

Fig. 7.6 – Intention to learn more about saving and investment

I intend to learn more about saving and investments (generalised intention)



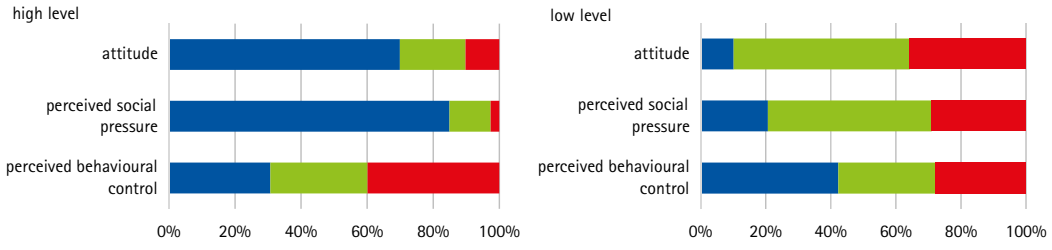
right now or within 12 months at latest, I intend to learn more about saving and investment (time-specific intention)



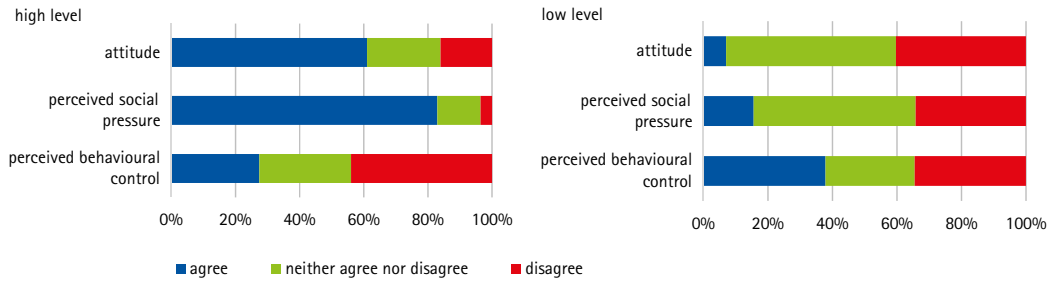
The proportion of respondents displaying a strong intention (both generalised and time-specific) towards learning about finance is positively associated with a highly positive evaluation and a high perception of social pressure.

Fig. 7.7 – Intention to learn more about saving and investment by level of attitude, perceived social pressure and perceived behavioural control

I intend to learn more about saving and investments (generalised intention)



right now or within 12 months at latest, I intend to learn more about saving and investment (time-specific intention)



Figures report the distribution of both generalised and time-specific intentions for the subsamples of financial decision makers showing, respectively high/low and very high/very low attitude, perceived social pressure and perceived control.

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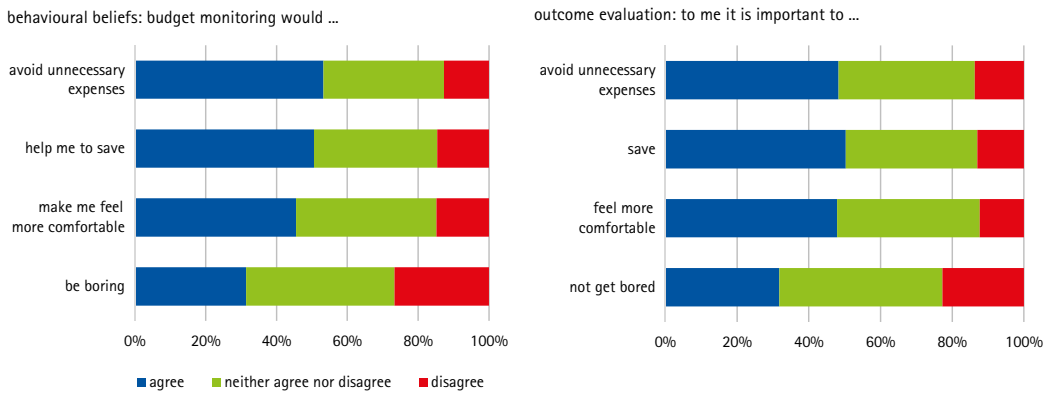
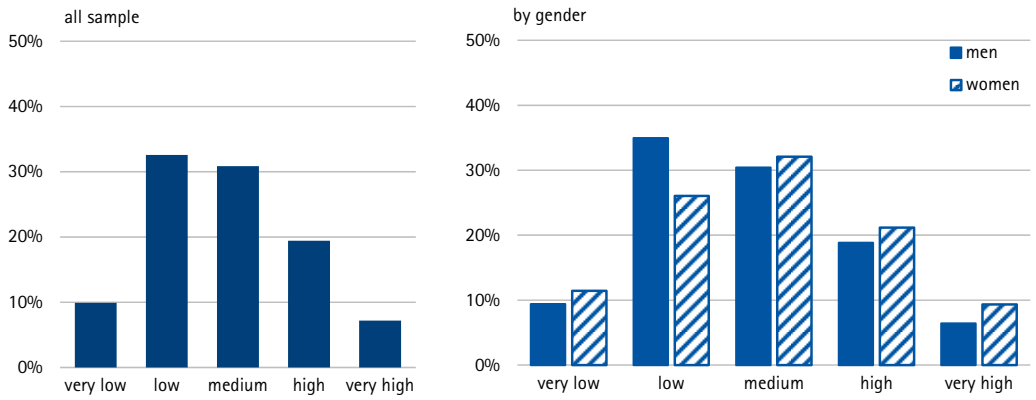
Survey

Slightly more than 40% of the sample shows a low or very low overall attitude towards budget monitoring.

Fig. 7.8 – Attitude towards household budget monitoring



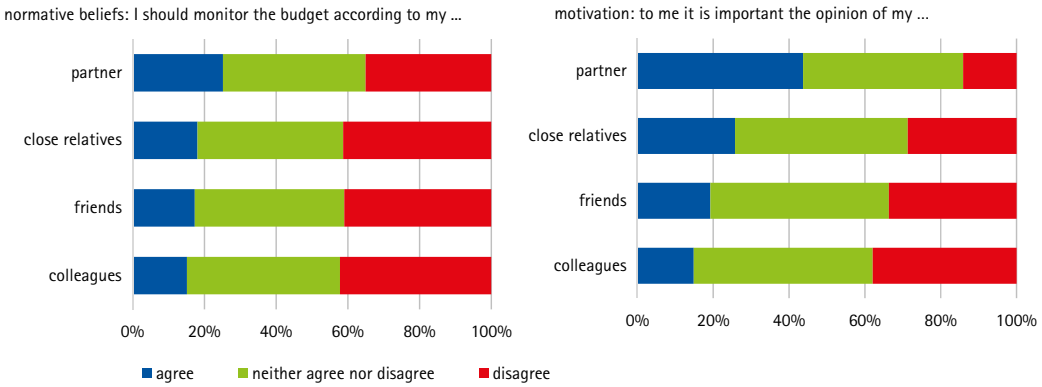
sample distribution of overall score of attitude



Figures refer to the subsample of financial decision makers who do not currently take note of household expenses (Fig. 4.1). Figures on the bottom report the sample distribution of the overall score of the attitude towards budget monitoring, computed by taking into account both behavioural beliefs and outcome evaluation. For details see Methodological notes.

Peer pressure is felt to be low by 80% of the interviewees, whereas...

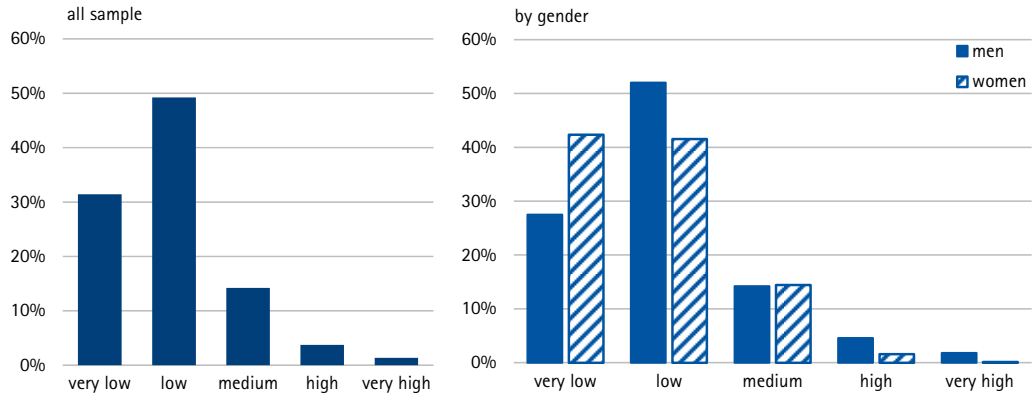
Fig. 7.9 – Perceived social pressure relative to household budget monitoring



- Cont. -

– *Cont.* Fig. 7.9 – Perceived social pressure relative to household budget monitoring –

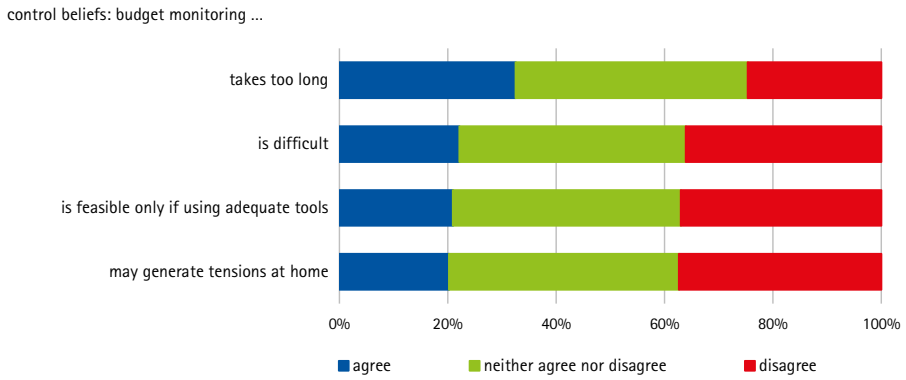
sample distribution of overall score of perceived social pressure



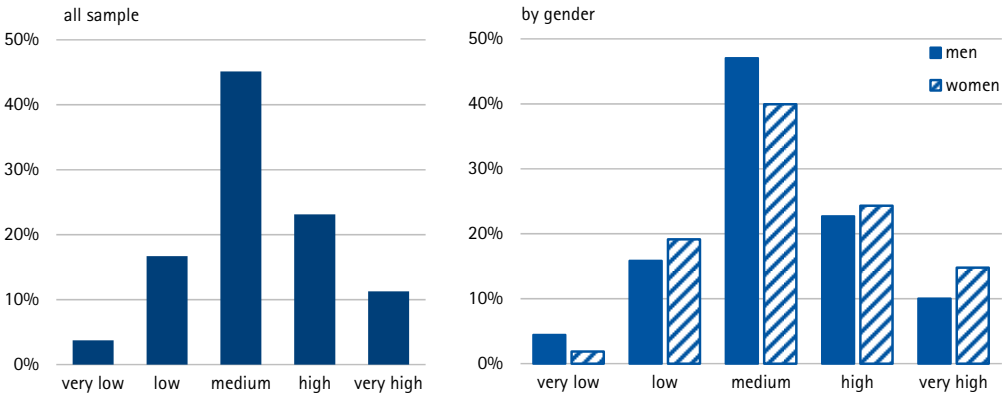
Figures refer to the subsample of financial decision makers who do not currently take note of expenses (Fig. 4.1). Figures on the bottom report the sample distribution of the overall score of perceived social pressure, computed by taking into account both normative beliefs and motivation to comply. For details see Methodological notes.

... control is perceived to be low by only 20% of the sample.

Fig. 7.10 – Perceived behavioural control relative to household budget monitoring



sample distribution of overall score of perceived behavioural control



Figures refer to the subsample of financial decision makers who do not currently take note of expenses (Fig. 4.1). Figures on the bottom report the sample distribution of the overall score of perceived behavioural control. For details see Methodological notes.

Attitude and perceived behavioural control are positively associated (among the others) with living alone, inclination to use numerical information and to engage in effortful thoughts, actual and self-assessed financial knowledge. Financial anxiety, while displaying a negative association with attitude and control, seems to positively correlate with perceived peer pressure.

Fig. 7.11 – Attitude, perceived social pressure and perceived behavioural control relative to budget monitoring by selected background factors
(blue stands for positive correlations and red stands for negative correlations)

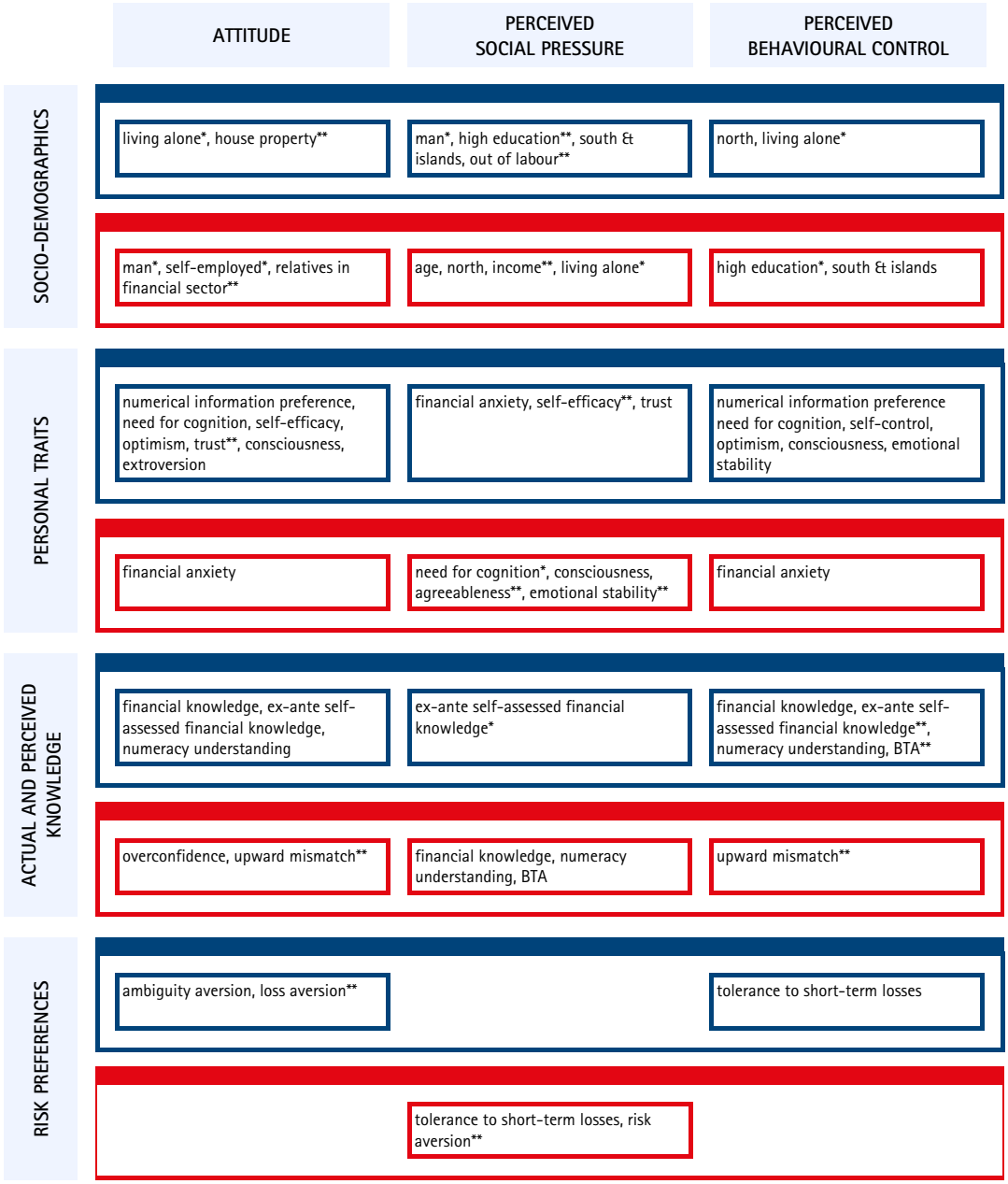


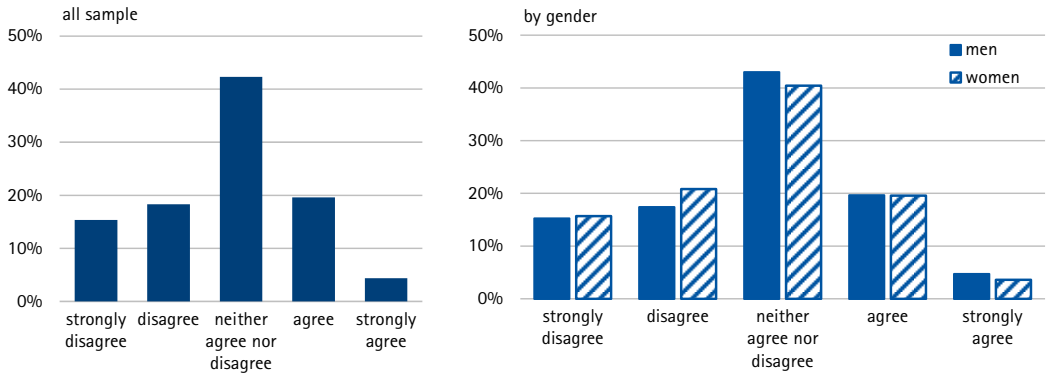
Figure refers to the subsample of financial decision makers who do not currently take note of expenses (Fig. 4.1). Pairwise correlations significant at 1%, except for the items marked ** (significant at 5%) and * (significant at 10%). As for 'attitude', 'perceived social pressure' and 'perceived behavioural control' the overall score is considered (see, respectively, Fig. 7.2, Fig. 7.3 and Fig. 7.4). 'High education' refers to respondents with at least a bachelor's degree. 'Numeracy understanding' refers to both 'percentage understanding' and 'probability understanding' (Fig. 3.5). 'BTA' stands for better-than-average self-assessed financial knowledge and financial capabilities (Fig. 3.3 and Fig. 4.9). As for 'ambiguity aversion', 'tolerance to short-term losses', 'loss aversion' see Fig. 3.9. 'Risk aversion' refers to respondents stating to be oriented towards investments with low returns and low risk (Fig. 3.10).

7. Focus: intention to learn finance and monitor household budget

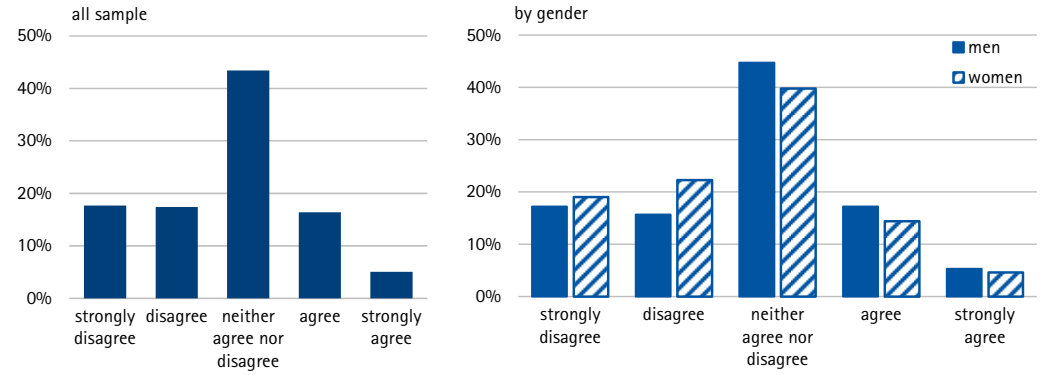
The intention to monitor the budget does not change over the time frame, being...

Fig. 7.12 – Intention to monitor household budget

I intend to take notes of expenses every month (generalised intention)



right now or within 12 months at latest, I intend to take notes of expenses every month (time-specific intention)

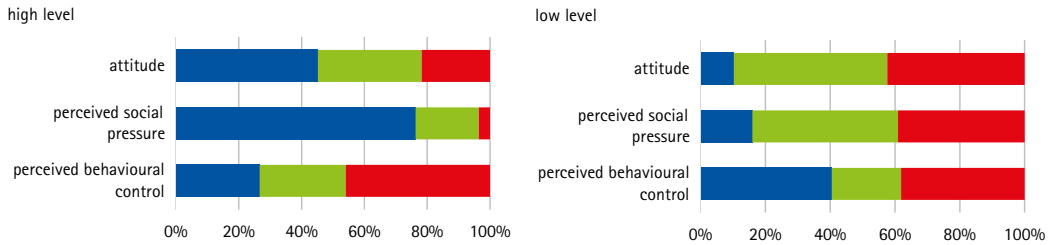


Figures refer to the subsample of financial decision makers who do not currently take note of expenses (Fig. 4.1).

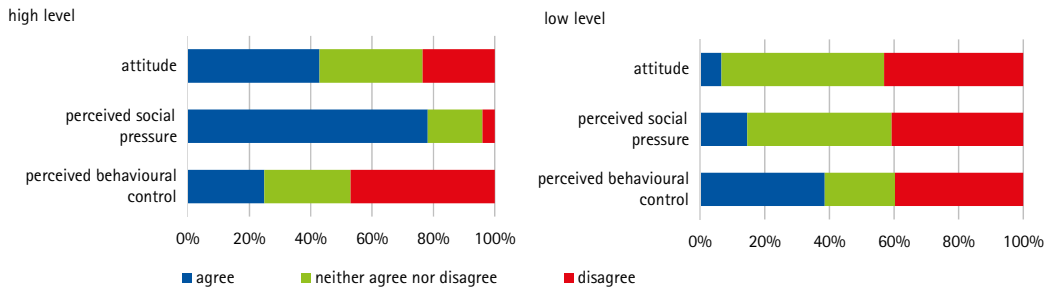
... higher for individuals highly in favour of tracking expenses, perceiving a high social pressure and feeling in control of the process.

Fig. 7.13 – Intention to monitor household budget given high/low levels of attitude, perceived social pressure and perceived behavioural control

I intend to take notes of expenses every month (generalised intention)



right now or within 12 months at latest, I intend to take notes of expenses every month (time-specific intention)



Figures refer to the subsample of financial decision makers who do not currently take note of expenses (Fig. 4.1). Figures report the distribution of both generalised and time-specific intentions for the subsamples of financial decision makers showing, respectively, high/low and very high/very low attitude, perceived social pressure and perceived control.

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Methodological notes

About the data

		average	lower-bound 5% confidence level	upper-bound 95% confidence level
gender	men	74%	71%	77%
	women	26%	23%	29%
age	24-34	11%	9%	13%
	35-44	21%	18%	23%
	45-54	27%	24%	29%
	55-64	22%	19%	24%
	65-74	20%	18%	23%
education	less than bachelor's degree	82%	79%	84%
	at least bachelor's degree	18%	16%	21%
area of residence	north	49%	46%	52%
	centre	20%	17%	22%
	south and islands	31%	28%	34%
employment status	employee	49%	46%	52%
	self-employed	18%	16%	21%
	retired	20%	18%	22%
	out of labour	13%	10%	15%
financial wealth	<= 10,000 euros	52%	49%	55%
	10,001 - 50,000 euros	27%	24%	30%
	50,001 - 250,000 euros	18%	15%	20%
	> 250,000 euros	3%	49%	55%
monthly family income	< 1,200 euros	22%	20%	24%
	1,201 - 3,000 euros	60%	57%	63.18%
	3,001 - 5,000 euros	15%	12%	17.31%
	> 5,000 euros	3%	2%	5.08%
Internet use	online purchase of goods and services	59%	56%	62%
	online banking	45%	42%	48%
	price comparison	41%	38%	44%
	financial information gathering	12%	10%	14%
	trading online	4%	3%	6%
	robo advice	2%	1%	3%
	crowdfunding	2%	1%	3%
non-investors		71%	74%	68%
investors		29%	26%	32%

Average values are adjusted by sample weights. The accuracy of the estimates of the of average values has been tested by computing the corresponding confidence intervals based on the Jackknife variance estimator. As for 'employment status', the group 'out of labour' includes housewives, students and unemployed. Income and wealth data have been adjusted for non-response by using GfK Italia methodology. The sample breakdown by Internet use does not sum up to 100% because multiple answers are allowed. 'Investors' group includes the financial decision makers holding at least one financial asset (current account, insurance and pension products are not included). Rounding may cause discrepancies in the figures.

Financial knowledge indicators (Fig. 3.1)

Financial knowledge is measured through questions about: risk/return relationship (Q1); compound interest (Q2); inflation (Q3); mortgage characteristics (Q4); diversification (Q5); comparative riskiness of listed and unlisted stocks (Q6); relationship between interest rate and bond price (Q7). Answers are 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 percentage of correct answers. The second ('weighted average' indicator) considers also the easiness of questions, by weighing more those recording lower sample frequencies of correct answers. The third ('factor' indicator) is the first principal component of correct answers, rescaled by the easiness of questions and normalised between 0 and 1. For reference see: Lusardi, A. and O.S. Mitchell, The economic importance of financial literacy: theory and evidence, Journal of Economic Literature, 2014, 52(1), 5-44; Lusardi, A. and O.S. Mitchell, Planning and financial literacy: how do women fare?, American Economic Review, 2008, 98(2), 413–17; Lusardi, A. and O.S. Mitchell, How ordinary consumers make complex economic decisions: financial literacy and retirement, NBER WP no. 15350, 2009; Lusardi, A., O.S. Mitchell and V. Curto, Financial literacy among the young, Journal of Consumer Affairs, 2010, 44(2), 358–80; Lusardi, A. and O.S. Mitchell, Financial literacy and planning: implications for retirement well-being, in Financial literacy: implications for retirement security and the financial marketplace, 17-39, edited by O.S. Mitchell and A. Lusardi, Oxford and New York: Oxford University Press, 2011; van Rooij, M., A. Lusardi and R. Alessie, Financial literacy and stock market participation, Journal of Financial Economics, 2011, 101(2), 449-472.

The overconfidence indicator (Fig. 3.3)

The overconfidence indicator is the difference between respondents' assessment of their own number of correct answers and the number of correct answers they actually gave to financial literacy questions Q1-Q7 (Fig. 3.1). For reference see: M.H. Broihanne, M. Merli and P. Roger, Overconfidence, risk perception and the risk-taking behavior of finance professionals, Finance Research Letters, 2014, 11(2), 64-73.

The mismatch indicator (Fig. 3.4)

The mismatch indicator records discrepancies between the respondents' answers to the financial knowledge questions Q1–Q7 reported in Fig. 3.1 and the respondents' ex-ante self-assessment of their understanding of the notions mentioned in Q1–Q7 as shown in Fig. 3.2 (right hand side figure). An upward mismatch is detected when individuals give the wrong answer although having stated that they 'have heard and understood' the financial notion considered. A downward mismatch is detected when individuals give the correct answer although having stated either that they 'they have never heard' or that they 'have heard but not understood' the financial notion in question. No mismatch is detected when no discrepancy is found.

Personal traits' indicators (Fig. 2.2 – Fig. 2.7)

Personal traits' indicators are the first principal components of the answers to the multi-item corresponding questions (see Fig. 2.2 – Fig. 2.7). Consistency among the answers was checked through the Cronbach's alpha statistic. Moreover, the quality of the indicator is tested through the Kaiser-Meyer-Olkin measure of sample adequacy. The indicators are normalised between 0 and 1 and categorised into the following classes (reported in the Figures): 'very low' between 0 and 0.2; 'low' between 0.2 and 0.4, 'medium' between 0.4 and 0.6, 'high' between 0.6 and 0.8, 'very high' between 0.8 and 1. Details on the wording of the questions and the corresponding bibliographical references are reported below.

Preference for numerical information (Fig. 2.2)

Respondents are asked to state their opinion on the following statements: 'Numerical information is very useful in everyday life' (useful); It's important to learn and use numerical information to make well informed decisions (important); I like to make calculations using numerical information (pleasant); It's satisfying to solve day-to-day problems involving numbers (satisfying); I enjoy work requiring the use of numbers (enjoyable); I don't like to think about issues involving numbers (unpleasant); Numerical information isn't relevant for most situations (irrelevant); I prefer not to pay attention to information involving numbers (avoidable)'; scale type: 5-point Likert, from 1 – 'strongly disagree' to 5 – 'strongly agree'. For references see: Fernandes, D., J.G. Jr. Lynch and R.G. Netemeyer, Financial literacy, financial education, and downstream financial behaviors, Management Science, 2014, 60(8), 1861–1883; Viswanathan, M., Measurement of individual differences in preference for numerical information, Journal of Applied Psychology, 1993, 78(5), 741-752.

Need for cognition (Fig. 2.3)

Respondents are asked to state their opinion on the following four statements: I don't like to have to do a lot of thinking (reverse coded); I try to avoid situations that require thinking in depth about something (reverse coded); I prefer to do something that challenges my thinking rather than something that requires little thought; I prefer complex to simple problems; Thinking hard and for a long time about something gives me little satisfaction (reverse coded)'; scale type: 5-point Likert, from 1 – 'strongly disagree' to 5 – 'strongly agree'. The indicator takes into account the multi-items structure of the question. For references see: Fernandes, D., J.G. Jr. Lynch and R.G. Netemeyer, Financial literacy, financial education, and downstream financial behaviors, Management Science, 2014, 60(8), 1861–1883; Epstein, S., R. Pacini, V. Denes-Raj, H. Heier, Individual differences in intuitive-experiential and analytical-rational thinking styles, J. Personality Soc. Psych., 1996, 71(2), 390-505; Cacioppo, J.T., R.E. Petty, C.F. Kao, The efficient assessment of Need for Cognition, Journal of Personality Assessment,1984, 48(3).

Financial anxiety (Fig. 2.4)

Respondents are asked to state their opinion on the following nine statements: 'Thinking about my personal finances can make me feel anxious (anxiety); There's little point in saving money, because you could lose it all through no fault on your own (helplessness); I prefer not to think about the state of my personal finances (avoidance); I find monitoring my bank or credit card accounts very boring (boredom); I would rather someone else who I trusted kept my finance organised (unburdening); discussing my finances can make my heart race or make me feel stressed (stress); I get myself into situations where I do not know where I'm going to get the money to 'bail' myself out (hopelessness); I don't make a big effort to understand my finances (disengagement); Thinking about my personal finances can make me feel guilty (guiltiness)'; single answer; scale type: 5-point Likert, from 1 – 'strongly disagree' to 5 – 'strongly agree'. For references see: Burchell B., Identifying, describing and understanding Financial Aversion: Financial phobes, 2003, University of Cambridge; Grable, J., W. Heo and A. Rabbani, Financial Anxiety, Physiological Arousal, and Planning Intention, Journal of Financial Therapy, 2015, 5(2); Shapiro, G.K. and B. Burchell, Measuring Financial Anxiety, Journal of Neuroscience, Psychology, and Economics, 2012, 5(2), 92-103.

Self-efficacy indicator (Fig. 2.5)

Respondents are asked to state their opinion to the following five statements: 'I will be able to achieve most of the goals that I have set for myself; When facing difficult tasks, I am certain that I will accomplish them; In general, I think that I can obtain outcomes that are important to me; I believe I can succeed at most any endeavour to which I set my mind; I will be able to successfully overcome many challenges'; scale type: 5-point Likert, from 1 – 'strongly disagree' to 5 – 'strongly

agree'. For references see: Fernandes, D., J.G. Jr. Lynch and R.G. Netemeyer, Financial literacy, financial education, and downstream financial behaviors, Management Science, 2014, 60(8), 1861–1883; Bandura, A. and E. A. Lock, Negative self-efficacy and goal effects revisited, J. Appl. Psych., 2003, 88(1), 87–99; Chen, G., S.M. Gully and D. Eden, Validation of a new general self-efficacy scale, Organ. Res. Methods, 2001, 4(1), 62–83; Forbes, J., and S. Murat Kara, Confidence Mediates How Investment Knowledge Influences Investing Self-Efficacy, Journal of Economic Psychology, 2010, 31 (3), 435–443.

Self-control indicator (Fig. 2.6)

Respondents are asked to state their opinion to the following four statements: 'I am good at resisting temptation; I have a hard time breaking bad habits; I wish I had more self-discipline; People would say that I have iron self- discipline'; scale type: 5-point Likert, from 1 – 'strongly disagree' to 5 – 'strongly agree'. For references see: Fernandes, D., J.G. Jr. Lynch and R.G. Netemeyer, Financial literacy, financial education, and downstream financial behaviors, Management Science, 2014, 60(8), 1861–1883; Maloney, P. W., M.J. Grawitch and L.K. Barber, The multi-factor structure of the brief self-control scale: Discriminant validity of restraint and impulsivity, J. Res. Personality, 2012, 46(1), 111–115.

Optimism (Fig. 2.7)

Respondents are asked to state their opinion to the following ten statements: 'It's important for me to keep busy (active); I enjoy my friends a lot (friendly); Overall I expect more good things to happen to me than bad (positive); In uncertain times, I usually expect the best (confident); I don't get upset too easily (quiet); I'm always optimistic about my future (optimistic); I rarely expect good things happening to me (negative); I hardly ever expect things to go my way (unfavourable); I rarely count on good things happening to me (hopeless); If something can go wrong for me, it will (despondent)'; scale type: 5-point Likert, from 1 – 'strongly disagree' to 5 – 'strongly agree'. For references see: Carver, C.S., M.F. Scheier and S.C. Segerstrom, Optimism. Clinical Psychology Review, 2010, 30, 879-889.

Behavioural investors' types (Fig. 2.8)

Respondents are asked to state their opinion according to a 5-point Likert type scale (from 1 - 'strongly agree' to 5 - 'strongly disagree') on the following ten statements: 'I perceive myself as: Reserved; Generally trusting other people; Lazy; Easy-going; With few artistic interests; Extroverted; Trying to find shortcomings in the others; Diligent in the working activity; Easily getting nervous; With a great imagination. For reference see: Guido, G., A.M. Peluso, M. Capestro and M. Miglietta, An Italian version of the 10-item Big Five Inventory: An application to hedonic and utilitarian shopping values, Personality and individual differences, 2015, 76, 135-140.

The theory of planned behaviour (Focus: intention to learn finance and monitor household budget)

The overall score of behavioural beliefs is computed by multiplying each behavioural belief by the corresponding outcome evaluation and by summing the resulting weighted scores. The internal consistency between behavioural belief and outcome evaluation items is checked by applying Cronbach's alpha statistic. The overall score is normalised between 0 and 1 and categorised into the following classes (reported in the Figures): 'very low' between 0 and 0.2; 'low' between 0.2 and 0.4, 'medium' between 0.4 and 0.6, 'high' between 0.6 and 0.8, 'very high' between 0.8 and 1. The overall score of social pressure is computed by multiplying each normative belief by the correspondent motivation to comply and by summing the resulting scores. The internal consistency between behavioural belief and outcome evaluation items have been checked by applying Cronbach's alpha statistic. The indicators are normalised between 0 and 1 and categorised into the following classes (reported in the Figures): 'very low' between 0 and 0.2; 'low' between 0.2 and 0.4, 'medium' between 0.4 and 0.6, 'high' between 0.6 and 0.8, 'very high' between 0.8 and 1. The overall score of perceived

control is computed by summing each perceived control item score, after checking for by applying Cronbach's alpha statistic. The indicators are normalised between 0 and 1 and categorised into the following classes (reported in the Figures): 'very low' between 0 and 0.2; 'low' between 0.2 and 0.4, 'medium' between 0.4 and 0.6, 'high' between 0.6 and 0.8, 'very high' between 0.8 and 1. When computing the overall scores, items are reverse coded where appropriate. For reference see: Ajzen I. and M. Fishbein, The Influence of Attitudes on Behavior, in The handbook of attitudes, publisher: Mahwah, NJ: Lawrence Erlbaum Associates, Editors: D. Albarracín, B.T. Johnson, M.P. Zanna, 2005; Billari, F.C., D. Philipov and M.R. Testa, Attitudes, norms and perceived behavioural control: explaining fertility intentions in Bulgaria, European Journal of Population, 2009, 25(4), 439-465.

Pairwise correlations

Pairwise correlations reported in the Report neglect the joint effect of all the exogenous variables and should be interpreted as descriptive statistics in a univariate framework. Therefore, they might not be significant in a multivariate framework. Moreover, they do not allow to take into account and address endogeneity issues.