



PRESS RELEASE

Financial intermediation: customer profiling is improving.

After ten years, clearer and more effective questionnaires, but we can do even better.

The questionnaires adopted by financial intermediaries to assess the suitability of the financial instruments offered to customers have become more effective and comprehensible, over the past decade. However, some aspects can be improved, such as the still substantial influence of self-assessment in customer responses, or the number of questions aimed at detecting the understanding of the bail-in mechanism, still limited to 18% of cases, only.

This is the topic debated at the Conference "Customer profiling for the assessment of adequacy - Survey of a sample of Italian intermediaries", held today at Consob, in which the evolution of the questionnaires was reviewed, starting from the [2022 Discussion Paper: Customers' profiling for the purposes of the adequacy assessment. Follow up of the 2012 study on a sample of Italian intermediaries](#): a document which resumes and extends the analysis already published in a 2012 *Discussion Paper*, widening the perimeter to include investor profiling algorithms and customers' environmental sustainability preferences.

In a decade, the quality of the questionnaires results as increased in terms of completeness and clarity of the contents, to the benefit of a more effective profiling. Due to the supervisory activity conducted by Consob, intermediaries also make a greater use of algorithms that may limit opportunistic customer profiling.

However, there remains room for improvement, from the weight assigned to self-assessment to key information, such as about the risk of bail-in. The information collected could be subjected to more severe internal consistency checks and verified in connection with the broader set of information available to the intermediary. Sometimes, the scores assigned to the questions are not commensurate with the complexity of the financial instruments. Consob has supervisory initiatives in progress on customer profiling, adopted by the subjects in the sample, to ensure better convergence towards market *best practices*.

"The results of the analysis suggest many positive elements", said Consob Commissioner Paolo Ciocca at the opening of the meeting. "But there is an area where a further improvement is possible, where challenges can be turned into opportunities", Ciocca explained, referring to the indications of the Consob report on the investment choices of Italian households and to the entrance of new types of investors, due to the recent technologies.

Consob's findings show "a still poorly structured investor decision-making process on which there is some work to be done", said Nadia Linciano, head of Consob's Research Division. "A theme that fits into the need to raise awareness of the advisory services: investors often don't fully understand its added value, nor the real effects of the information they transfer to the advisor."

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