PRESS RELEASE

Gamification: financial investment is not a 'videogame'

Information transparency is an essential prerequisite to deal with potential conflicts of interest

Consob's latest Legal Research Paper published

The use of smart phones and the spread of social media have greatly changed the milieu of work, information, commerce and, inevitably, investments too. So that, as Consob observes in its latest **"Quaderno Giuridico" (Legal Research Paper) on the 'Gamification of financial investments'**, the decision to invest is ever more in danger of being taken with the same approximation as taking part in a video game, perhaps out of imitation of an influencer and misbelieving the service is free (but, as they say, 'if you find something for free on the internet, very often the product is you').

These are the reasons why Consob is tackling the growing phenomenon of gamification, highlighting how greater information transparency to protect savers can be the antidote against the risk of conflicts of interest.

The analysis starts from the assumption that investor protection should not and cannot be achieved through paternalistic prohibitions to limit market operators activities; rather, it must leverage awareness of the risks associated with financial ludicisation practices, which tend to create the illusion of a mere game where real money is actually being moved. Hence the need for greater information transparency.

Taking their cue from the GameStop case, which has dominated the financial news in recent years and brought the phenomenon of social network platforms and Finfluencers to the attention of regulators, the authors of the study - Concetta Brescia Morra, Dario Colonnello, Matteo Gargantini, Giulio Sandrelli and Gianfranco Trovatore - focus among other things, the phenomenon of copy trading, i.e. the practice of replicating the trading strategies of others, putting oneself in the wake via social media of a finfluencer, most often a non-professional trader who may be pursuing personal profit goals as a priority, in contrast to the interest of his or her followers. Another aspect focused on in the study is the apparent gratuitousness of trading, which often covers, instead, a hidden cost (Payment for Order Flow) at the expense of savers, linked to the trading volumes generated by the leader on the different platforms.

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