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Final Thesis

A perspective on financial advice: analysis of trust and its main determinants in the relationship between advisors and clients.

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Introduction

This thesis aims to analyse the aspects of trust in the relationship between financial advisors and their clients.

To do this, in the first chapter, we explore the concept of financial advice, defining the historical and regulatory path from which it is characterised, the figures of advisors identified in the market, and then we conclude with a general overview of the client-advisor relationship. Indeed, the financial advisory service is essential to help clients perceive, understand and act on events that occur in the surrounding financial market. Moreover, clients define the investment plan that best suits their needs through the advisory process.

Considering these aspects, it seems clear that financial advisory implies a relationship where the client trusts the advisor. That is why the second chapter focuses on the element of trust. This concept is characterised and influenced by many factors that affect both the social and economic sciences. Hence, as just stated, trust is one of the fundamental elements that define advisory: without trust, it is not possible to establish a financial advisory relationship. The concept of trust is discussed in terms of its evolution, its determinants and how it can be measured.

As we will see in this work, various factors affect people's trust levels in advisors, from age to geographic origin, leading individuals to have a different approach to the financial market. In particular, we will focus on analysing some of them more deeply, such as the gender to which clients and consultants belong.

All the discussions covered inside these two chapters will allow us, in the final one, to perform an experimental analysis within the advisory field, analysing the answers obtained from two questionnaires that we developed. One survey was submitted to a sample of advisors related to two different bank networks; the other questionnaire was filled in by several clients among these two networks.

On one hand, the questionnaire addressed to financial advisors analyses the evolution of the trust relationship with clients, and on the other, the questionnaire addressed to clients investigates aspects such as the level of financial education, risk tolerance and the level of trust placed in the advisor.

After developing a descriptive analysis of the results of the respective questionnaires, correlation and non-parametric tests will be conducted to investigate in more detail the variables that we considered most significant, always enhancing trust as a core concept of our study.

The conclusions emphasise the result of the analysis conducted in the present work, setting it as the starting point for multiple considerations regarding financial advisory and trust.

1. Financial advisory

1.1 The Italian historical path of financial advice

1.1.1 From Cornfeld project to the birth of the financial sales network

This section describes the history of financial advisory in Italy, from how it was born to how it developed into the activity that we know nowadays. Differently from what can be thought, the financial advisor figure is already 50 years old. Indeed, it started in a society where selling a mutual fund was very difficult, and the peculiar characteristics of this profession did not help since they were linked to the placement of investment products outside traditional banking channels.

As regards Italy, the first financial business linked to this category is IOS, meaning Investors Overseas Services. It was created by Bernard Cornfeld, an American businessman, who built a sales network of mutual funds operating in 126 countries with more than 20,000 agents between 1955 and 1970.

After graduating in psychology, Cornfeld started raising capital to make money by buying shares in the oil and construction sectors; then, in 1955, he moved to Paris and started selling mutual investment funds to the American soldiers on duty in Europe.

Thousands of salesmen, calling themselves "financial counselors," combed the earth for people's savings and put them into the funds that IOS managed.

Regarding mutual funds, they represent an old and well-tried form of investment and at that time IOS was the biggest and best-known among the "offshore" funds. That meant that these funds, and the companies that managed them, were carefully registered and domiciled wherever they would most avoid taxation and regulation. The remarkable aspect of IOS and the reason why it represented an impressive phenomenon was its success. On the foundation of its offshore mutual funds, it built up a complex of banks, insurance companies and real-estate promotions; indeed, its slogan was "Total Financial Service."[1]

For the first fifteen years, the firm was booming, gaining enormous profits and lots of new clients; indeed, the company employed twenty-five thousand people and sold

[1] C. Raw, B. Page, G. Hodgson, Do you sincerely want to be rich? The full story of Bernard Cornfeld and IOS, 1977.

eighteen different mutual funds all over Europe, especially in Germany. The clients were mainly small investors who, as mentioned before, served in the U.S. Army and were trying to avoid paying income tax.

However, in 1969 investors started selling mutual funds abruptly because of the negative returns caused by stock market collapses, which led to large volumes of guaranteed dividends that had to be paid straight out of the capital. This event triggered a vast liquidity crisis for IOS, and the chairman Bernard Cornfeld was accused of implementing a Ponzi scheme[2]. As a result, IOS collapsed, involving a significant number of American and European banks in its ruin.

Focusing on Italy, Fideuram or "Fiduciaria Europea Americana" represented the Italian branch of IOS, and it placed on the market Fonditalia International, the biggest investment fund operating in Italy in the 70s. After the crash of the IOS empire, IMI, Istituto Mobiliare Italiano, bought for ten million dollars the majority of Fonditalia and Fideuram; in this way, it determined the birth of financial sales network in our country.

It is essential to underline that in the 1970s, the so-called financial market was composed only of banks that were the only trustful authority in the investment sector, so it was not very easy for those who wanted to start approaching the profession of financial advisory. Nowadays, financial advisors receive from the firm they work for all the technical and administrative support they need; without this help, they could not probably operate regularly. Considering this support, it consists of a professional role (Unique Organism), an image in the civil society, technical information and media, computers, smartphones, coded reporting systems, the possibility to operate online or by phone, electronic signature, certified mail, bank branches with cash and operator, and spacious offices.

This specification is necessary to understand how difficult the situation was in the 70s, 80s, and early 90s: nor computers, telephones, offices, and instruments to reach and support their work, while operating in a context where the bank was considered the only valid institution to trade in the financial market.

Moreover, it is crucial to consider the geopolitical situation of those years of oil crises and ultra-volatile markets; placing financial services was quite a challenge and required an operational marketing policy that involved then advisors in teamwork that is now lost. Meetings, continuous confrontation, supervisors' fieldwork, and constant professional

[2] A Ponzi scheme is an investment fraud that pays existing investors with funds collected from new investors. Ponzi scheme fraudsters often promise to invest the money and generate high returns with little or no risk.

training were the rules. Despite this adverse context, the financial advisors were strongly connected to the management; indeed, they collaborated intensely to reach their goals.

1.1.2 From the 80s to nowadays

In Italy during the 80s, the profession of financial advisory started having more and more success; indeed, during that period, the members of this category increased significantly. This was possible thanks to an increase of customers interested in the new offer of financial services not distributed by banks.

Another critical factor that helped to develop the profession regards the fact that financial networks began to diversify their offer, structuring three basic categories: equity funds, balanced funds and bonds. This initial distinction was fundamental to diversify investments regarding how to manage savings and led to a large variety of investment opportunities. Consequently, advisors of the time were able to multiply enormously the opportunities to acquire customers and collect new commissions. Moreover, with the expansion of financial and investment products, it became a more remarkable ability to manage catastrophic events, such as the stock exchange collapse known as Black Monday[3] on 19 October 1987. Besides, thanks to the subdivision mentioned above, the mutual funds market became widespread to more savers, while at the beginning they were sold only to a narrow niche of investors: the statistics of the time confirm that the collection of the nets amounted in 1981 to about 2,500 billion Italian lire, corresponding to about 5.7 billion euros today and savers who had subscribed mutual funds under foreign law, real estate certificates and asset management were already about 300,000[4].

With the rapid development of the financial market and the variety of products offered, there was an increasing need to protect market participants and investors.

Therefore, in 1977 Anasf, National Association of Financial Consultants, was founded to obtain recognition of the profession and ensure the protection of savers through establishing a registered category. In 1990, thanks to a powerful push dictated by the establishment of Italian mutual funds, it was possible to create an official Register which finally allowed savers to recognise with certainty the authorized operators to make

[3] Black Monday is the name commonly given to the global, sudden, severe, and largely unexpected stock market crash on Monday, October 19, 1987.

[4] Spiller, C. N., & Spiller, C. N. (2003). Problems Old and New. *The Dynamics of the Price Structure and the Business Cycle: The Italian Evidence from 1945 to 2000*, 63-115.

investment proposals.

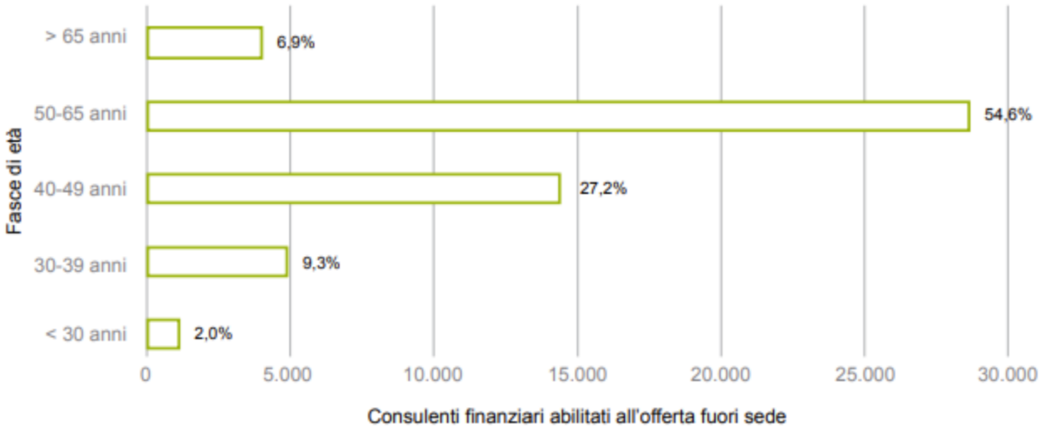
With the establishment of the Register, however, the definition of financial advisor gave way to that of "Promoter of financial services" since financial advice became an activity reserved only to Financial Services companies, the so-called SIM *Società di Intermediazione Mobiliare* in Italian, separated from the solicitation of public savings. CONSOB (*Commissione nazionale per le società e la Borsa*) regulations concerning the register and the activities of financial services promoters were adopted by Resolution No. 5388 of 2 July 1991. They remained in existence until 2018, when the single register of financial advisors passed under the management of the so-called *Organismo dei Consulenti Finanziari (OCF)*, Supervisory Body and the single register of Financial Advisors.

The 90s were, without doubt, the years of the growth of financial advisors and of the new business model of the bank at the service of promoters. An example of this business reality is Fideuram, the precursor of this process of the commercial transformation. In fact, it became a bank, opening a good number of branches in major Italian cities, where wealth was more concentrated; it was the first to engage in recruitment of people who wanted to access the profession, strengthened by the contact and trust of customers.

Years of solid development followed in which many other companies adopted the Fideuram model, thus making the early 2000s a flourishing period for this profession, where they have seen an increase in profits and in the masses of managed customers. Despite the favourable context, it regards precisely those years the decision to reduce the figures of the practitioner, an indispensable role for a constant generational turnover and, therefore, for the "continuity of the species" of financial advisors. Practitioners are central figures in all professions. Indeed, they learn how to carry out a certain job from experienced professionals, representing the next generation of that particular category of professionals. Not leaving space for these figures and not investing time in their training implies the risk of a future without skilled professionals and, therefore, a lack of valid experts.

The choice of reducing this figure explains why the world of financial advice is today hit by a high index of ageing and an inevitable decrease in the category. The average age of professionals has risen without brakes and now represents the main barrier to the entry of human resources with a customer portfolio to be created from scratch. To understand this impact on the present, we report below part of an analysis carried out in 2020 by the *Organismo dei Consulenti Finanziari* (OCF).

Figure 1 – Age of financial advisors in Italy in 2020.



Source: 2020 annual report of Ocf Body, Supervisory Body and the single register of Financial Advisors.

As can be seen in Figure 1 and in the analysis of the report, the ageing trend of the population of financial advisors emerges since the outflow from the register is not sufficiently compensated by the entry of young financial advisors, with a progressive increase in the average age.[5]

Back to the early 2000s, another central period concerns 2007 and 2008, years in which two events shook the category of financial advisors: the global crisis triggered in the United States by the bubble of so-called subprime mortgages and the advent of Markets in Financial Instruments Directive, MiFID I.

The analysis carried out in this thesis will explore the abovementioned event, namely the introduction of Markets in Financial Instruments Directive regulations.

1.2 The legal path

1.2.1 MiFID I directive

In April 2004, the European Parliament and the Council of the European Union adopted

[5] OCF Body, Supervisory Body and the single register of Financial Advisors, annual report, 2020.

Directive 2004/39/EC, also known as the Markets in Financial Instrument Directive (from now on called MiFID). The MiFID regulatory framework consists of a framework Directive (Directive 2004/39/EC), an Implementing Directive (Directive 2006/73/EC) and an Implementing Regulation (Regulation No 1287/2006).

It has several aims: first of all, to harmonise the rules of the EU member countries on financial intermediation, to protect investors and to safeguard the integrity of the market by establishing harmonised requirements for the activity of authorised intermediaries; but also promote equity, transparency, efficiency and integration of financial markets. This Directive is the first significant regulation establishing standard rules for intermediaries in the European financial market (the so-called level playing field) in order to compete with the most modern financial markets, in particular the United States.

The Italian legislation transposes the MiFID directive mentioned above with D. Lgs. September 17, 2007, number 164, which makes crucial changes in our legal system.

First of all, it modified the *Testo Unico della Finanza* (henceforth TUF) by inserting in Art. 1 paragraph 5-septies the definition of investment advice activities, prescribing that for such activity is intended "the provision of personalised recommendations to a client, at the request of the client or at the initiative of the service provider, in respect of one or more transactions relating to a particular financial instrument" (TUF, art.1, par 5-septies). The characteristics that financial advisory should have emerge from this definition: it must be personalised, thus differentiating itself from all other activities that provide for the release of general advice (as in financial analysis or research); it must be determined, that is to say, it must provide advice relating specifically to a financial instrument and to transactions relating to that financial instrument and not recommendations relating to categories or groups of financial instruments. Furthermore, with this Directive, financial advice is no longer seen as an ancillary service that anyone can carry out. However, it is an activity that can only be provided by authorised persons (investment firms, natural persons, legal persons), which may be subject to special rules and a subsidised capital regime.

Therefore, financial advisory is reintroduced among investment services and activities, and it is increased among those subjects to authorisation; thus, reporting the subject matter as already provided for in the legislation preceding the Eurosim,[6] dating back to 1996.

[6] Eurosim is the legislative measure (D.Lgs. 415/96) transposing the Community directives on investment services in the field of securities and capital adequacy of investment firms and credit institutions.

The rationale behind this "return to the past" has to be found in the growing complexity of financial markets and the fact that the customer, especially retail customers, increasingly needs expert guidance to navigate the vast world of financial services. Advisory, therefore, could no longer be considered in this perspective as an "ancillary" service, as in the previous discipline, but rather as an activity in its own right, in itself extremely tough and, indeed, complex. The regulation prior to MiFID I did not consider it a delicate activity to be authorised only to experts in the sector, leaving investors exposed to the risk of operating with non-intermediaries not correctly prepared or even fraudulent, with consequent dangers for the protection of the saver.

Therefore, the exercise is granted only to those who exercise it on a professional basis after the issue of unique authorisation, as the Directive itself specifies in Article 5, paragraph 1: "each Member State shall require that the provision of services or the pursuit of investment activities as an occupation or habitual professional activity be subject to prior authorisation" (MiFID I, art. 5, par. 1). It provides, however, an exception in art. 2, saying that the non-essentiality of the authorisation may be granted to "persons providing ancillary investment services in the course of a professional activity"(MiFID I, art. 2), such as accountants, lawyers or labour consultants, provided that such advice is not explicitly remunerated.

As regards, however, the figure previously identified as a financial promoter, it is not directly regulated by the MiFID directive. This subject, however, can be assimilated to the legal figure of the tied agent, which art. 4, paragraph 25 of the Directive defines as: "that person who promote investment services and/or ancillary services to clients and potential clients, receives and transmits client instructions or orders concerning investment services or financial instruments, places financial instruments, and/or advises clients or potential clients on such financial instruments or services" (MiFID I, art. 4, par. 25) on behalf of the investment firm. It should be noted that the advisory referred to in the definition, which is one of the services of the tied agent, is not comparable to the investment advice referred to above. However, it is simply a preparatory guide to selling the financial instruments placed by the sending company or its services offered.

However, it should be pointed out that MiFID allowed each Member State to decide whether or not to adopt the Directive's provisions on tied agents. Italian law has responded positively to the proposal of the European legislator: for the description of the figure of the financial promoter, art. 31, paragraph 2 of the TUF expressly refers to the definition of tied agent of Directive 2004/39/EC. It should be noted that this article's text has changed: the second paragraph was first replaced by art. 6 of D.Lgs. n. 164 of 17/9/2007 and then subsequently amended by art. 1, paragraph 39 of Law No. 208 of 28/12/2015 that changed the words “financial promoter” with the words “financial consultants authorised to make out-of-office offers”.

Therefore, the current wording of the rule contained in the TUF no longer calls the legal figure in question by the name of “financial promoter” but identifies it with the name of “financial consultants authorised to make out-of-office offers”. However, it keeps unchanged the reference to the MiFID directive for the description of this figure, which is defined below, as stated in art. 31, paragraph 2, of the TUF: “The financial consultants authorised to make out-of-office offers is the natural person who, as an associate agent within the meaning of Directive 2004/39/EC, professionally exercises the out-of-office offer as an employee, agent or representative. The activity of financial advisor qualified for the off-premises offer is carried out exclusively in the interest of a single entity” (TUF, art. 31, par. 2).

Another issue discussed concerns conflicts of interest: the financial market is a commercial environment in which it is not uncommon to identify possible conflict of interest situations. MiFID directive does not want to prevent conflicts of interest from arising; besides, it aims to take all reasonable steps to prevent conflicts adversely affecting the interests of its clients (CESR/05- 024c. CESR's Technical Advice on Possible Implementing Measures of the Directive 2004/39/EC on Markets in Financial Instruments, 2005). Therefore, the European framework gave a prominent role to organisational aspects that could neutralise the negative consequences of conflicts of interest in the provision of investment services and advisory, considered as one of the riskiest areas.

Another prominent aspect introduced by the MiFID Directive concerns the verification of adequacy. Art. 19 paragraph 4 of the Regulation textually states: “when carrying out investment advice or portfolio management, the investment firm obtains the necessary information about the knowledge and experience of the client or potential client, in the field of investment concerning the specific type of product or service, financial situation and investment objectives in order to be able to recommend investment services and financial instruments suitable for the client or potential client” (MiFID I, art. 19, par. 4).

The adequacy test is thus mandatory for the advisor, and the Directive precludes the possibility for the intermediary to recommend financial instruments if the client refuses to provide the requested information. This is the highest form of protection that the legislator grants to the investor, as it provides for a double active role by the intermediary: both the provision of adequate information and the obligation to collect information from the customer.

Even before this EU directive came into force, banks profiled their customers, but the approach was very different. Indeed, the distinction between them concerns precisely the concrete way in which the classification of clients takes place. In other words, the pre-MiFID approach used forms of self-certification by the customer about their experience, knowledge, and propensity to risk, often submitting closed questions, therefore with answers "Yes/No" regarding the knowledge of a financial product, and about its time horizon of investment[7]. Then the regulation moved on to an organic, structured and complex set of questions able to provide an output more reliable and valid indirectly.

In fact, according to the indications of the adequacy given to art. 35 paragraph 1 of the MiFID Directive, the intermediary, through the information provided by the customer, must verify:

• its knowledge and experience in the investment sector relevant to the type of instrument or service. The questions will focus on which types of services, transactions and financial instruments are familiar; the nature, size and frequency of financial transactions already completed; the level of education and the profession carried out (Art. 39 paragraph 2 Intermediaries Regulation);

• the financial situation of the client, specific data on the source and the consistency of the income of the customer, its total assets, and its financial commitments (Art. 39 paragraph 3 id.);

• its investment objectives, including data on the time for which it wishes to retain the investment, its risk preferences, its risk profile and the purpose of the investment (Art. 39 paragraph id 4).

Once the necessary information is received, the advisor assesses that the specific recommended transaction corresponds to the client's investment objectives, that it is of such a nature that the client is financially able to bear any risk related to the investment compatible with his investment objectives and moreover it is of such a nature that the client has the necessary experience and knowledge to understand the risks inherent in the operation or management of its portfolio (Intermediaries Regulation, art. 40, paragraph

[7] Monetary Observatory 3/2009, Introduction to the MiFID Directive, *Università Cattolica del Sacro Cuore*, Milano, 2009.

1). Therefore, once these evaluations have been completed, the intermediary can make an appropriate recommendation.
The Directive did, however, leave freedom to intermediaries regarding how information should be collected to assess adequacy, but indeed, the primary tool suggested was the evaluation questionnaire, completed by the potential user of the financial advisory service and periodically updated.
Therefore, the European legislator, through articles 35, 36 and 37 of the MiFID of second level, has indicated a minimal content of the abovementioned questionnaire, leaving a certain margin of discretion to the intermediaries in the actual formulation of the survey.
To support this, in 2012, the European Securities and Markets Authority (ESMA) issued not binding guidelines defining some points to be touched on in the profiling of customers, including the intermediary's awareness of not having to endorse a self-assessment of the customer, as in previous legislation, avoiding “to state or give the impression that it is the client who decides on the adequacy of the investment or on the financial instruments appropriate to his risk profile, as the adequacy assessment is the responsibility of the investment firm” (ESMA, Guidance on specific aspects of the adequacy requirements of MiFID, Guideline No. 2, par. 17, 2012).

1.2.2 MiFID II directive

In 2006 the European Commission issued an additional Directive 2004/39/EC1, called Markets in Financial Instruments Directive II (from now on MiFID II). Of course, the detailed rules of this Directive regard compliance rules, complaints, risk management, outsourcing, identification, and conflict of interest management. These are all elements that serve to complete and describe in more detail the regulatory content of the first level MiFID of 2004, which was discussed in the prior paragraph.
As already said, MiFID is a cornerstone of the EU's regulation of financial markets. It has brought greater competition across Europe in providing services to investors and trading venues; furthermore, this has helped contribute to deeper, more integrated and liquid financial markets. It has also driven down costs for issuers, delivering better and cheaper services for investors and contributing to economic growth and job creation in Europe. However, past years' events and market developments have demonstrated weaknesses in some of the underlying principles of MiFID and highlighted areas needing reinforcement or revision; for example, it has arguably led to the development of new trading platforms

and activities which fall outside its scope and thus outside any regulations. Closing such a gap was necessary to bolster investor confidence and achieve all of MiFID's original objectives. Ensuring a more robust regulatory framework addresses the more complex market reality we are now faced with, a reality characterised by increasing diversity in financial instruments and new trading methods (EU Commission MEMO about MiFID II, April 15, 2014, Brussels).

Therefore, MiFID II aims to establish a safer, sounder, more transparent and more responsible financial system that works for the economy and society. This Directive introduces many contributions to achieve these objectives.

First, MiFID II presents a market structure framework that closes loopholes and ensures that trading, wherever appropriate, takes place on regulated platforms. To this end, it subjects shares and non-equity instruments to a trading obligation. It also introduces a new multilateral trading venue, the Organised Trading Facility (OTF), for non-equity instruments to trade on organised multilateral trading platforms. The neutrality of OTF operators is ensured through restrictions on their own capital, including matched principal trading and discretion in their execution policy.

Moreover, MIFID II increases equity market transparency and, for the first time, establishes a principle of transparency for non-equity instruments such as bonds and derivatives. It also broadens the pre-and post-trade transparency regime to include non-equity instruments. Post-trade transparency is provided for all financial instruments with the possibility of deferred publication or volume masking as appropriate. Rules have also been established to enhance the effective consolidation and disclosure of trading data through the obligation for trading venues to make pre-and post-trade data available on a reasonable commercial basis and establish a consolidated tape mechanism for post-trade data.

Besides, to meet the G20[8] commitments, MiFID II provides strengthened supervisory powers and a harmonised position-limits regime for commodity derivatives to improve transparency, support orderly pricing and prevent market abuse. Under this system, competent authorities can impose limits on positions per a calculation methodology set by the European Securities and Markets Authority (ESMA).

MiFID II also introduces harmonised powers and conditions for ESMA to prohibit or restrict the marketing and distribution of specific financial instruments in well-defined

[8] The Group of Twenty (G20) is the premier forum for international economic cooperation.

circumstances and similar powers for the European Banking Authority (EBA) in the case of structured deposits.

Another central element of the regulation includes more robust investor protection, which is achieved by introducing better organisational requirements, such as client asset protection or product governance, which also strengthens the role of management bodies. The new regime also provides for strengthened conduct rules, such as an extended scope for the appropriateness tests and reinforced information to clients.

As regards the introduction of the principle of product governance mentioned above, it consists in a new regulation, a measure impacting the genetic stage of the creation of financial instruments to be distributed to the public. The guidelines that preceded MiFID II were based on the assumption that transparency and communication with the customer were the keys to protect them from their own mistakes or abuses by the intermediary: therefore, after informing the investor of the various risks and costs, thus fulfilling their reporting obligations, investment firms have often felt free to sell any financial product/service to the client.

Very often, this awareness of the customers resulted in flooding them with dozens of incomprehensible sheets that certainly did not favour the understanding of the investor, and this led to a high level of trust to the intermediary: it was the only one who could explain in detail what the papers the client was signing actually meant.

To fight this phenomenon, the European legislator wanted to extend investor protection by issuing products and services that were then distributed to customers. Articles 16, paragraph 3, and 24, paragraph 2, of MiFID II, assisted by ESMA's Guidelines on MiFID II product governance requirements, issued on June 2, 2017, serve as primary reference legislation. The regulation provides a principle of proportionality, and the safeguards are widened or narrowed depending on the nature of financial instruments, investment services and the product reference market.

The central aspect of product governance consists of identifying a reference financial market (target market) for which the instrument has been designed since the creation of the financial product/instrument and distribution.

The target market is established by the so-called manufactor (who issues the product), and the explication of this market is provided not only in the design phase but also in the moment of distribution of the product. On the practical side, investment firms must therefore identify categories of customers depending on the products to which these are destined (the so-called positive target market) and those to which they should not be sold (the negative target market). In particular, the manufacturer must select, for the sale of the product, those distributors who, by type of customers and services, are compatible with the defined target market and must recommend investment services through which it would be preferable to distribute the products.

Therefore, it is essential to consider product governance, as it aims to limit the sale of inappropriate financial products, and the rules just explained are precisely the purpose of creating products consistent with the needs and characteristics of customers.

Another central service treated in the previous paragraph concerns investment advice. As already described, it has been elevated to "reserved activity" by MiFID I in the name of greater protection for investors and in the new legislation, it receives significant changes to reinforce the subject.

The European legislator realised that the information asymmetry between market participants and investors was growing, with the risk that the allocation of resources would have been inefficient because of the lack of competence of customers. Together with this, there was the temptation of predatory practices by those who, on the contrary, had the knowledge to operate on the markets. This led to a loss of confidence in the markets by investors who, as a result of their dissatisfaction, were less and less inclined to invest, risking significant damage to the entire financial market. It was, therefore, in the public interest to reduce information asymmetry as much as possible, especially in a highly specialised and strategically important sector such as the financial market[9].

The way the legislator chooses to achieve this objective is, therefore, to strengthen the figure of the financial advisor. In the spirit of MiFID II, this becomes a central activity in the system that links customers with production and distribution and stands as a guarantor of rebuilding trust between the actors operating in the vast finance stage.

The role of advisor then receives the tools to start a service-to-customer logic. It is no longer enough for the client to feel and be really protected from the risk of unconscious bad investments, to have an adequate financial culture, nor to have, at the moment of the individual investment choice, correct and complete information, mainly considering the propensity to behavioural bias, while it is essential that they can count on the constant assistance of a trusted advisor[10].

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[9] Senn, E. J. (2020). Measuring the Impact of MiFID II on Information Asymmetries Using Microstructure Models. *Junior Management Science*, *5*(2), 197-208.

[10] Linciano, N. (2010). Cognitive errors and instability of preferences in the investment choices of retail savers. The indications of behavioral finance policy. *Quaderni di Finanza, CONSOB*, (66), 27-28.

Moreover, one of the major innovations in the MiFID II regulation regards the clear distinction between independent and non-independent advisory, which will be explored deeply in the next paragraph. Nevertheless, it is essential to say that the difference between the two was noticed above all in the practical activities, while now independent advisory finally finds a precise and punctual normative space. Since the entering into force of the legislation, the intermediary is obliged to inform the customer whether the advice is provided on an independent basis. Indeed art. 24, paragraph 4 of MiFID II clearly specifies among the obligations of the investment firm the prescription of a timely clarification if "the advice is provided on an independent basis or not" (MiFID II, art. 24, par. 4). Furthermore, Paragraph 7 of the same article defines that there is independent advice "if and only if:

a) assess a sufficient range of financial instruments available on the market which must be sufficiently diverse with regard to their type and issuers or product providers to ensure that the client's investment objectives can be suitably met and must not be limited to financial instruments issued or provided by:

i) the investment firm itself or by entities having close links with the investment firm; or

ii) other entities with which the investment firm has such close legal or economic relationships, such as contractual relationships, as to pose a risk of impairing the independent basis of the advice provided;

b) not accept and retain fees, commissions or any monetary or non-monetary benefits paid or provided by any third party or a person acting on behalf of a third party in relation to the provision of the service to clients. Minor non-monetary benefits that are capable of enhancing the quality of service provided to a client and are of a scale and nature such that they could not be judged to impair compliance with the investment firm's duty to act in the best interest of the client must be clearly disclosed and are excluded from this point" (MiFID II, art. 24, par. 7).

Therefore, the legislation outlines the case precisely: the advisory can be defined as independent only if comprehensive and free from the conflict of interest between the intermediary and customer. However, investment firms such as banks and advisory networks can still provide advice independently, even if, by virtue of the stringent nature of the legislation, these have almost all opted to continue with the traditional financial advisory model. These networks usually declare that independence is only a label, as they already operate in an open architecture regime and, therefore, in the absence of conflict of interest.

In practice, however, it can be seen a clear differentiation between the two professions with peculiar characteristics. On one hand, the advisor is linked to a sales network and is paid by it; on the other hand, the independent financial advisor is remunerated at a fee by the client as intellectual professionals. However, as pointed out above, this is already familiar, as the possibility of working fee-only was already provided under MiFID I. The big difference, at least at a national level, can be found in the full recognition of the profession, thanks to the debut of the Single Register of Financial Advisors, which sees a section dedicated entirely to independent advisors.

Established by the Stability Act of 2016, the Single Register is the evolution of the old Promoters Register. Until the beginning of the Register, only those who were already in service before MiFID I (about 300 subjects throughout Italy) could exercise the profession of fee-only advisory.

In the spirit of the Directive, there is the tendency to improve as much as possible, also via increasing competition, the quality of the advisory service, which is considered an important activity for the correct allocation of client resources, for their protection and for healthy competitiveness in the market. Clearly, independence is not a guarantee of quality service alone: this must be accompanied by adequate preparation for what the legislator considers one of the most complex roles of the financial industry. MiFID II also intervenes on this front to meet this need, imposing experience and certifications for all categories of financial advisors through constant training and updates.

1.3 The professional figures on the market

1.3.1 Introduction

This paragraph aims at identifying the principal figures of financial advisors in today's financial world, deepening their differences. In particular, the following analysis will focus on the figures that will have central importance throughout the entire thesis: the financial consultants authorised to make out-of-office offers and fee-only financial planners.

As already pointed out in the previous paragraphs, financial advice is an activity in continuous change, which must experience punctual changes to keep up with the financial markets and the constant born of new products. In addition, financial advice has a crucial role in the economic system because it is proposed as a guide in the investment choices of all those savers who decide to manage their assets consciously.

In fact, we must consider that most people who decide to invest money in the financial market do not have the necessary skills to understand the dynamics of it (Luisardi & Mitchell, 2011), in order to know the financial instruments available adequately or to analyse all the information that the market offers, so they are forced to rely on an advisor who suggests them in carrying out the investment activities, to avoid any losses that would result from an incorrect market approach.

Nevertheless, it is not only the poor knowledge of the market that causes the failure of autonomous investments: behavioural finance shows, with several empirical studies, that, when it comes to making investment choices, savers often let themselves be influenced by emotions, which lead them to implement inconsistent behaviours, empty of methodology and far from rationality. As already pointed out above, it is therefore one of the advisor's task to understand the client's financial needs and prospects, propensity to risk, the degree of loss aversion and to make his/her skills and knowledge available to the client, managing in the best way the financial assets[11].

Depending on the investment needs, the saver can choose different types of advice, each with different degrees of customisation.

The first type of advisory the investor can find on the market is the so-called money guidance, which indicates generic advice. As the main target is the public, this service is more related to the definition of "general recommendation" rather than falling strictly into the advisory field; indeed, it ignores customisation, which is the subjective element. Money guidance is the training process that aims at increasing the financial skills of families through financial education initiatives.

These initiatives allow savers to sharpen their financial planning skills, market knowledge and risk awareness, positively affecting the medium to the long-term financial situation.

Another type of advisory regards what is called by Masullo and Romano (2002) traditional advice. This type of advice can be recognised in the activity carried out by the

[11] Hoechle, D., Ruenzi, S., Schaub, N., & Schmid, M. (2017). The impact of financial advice on trade performance and behavioral biases. *Review of Finance*, *21*(2), 871-910.

financial financial consultants authorised to make out-of-office offers, which has as its object the promotion of investment services, the placement of financial products and the consultancy to clients on the financial services/instruments offered. This activity can also be considered as not falling properly in the advisory area because in the exercise of it, the advisor proposes a single approach of sale to different interlocutors; therefore, it remains advice without the customisation element. Moreover, it misses an overall financial vision since the only instruments that can be offered correspond to the ones of the intermediary the advisor works for. To conclude, another classification can be identified as pure advisory (Masullo & Romano, 2002). In this case, the advice is customised and issued only after an accurate customer analysis.

Its purpose is to advise the saver on which financial instruments to invest among those present on the market to favour his/her interests.

In the Italian legal system, this type of advice is classified as *consulenza in materia di investimenti* (TUF, art.1, paragraph 5-septies) and its execution requires the issue of special authorisation, as provided for in the MiFID 2004/39/EC Directive, as documented in the previous paragraph.

Therefore, the market includes a large number of professional figures who can carry out the activity of financial advisors, which differ from each other on the level of the requirements to keep and the rules of conduct to be adopted.

In this sense, the first professional from which a potential client-investor could receive financial advice is an employee of banks and investment firms. Unless registered in the single Register of Financial Advisors, they can carry out the activity of financial advice exclusively in a subsidiary.

For this reason, such figures cannot be defined properly as financial advisors. However, through them, the intermediary offers the advisory service to its clients directly and not mediated by “tied agents”. Although they do not necessarily have to be recorded in the aforementioned Register, these persons acting on behalf of the intermediary must have adequate knowledge and skills or experience. According to Article 25, paragraph 1 of MiFID II, and following Article 25, paragraph 9 of that Directive, on December 17, 2015, ESMA issued the Guidelines relating to the assessment of knowledge and skills of the staff of authorised intermediaries providing financial services to clients, including precisely advisory.

The other prominent professional figures, financial consultants authorised to make out-of-office offers and fee-only financial planners, will be investigated in the subsequent lines.

1.3.2 Financial consultants authorised to make out-of-office offers

As explained above, according to Article 18 of the TUF, the exercise of financial advisory, like the other leading financial services, remains an activity reserved for investment firms and banks. In practice, these entities can employ as advisors, in a subsidiary, their workers and, outside their registered office or branches, employees or agents, from now on indicated by the name of financial consultant authorised to make out-of-office offers. Thus, this is another central figure in this legislation.

Out-of-office offers means the promotion and placement to the public of financial instruments, services and investment activities in a different place than the registered office or the dependencies of the service provider.

To this end, it is essential to clarify that the headquarters of financial advisers are considered “out of office”.

On the other hand, the recommendation made to professional clients, employees, as well as non-subordinate collaborators of the issuer or its subsidiaries, the offer of financial instruments addressed to the members of the Board of Directors or the Management Board, does not constitute an out-of-office offer, carried out at their respective offices or dependencies.

Another key element is the effectiveness of out-of-office contracts: they shall be suspended for seven days from the date of subscription by the investor. Within that period, the investor may communicate his withdrawal without charge or fee to the financial consultants authorised to make out-of-office offers. Failure to indicate the right of withdrawal in the documents results in the nullity of the contracts, which can only be enforced by the customer.

In addition, the financial consultants authorised to make out-of-office offers, whether they are employees or agents of the investment firm, must be registered in the single Register of Financial Advisors and may perform outside the registered office of the authorised entity, in addition to the advisory service, all other financial services provided by art. 1 paragraph 5 of the TUF. The only two limitations are the obligation to operate exclusively for a single authorised entity and the prohibition to hold an amount of money or financial instruments of the client.

There is an exception to this last provision, contained in article 108, paragraph 5 of the Intermediaries Regulation: the advisor has the possibility to receive from the customer "For immediate forwarding, exclusively:

a) bank or post office cheques, bank drafts or postal orders in the name of or in favour of the authorised person on behalf of whom he operates, or the person whose investment services and activities, financial instruments or products are offered, marked as not transferable;

b) bank transfer order or similar in which the beneficiary is one of the persons indicated in paragraph a) above;

c) financial instruments that are registered or to the bearer, in the name of or in favour of the person providing the investment service and activities offered" (Intermediaries Regulation, art. 108, par. 5).

Moreover, pursuant to art. 31, paragraph 3-bis, the subjects who entrust the advisors are still required to verify "that they have the appropriate knowledge and competence to be able to provide investment or ancillary services [...]" (Intermediaries Regulation, art. 31, par. 3-bis).

In addition, the authorised subject shall be jointly and severally liable for damages caused to third parties by the advisor.

1.3.3 Fee-only financial planners

Independent financial advisors and financial advisory firms, which are also required to enrol in the Single Register of Financial Advisors, differ from the subjects analysed earlier by being released from any connection with manufacturers and intermediaries-distributors.

This advisor figure has no limits of choice concerning the instruments to recommend to clients. It acts in the customer's exclusive interest, making his/her experience available to make a portfolio more efficient, seeking proper investment solutions, and providing advice tailored to the client's financial situation, objectives and risk appetite. In this way, the investor establishes a relationship of trust with his/her only counterparty and, simultaneously, can continue to use his/her trusted intermediary.

Therefore, here the central figure in the chain is exclusively the saver. It is only between the latter and the advisor that a relationship is created: the suggestions proposed to the client are constructed taking into account the investment objectives and the propensity to risk. Being the only counterparty of the relationship, the adviser is impartial concerning the instruments and the advantage for the client consists in the fact that his/her investment does not depend on the commercial initiatives of the financial intermediary.

Moreover, in addition to the requirements of good reputation and professionalism, advisors must meet the requirements of independence set out into two separate regulations issued by the Italian Ministry of Economy and Finance in 2008 and 2012, respectively. The independent consultants, as explained above, operate independently and are not tied to the sale of financial instruments that fall within the catalogue of an entity.

Therefore, they must have the requirement of independence, which, as already specified, does not free them from having to comply with specific rules.

Since the consultant does not have any constraint, again, the established relationship is only between the independent consultant and the client; the suggestions are made taking into account the client's needs, investment objectives and propensity to risk[12].

In addition to the requirement of independence, another central aspect regards managing conflicts of interest. In this context, art. 25 of Consob Regulation No. 17130 takes up the discipline provided by the MiFID I Directive: "financial advisors must identify and manage conflicts of interest that may arise with the customer to continue acting independently. Moreover, the consultant must inform the customer if, despite the measures taken, it is impossible to avoid the risk of adversely affecting customers' interests" (Consob Regulation No. 17130, art. 25, 2010). This allows clients to make a conscious decision about the advisory service, considering the context in which the conflict of interest may arise (Guffanti, 2011).

Also, the only form of remuneration allowed is represented by the fee paid by the client, while monetary incentives are not allowed by third parties other than the investor. However, since the consultant can only provide the advisory service, the client must reach the intermediary to carry out the suggested trade. (Banca Finanza paper, New business models and advisory services, 2014).

From this, another central aspect can be deducted: the customer can continue to operate with its financial intermediary despite the advisory service provided by the independent advisor. In fact, the advisory activity is independent of the physical place where the capital

[12] Hobza, M. (2017). Independent Investment Advice under MiFID II. *Charles University in Prague Faculty of Law Research Paper, 2-4.*

is allocated, and therefore, the assets of the clients do not need to be transferred to another custodian bank, unlike the case of direct management of the assets. As a result, from an administrative point of view, the impact of the service is not intrusive: a consultant can follow multiple customers that still maintain relations with a variety of banks.

It follows that banks can *de facto* become:

- suppliers of products selected by the independent advisor;
- manufacturers of products and services designed by the independent advisor;
- executives of the orders for subscription or negotiation given by the advisor on behalf of the client;
- merely custodian banks.

The figure that was just described is widespread throughout all the European continent and has particular credibility. In the British world, for example, financial products are countless (more than 30,000), and consequently, it is challenging to make careful investment choices. For this reason, the Independent Financial Advisors, whose most important organisation has 9,000 members, have already stated themselves. Also in Italy, thanks to the transposition of the MiFID directive, the numbers related to this profession are growing a lot, as NAFOP (National Association of Fee-Only Planners) underlines. So, several companies have recently developed this type of service, and they have organised themselves in a very modern way, revolutionising, in some cases, the image of the traditional advisor.

A concrete example of what has just been articulated can be represented by the Italian company Moneyfarm. Intending to use technology to offer financial advice and asset management, Giovanni Daprà and Paolo Galvani founded this start-up in 2011. Moneyfarm is a financial consulting firm that provides online investment services to its clients and uses automated investment algorithms to create customised investment portfolios for its clients based on their financial objectives and risk profile. It is now a branch of MFM Investment Ltd, authorised and regulated by the Financial Conduct Authority (No. 629539), registered in the Register of branches of non-EU companies authorised by CONSOB (No. 3), and it manages the assets of more than 90,000 savers, for a total of 2.8 billion euros of savings under management.

It is essential to see how the consultancy service is provided in detail to understand the reason why this company is considered in a sense revolutionary:

Firstly, the client has to give multiple pieces of information to a Robo-Advisor, which can be summarised in three main aspects:

- the financial situation in case of losses
- the experience of the user as an investor
- the degree of risk of the client.

Starting from these details, the digital investment advice recommends a portfolio and a specific product choice: then the client can re-define these with his investment advisor, who is assigned to the customer and the latter can contact either by phone, email and chat. Consequently, together with the advisor, the client chooses among seven different pre-defined portfolios, each with his/her specific risk degree level and a unique asset allocation. To conclude, we are in front of a Robo-Advisory solution without physical intermediaries that provide a service to customers and allow access to investments at any time. Indeed, Robo advisory identifies the provision of investment services through the digital channel, without the traditional interaction with the financial advisor. From a regulatory point of view, it is essential to specify that the Robo-advisory sector is subject to the same rules of financial advisory.

This is an example to show how much advisors figures adapt over time to every kind of change our world faces, demonstrating remarkable versatility. Moreover, it makes financial advice a fascinating subject for which there is the need of continuous study and updating since its figures are constantly changing.

After describing the various figures of advisors, the historical and legal path that interests this profession, we have the elements to deepen what concerns this last figure in relation to clients, carrying out a more theoretical analysis.

1.4 Advisor and client

1.4.1 An overview on their relationship

Financial advisory plays a fundamental role in investors' financial decisions because it minimises information costs, enhances price discrimination (Stoughton et al., 2011) and educates investors about their financial risk and financial possibilities. Lippi et al. (2019) have demonstrated that the relationship between investor and advisor might be so strong that it allows the rapid transfer of vast amounts of money from one intermediary to another when financial advisors migrate, causing variations in their respective market shares.

Moreover, financial advisors know that investment suggestions they provide to their clients go beyond the practical benefits of money by also including expressive and emotional benefits such as protection from poverty, a way to grow up their children and achieve higher social status (Statman, 2019). Nevertheless, to improve customer satisfaction, which today represents an imperative and cornerstone of marketing strategy across many companies, it is fundamental to understand clients' needs and wants (Szymanski & Henard, 2001).

Even in the financial services sector, the perceived level of customer orientation that a financial advisor demonstrates toward the client has been theorised (i.e. Parasuraman et al., 1985) and has been found to be of crucial importance in enhancing the relationship between a client and his/her advisor (Sniezek & van Swol, 2001; Rajaobelina & Bergeron, 2009; Lahdariet al., 2011). These aspects are also very relevant regarding financial advisory firms: indeed, showing consideration for the client's needs increase the client's trust and the level of mutual understanding, which of course leads to higher client satisfaction and, consequently, to the firm's economic success (Helgesen, 2006; Saxe & Weitz, 1982; Yeung & Ennew, 2000; Hennig-Thurau, 2004). Given the complexity of the financial services sector, which significantly differs from other sectors with standardised products or services, adequately handling client relationships can play a more pivotal role than in other industries (Eisingerich & Bell, 2007; O'Loughlin & al., 2004). Developing a sound and sustainable relationship can differentiate a company from other financial companies and an advisor from another financial advisor, as competitors cannot easily replicate a solid client-advisor relationship (Wong et al., 2007). Indeed, many researchers are becoming increasingly interested in the concept of relationship quality[13].

Thus, understanding how such quality can be improved is becoming of paramount importance, which is also why the client-advisor relationship is so explored nowadays[14].

Considering these aspects, using an advisor offers various benefits, including expertise, education, support, relationship, convenience and motivation. However, the client has to face also some costs such as monetary, time and effort, emotional, and lifestyle.

Moreover, in addition to the costs, it is important to consider that skilled experts might present potential agency costs as agents may seek to provide recommendations that are

[13] Relationship quality means the construction of a solid relationship between advisor and client, which includes several factors such as client engagement, client empowerment, client activity and ownership (Hunt, Brimble & Freudenberg, 2011).

[14] Money as a symbol in the relationship between financial advisors and their clients: a dyadic study. Lozza, Castiglioni, Bonanomi & Poli. Published by Emerald Publishing Limited. *Department of Psychology, Università Cattolica del Sacro Cuore, Milan, Italy.*

not perfectly aligned with those of a client. Indeed, agency costs reduce benefits and usually lead to higher monitoring and bonding costs (Finke, Huston & Winchester, 2011). Despite all that, the benefits of receiving financial advice should be higher if the relationship between advisors and clients is set correctly: indeed, the ultimate outcome of financial advice should be to make the client reach peace of mind, satisfaction with the planners and financial quality of life.

Regarding this aspect, if the benefits provided by an advisor exceed the costs incurred, the client will experience a net gain, and to illustrate this concept better, it is helpful to recall the Financial Planning Client Interaction Theory elaborated by Asebedo (2019). This theory suggests that both clients and financial planners bring inputs to the client/planner relationship. On one hand, the inputs given by the financial planners include human capital, resources and their business social environment, while on the other hand, the clients' inputs include human capital, resources, and their financial social environment.

A production function curve reflects the ability of financial planners and clients to use these inputs effectively: only if the advisors' production function curve is greater than the client's production function curve might the client expect a net gain and experience reduced volatility in actual net gains[15].

Moreover, many types of research have been implemented during the past years analysing the relationship between client and advisor and the behavioural benefits of operating with a financial advisor. Gennaioli, Shleifer, and Vishny (2015) produced one of the most prominent research in this field, indeed, they compared financial advice to medicine, calling advisors "money doctors". The researchers provided the example of unknowledgeable patients being guided toward treatment by a trusted doctor, even if the medical advice is routine and would be suggested by almost any other doctor.

Similarly, the role of the advisor is to build trust that allows people to make risky investments, even if the recommendation is costly or generic.

In the paper Gennaioli et al. have written, they assert:

“In our view, financial advice is a service, similar to medicine. We believe, contrary to what is presumed in the standard finance model, that many investors have very little idea of how to invest, just as patients have a very limited idea of how to be treated. And just

[15] An investigation of the Relationship Between Advisor Engagement and Investor Anxiety and Confidence. Sommer, Lim & MacDonald, Journal of Personal Finance, 2020.

as doctors guide patients toward treatment, and are trusted by patients even when providing routine advice identical to that of other doctors, in our model money doctors help investors make risky investments and are trusted to do so even when their advice is costly, generic, and occasionally self-serving. And just as many patients trust their doctor, and do not want to go to a random doctor even if equally qualified, investors trust their financial advisors and managers"[16].

1.4.2 The advisor's role: between risks and goal-based investing

The previous overview enhanced the importance of the relationship between advisor and client, understanding that it includes both benefits and costs. Since this dimension represents a complex field which includes a mixture of several different subjects, it takes work to analyse all its aspects deeply. What can be investigated more precisely regards the characteristics of advisors which attract individuals to rely on their figures. Contrary to what people think, a financial advisor's choice affects not only the customer; he/she must be encouraged in making the decision and must find elements in the advisor figure that confirm his/her decision. Only in this way, the matching between the supply and demand of advice is fully achieved. Setting aside for a moment the risk aspects, several reasons encourage the search for advice. Current studies identify several factors typical of advisors' figures, which influence the selection decision of the client.

Among these factors, for example, there is the degree of experience and reliability perceived and transmitted by the advisor (Holden, 2013 and Georgarkos & Interest, 2011). Moreover, Agnew et al. (2014) show that the main element that allows the client to trust the financial advisor comes from the ability of the advisor to demonstrate in his/her early services how much benefit his/her abilities can bring. More precisely, if the first signal offered by the advisor is correct and confirms the customer's view on a simple concept, the positive opinion that the client initially has, will tend not to change, even if incorrect advice is offered on a much more complex topic. Indeed, such situations lead the customer to consider the consultant reliable and competent.

The study also goes further by defining elements that can influence the customer's opinions in the choice of advice, such as the provision of a high-quality service, the experience and credentials that characterise each advisor.

[16] Money Doctors. Gennaioli, N., Shleifer, A., & Vishny, R., The Journal of Finance, LXX(February 2015), 92.

Furthermore, it is interesting to report the model proposed by Agnew et al. (2014) also because it aims to study the influence of three signals potentially related to the quality of advisory service: the gender, the age of individuals and their credentials. Indeed, it appears that advisers who display a credential are significantly more likely to be rated trustworthy, competent, professional, and persuasive than a non-credentialed adviser[17].

Generally speaking, financial advisors can improve various aspects of their clients' financial situation by increasing returns and ensuring greater risk diversification among less competent investors. Besides, relying on a consultant allows individuals to access economies of scale for both portfolio management and acquisitions of information, for the simple reason that advisors can use the same skills for many investors.

It is, therefore, important that in the delicate phase of knowing each other, the advisor clearly illustrates the reality that concerns the client. In order to do that, reasoning for goals and risks represents the first step to reach an effective solution to problems, which can prove to the customer that the advisor has fully understood his/her reality.

In this regard, Jean L.P. Brunel, in the article Goals-Based Wealth Management in Practice (2012), states: "Another thing to keep in mind is that clients don't usually get to wealth managers with their decisions already made. Most of them never really managed their money" (Brunel J. L., 2012, pp.44-46).

However, suppose the investor consumes only part of his/her income. In that case, there are probably objectives of which the person may not be fully aware of, and the advisor can have the chance to bring them to light and help to rationalise them.

Generally speaking, two unconscious reasons for people to save money can be identified[18]:

a) the prudential one, for which it is considered useful to always have a fund of money dedicated to the unforeseen, to the challenging situations that may occur in life;

b) the one of a project which is still blurred, so it is better to keep accumulating savings in order to be ready when the opportunity comes.

In any case, beyond the motivations that push an investor to save, the invested money can be used both to develop new objectives and to cover themselves from the risks which can

[17] Julie R. Agnew, Hazel Bateman, Christine Eckert, Fedor Iskhakov, Jordan Louviere, Susan Thorp (2018); First Impressions Matter: An Experimental Investigation of Online Financial Advice. Management Science 64(1), 288-307.

[18] Lea, S. E., & Webley, P. (2006). Money as tool, money as drug: The biological psychology of a strong incentive. *Behavioral and brain sciences*, *29*(2), 161-176.

be encountered. Focusing in particular on the risks side, it is evident that for individuals, this field represents a very complex world, which is almost always removed unconsciously. People often prefer to deal with problems only when they arise concretely, but in most cases, the more they remain buried, the less prepared they will be when they emerge. Moreover, as already discovered by Daniel Kahneman and Amos Tversky with the prospectus theory (1979) and the resulting studies, savers are risk averse in the earnings domain, but risk-seeking in the loss domain.

Therefore, it is essential that the role of the advisor declines into a holistic[19] approach, taking into account both objectives and risks by financing life projects and minimising the risks associated with them. The achievement of the foremost necessarily requires the simultaneous deactivation of the latter. In this way, the subject of life's risks is exposed and can be rationally faced.

In doing so, risk changes description and goes from being "the standard deviation of the expected result" in mathematical terms, to "the probability of not being able to achieve their goals, or not to reach them fully" (Brunel, 2012), that, represents probably the most intuitive definition of the term risk.

In this regard, understanding life's goals underlie the so-called goal-based investing, [20] which will be explained in the following lines.

The reasoning made up in this approach starts first of all by analysing the stage of life in which an individual is: if the individual is a student, he/she may need funding for studies; if it is a young adult, who is going to build a family, he/she will need financing for the mortgage of the first house, protection for himself/herself and children.

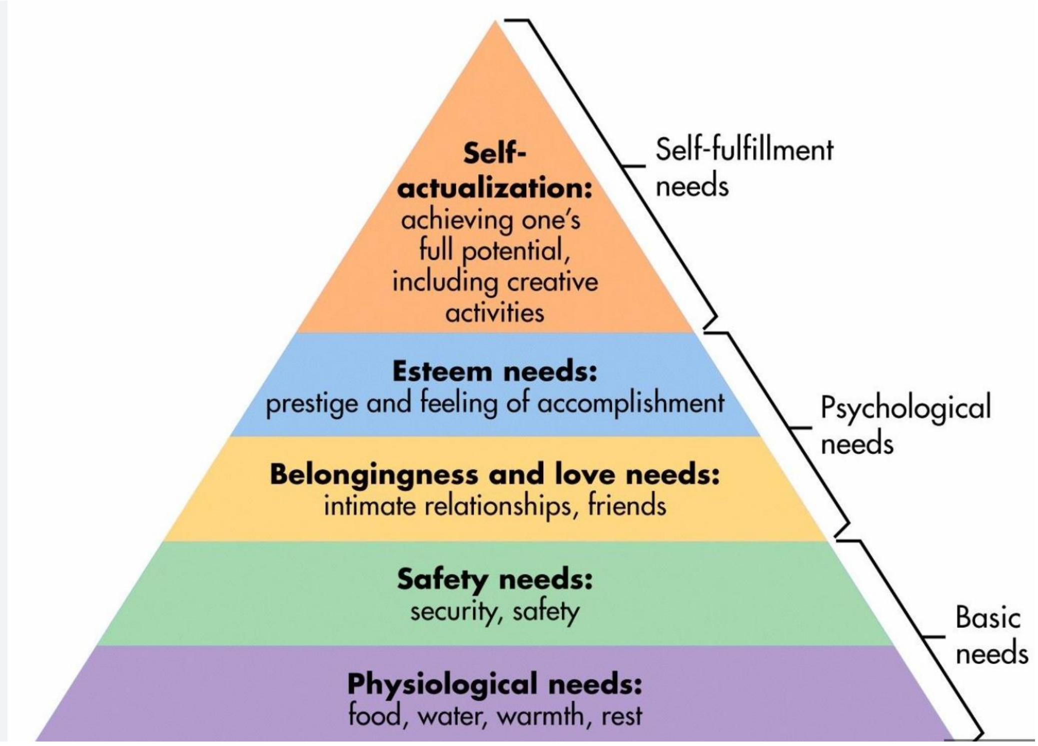
The second step certainly concerns the clear and precise definition of the objectives the individual wants to pursue; in fact, beyond the life phases just described, each investor can have different priorities, thanks to which macro-goals are framed.

Typically, however, it is possible to identify the priorities to be assigned to the various objectives thanks to Maslow's hierarchy of needs.

[19] Approach that takes into account not only a specific part but the entire system, from the Greek word "holos", which means the whole.

[20] Brunel J. L. P. in Goals-Based Wealth Management: An Integrated and Practical Approach to Changing the Structure of Wealth Advisory Practices (2015).

Figure 2 - Maslow's hierarchy of needs.



Source: McLeod, S. (2007). Maslow's hierarchy of needs. Simply Psychology, 1(1-18).

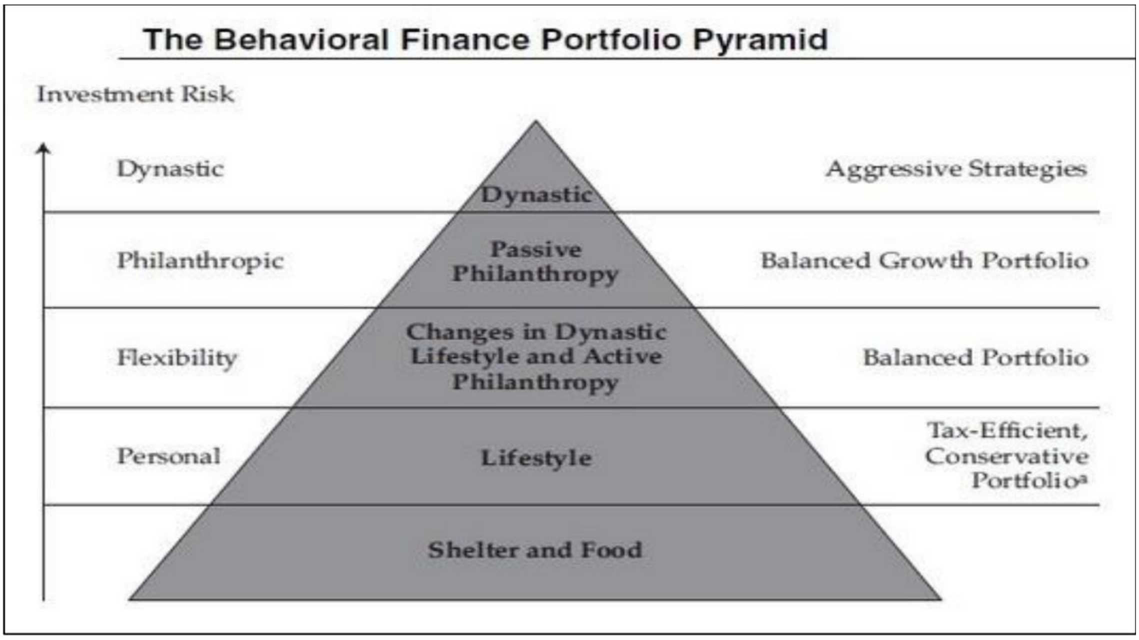
Therefore, these objectives can be divided into two categories:

a) basic needs, which must be achieved with a high degree of safety, for which nobody is willing to risk. These can be defined as "expensive" in terms of capital to be used, as they must be invested with a prudent risk/return profile over the considered time horizon and the desire for high predictability involves being content with low returns.

b) non-essential objectives, which include psychological and self-fulfilment needs. They can be reached even later than expected or even partially.

Concerning these needs and fixed objectives, specific investment strategies can be prepared for each phase, as the following figure demonstrates.

Figure 3 **-** *Maslow's hierarchy of needs modified for the investment indications.*



Source: Brunel J. L. P., in Goals-Based Wealth Management: An Integrated and Practical Approach to Changing the Structure of Wealth Advisory Practices (2015).

As can be seen from this approach, the so-called basic needs identified so far require portfolios with a more conservative approach and large capital endowment. Instead, the more we move near the top of the pyramid, the more interesting goals are fixed. They are, of course, less decisive for life and are provided with less capital, which will be exposed to greater risk with its potential for greater yield.

After defining the client's projects, thanks to what has just been described, the financial advisor can guide the client in the best use of the available and potential resources, representing a further demonstration of the central role the financial advisor plays.

To conclude, it is essential to state that this relationship's implementation and development would not be possible without another key element, which will be analysed through all the next chapter: trust.

2. The value of trust

2.1 What trust is about

2.1.1 Introduction

One of the most critical factors affecting human behaviour is trust. Trust is related to the second step of Maslow's (1943) theory of the hierarchy of needs following the basic needs, which has been described in the past chapter[21].

It does not exist a common definition of trust: it is a concept which is valid in all of the fields that people are in, such as company, economy, politics, public administration, sociology, psychology and medicine. Moreover, trust relations can be observed at different levels: intra-organizational, inter-organisational, intercultural, interpersonal and inter-organisational, citizen-state and company-state levels. Therefore, different definitions with different perspectives can be made, and some examples of this are reported below. Butler (1991) defines *trust* as the desire to be unprotected because an individual believes that another is competent, clear, concerned and trustworthy. According to Hosmer (1995), trust regards individuals managing to have optimistic expectations during their decisions in case of exposure to danger or obedience. For Newton (2001), trust as the worst is that individuals act according to their benefits or think that they will not harm consciously or unconsciously. In this case, a typical issue of the definitions is that the individual thinks that the behaviours of others will not be harmful but useful[22].

Besides the thousands of theories about trust that are available, it follows a more general definition directly taken from the dictionary: “expectation, formulated under uncertainty conditions, of a favourable behaviour operated by individuals, groups, social institutions or system”[23].

Clearly, the concept is much broader and deeper than this definition can express. Indeed, trust has generally been conceptualised as a multi-dimensional construct, and to try to

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[21] Maslow, A. H. (1943). Preface to motivation theory. Psychosomatic medicine, 5(1), 85–92.
[22] Özen, E. (2019). The concept of trust in socio-economic life. *European Journal of Marketing and Economics*, *2*(2), 69-74.
[23] Treccani, www.treccani.it.

recall these dimensions, in the following lines, the concept of trust will be analysed more deeply through some distinctions that let underline its shades better.

Starting from the social sciences field, there is a differentiation between personal trust and systemic trust depending on whether the recipient of the expectation is identified as an individual or in the social system as a whole (or in some components of that system). In this regard, a definition of trust that includes both systemic and personal trust is formulated by Mutti, who talks about "an expectation of experience with a positive value for a given actor, matured in uncertain conditions, but in the presence of a cognitive and emotional awareness that can overcome the mere hope"[24]. The importance of this latter definition lies in the fact that here both expectations of organisational change and self-confidence are included.

Another essential distinction has been drawn in the literature concerning trust and trustworthiness. Trust is a set of attitudes and beliefs around trust held by the trustor (which in our context would be the client). Trustworthiness is the characteristic of the counterparty (known as the trustee, which here would be the financial advisor) that may lead others to trust it. It is important to note that trustworthiness may be influenced directly by the strategies and actions of a trustee in a way in which trust cannot.

Therefore, a positive causal relationship between trustworthiness and trust in an organisation is typically hypothesised (Ennew & Sekhon, 2007).

Another approach distinguishes between cognitive or lower-level trust and affective or higher-level trust (Sekhon et al., 2014). Cognitive trust has its roots in rational choice models rooted in economics and suggests that a trustee will be reliable and honest. Affective trust is generally considered more complex and nuanced and emphasises the significance of being concerned about the trustor's best interests.

Generally, it is involved with whether the trustee truly has the trustor's best interests at heart.

In the context of this analysis, a relevant connection concerns trust and financial markets: indeed, the more a trust relationship increases among investors, companies and financial intermediaries, the more transactions are facilitated. Indeed, this decreases the transaction costs in the financial system and increases the fund flow rate and the fund amount in markets. As a result, financial markets develop (Fukuyama, 1995). Development in

[24] Mutti, A. (1987). La fiducia. Un concetto fragile, una solida realtà (La confiance: un concept fragile, une réalité solide). *Rassegna italiana di sociologia*, *28*(2), 223-247.

financial markets increases production and domestic income because it leads to an increase in capital as a production factor. Therefore, an economic management entity that desires to expand savings and security investments in financial markets should provide an environment where its clients can invest in trust. Developing trust relationships among the different units of financial markets provides a common interest for all of them.
Nevertheless, it is necessary to state that the conditions under which relations of trust, by which one person acts in the interests of others, operate are the converse of those under which markets function. Markets benefit from low levels of sunk costs by which parties to a transaction can exit at little loss. Depths of trust are high where sunk costs are significant in the sense that the value of relations and commitments to others are low in relation to the party in question. So, for example, while information about a product facilitates the operation of markets by making several potential purchasers equally informed about its quality, lack of public information enhances trust by making one party more dependent on the other. The disadvantage of solid relations of trust is the high degree of dependency of one party on another that it entails[25].

After this introduction to the broad concept of trust, the analysis will follow investigating what influences trust to understand its main determinants.

2.1.2 Main determinants

As explained in the previous part, the concept of trust cannot be defined precisely since it is vast and does not have accurate boundaries; therefore, it is impossible to state an exhaustive list of all the factors that influence trust formation. Instead, it is possible to identify several elements that underlie the mechanism by which trust is established and generally shared by people.
So, in this paragraph, the focus will be on the main determinants of trust and on some studies concerning this concept in order to understand what are the factors that make people more or less inclined to trust others.
In particular, the determinants that will be explored are:
- Past experiences,

[25] Mayer, C. (2008). Trust in financial markets. *European Financial Management*, *14*(4), 617-632.

- Geographical origin,
- Social distance,
- Laws and institutions,
- Religion,
- Age.

In the first place, trust can be based on past experiences: a person tends to give more trust if he/she is used to relationships based on high levels of trust that other people showed to him/her. Instead, if a person experiences trauma or harmful interpersonal incidents, he/she will have difficulty trusting others[26].

A second element to mention could be the geographical origin of a person. Many researchers from different academic disciplines have developed theories about why people in one country have a higher level of trust than people from another country. Indeed this topic has been studied from different points of view: for example, using a more scientific approach, researchers, such as Hagen and Choe, (1998), Putnam (1993), Fishman and Khana (1999) have tried to provide a precise and measured definition of trust and to reach some results through an empirical analysis of the data collected. While on the other hand, using a psychological point of view, for example, Yamagishi, Cook and Watabe (1998) tried to examine it by analysing the differences among different cultures. In their study, Yamagishi et al. (1998) investigate the general level of trust in Japanese society and compare it with the one present in American society. Japanese society is characterised by the prevalence of solid and stable social bonds (such as family and group bonds), while American society has weaker social and interpersonal ties. It is straightforward to think that a society characterised by strong social and interpersonal relationships, such as the Japanese one, is also characterised by a high level of trust among its members. On the contrary, the research carried out by these authors has shown that the general trust level is much higher in American society than in Japan. Indeed, in a social context, the general trust towards others pushes an individual to emancipate himself/herself from closed relationships (such as family connections) to try to establish other social relationships outside.

This behaviour is successful in a society like the American one, which let people have

[26] Visschers, V. H., & Siegrist, M. (2008). Exploring the triangular relationship between trust, affect, and risk perception: A review of the literature. *Risk Management*, *10*, 156-167.

exciting and abundant opportunities outside the already established relationships, while in a society characterised by closed relationships (like the Japanese one), people who "emancipate" from one of these closed relations cannot find a better interaction outside since all other relationships are closed to "strangers". So in such an environment, low levels of trust are created[27].

Another determinant can be identified in social distance. Indeed, Buchan and Croson (2004) study the boundaries of trust following an analysis performed on a sample of university students from the United States and China, and they assert that individuals place greater trust in the subjects closest to them in social distance. Specifically, they say there is a lower level of trust in relationships outside the family than within the family group. In other words, they say that the trust bond is very strong within the family group and then gradually decreases as interpersonal relationships become less close, that is, as social distance increases. Further interesting literature to be cited in this regard concerns the in-group-out-group bias, a widely observed phenomenon in the social sciences. It refers to the tendency to evaluate one's own group or its members (the in-group) more favourably than groups to which one does not belong and its members (the out-group)[28]. These evidences are significant because they support the arguments that emphasise the fundamental role of personal relationships or networks of relationships between individuals to encourage trust.

Moreover, regulations and institutions of the country from which the individual comes from can also be decisive in building trust. In this context, Ostrom's (2003) study on the law's role in influencing individuals' actions and expectations can be reported. According to him, men adopt rules as a guide for their manners, and the fact they act in line with behaviour rules also affects the expectations of individuals they meet. Thus, if a rule is commonly accepted in a community, it is expected to affect the actions of all people in that community.

Hence, if some rules or practices regulate trust behaviours in a country, all the individuals of that society will be committed to respect them. So while the regulations and customs of a country can shape a person's character making him more trustworthy or more trusting

[27] Yamagishi, T., Cook, K., Watabe, M., 1998. Uncertainty, trust, and commitment formation in the United States and Japan. American Journal of Sociology 104, 165-194.

[28] Ruffle, B. J., & Sosis, R. (2006). Cooperation and the in-group-out-group bias: A field test on Israeli kibbutz members and city residents. *Journal of Economic Behavior & Organization*, *60*(2), 147-163.

of his fellow citizens, on the other hand, the institutions also play an essential role in determining trust. A fair and efficient institutional system inspires reliability in its citizens, positively affecting people's behaviour and economic growth, leading to social welfare growth.

Similarly, religion can have an impact on trust. Already in 1905, the philosopher Weber had stressed the importance of religion in individuals' social and economic attitudes. Nowadays, this is still a central topic, becoming the subject of debate by many authors. In this direction, it is important to recall the study of Guiso, Sapienza, and Zingales (2002) on the influence of religion on people's economic attitudes. The results of this study show that religious people trust more than others, have more faith in government and in the legal system, are less willing to violate the law, and are more likely to believe that market predictions are accurate.

Another determinant of trust can be identified in age. Trust is significantly higher in adult age groups than in the groups of children and adolescents; indeed, Sutter and Kocher (2007) find that "trust increases linearly with age up until adulthood and remains mostly constant in adulthood to dip slightly among retirees. Consequently, trust is, on average, profitable for trustors only in the adult population and when trustors show full trust"[29].

The socialisation of trust has been shown to start in the first few years of a person's life and works through parents instilling in their children trust in parents, relatives, and friends by letting children experience that they can rely on others (Rotenberg, 1995). Trust in strangers develops when children interact more frequently with strangers, typically when they enter kindergarten and school later on (Krebs & van Hesteren, 1994; Langford, 1997). Hence, trust is closely related to the number of contacts with others, which typically increases from childhood to the time of entering a working career and stays more or less constant from that period on, with possibly a small decline in retirement (Kail & Cavanaugh, 2004). This is the reason why the hypothesis of trust increasing with age is formulated.

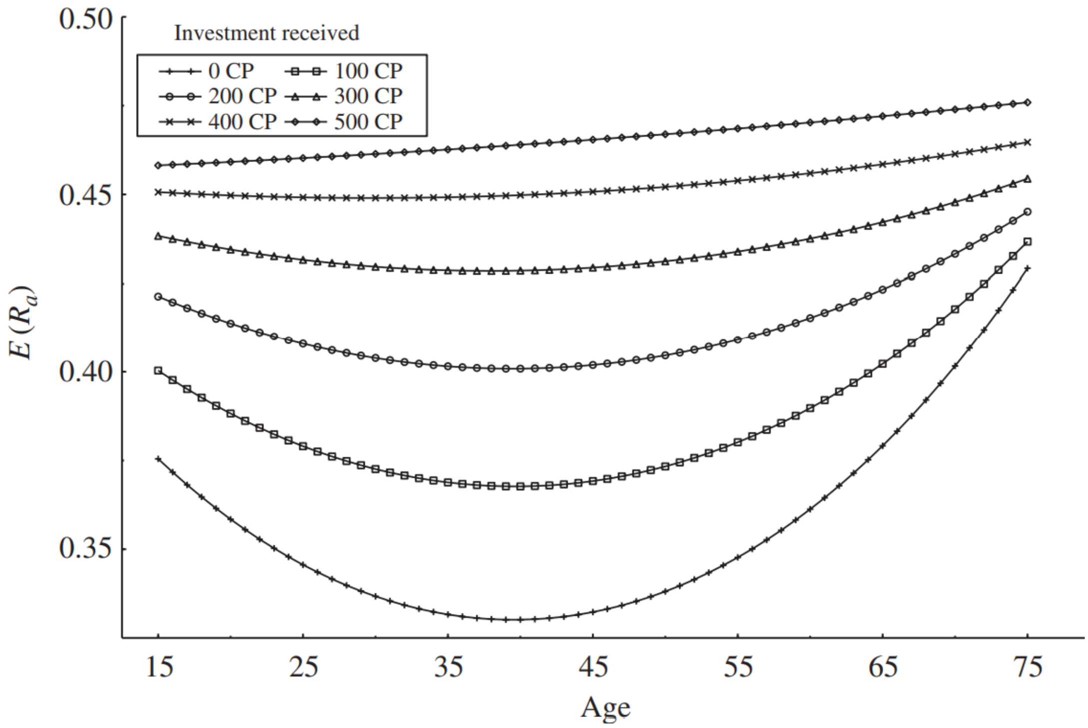
Furthermore, both Fehr et al. (2003) and Bellemare and Kröger (2006) have included an experimental trust game in a representative survey of German, respectively Dutch, households. Both studies find that age is an important factor, such that relatively older

[29] Sutter, M., & Kocher, M. G. (2007). Trust and trustworthiness across different age groups. *Games and Economic behaviour*, *59*(2), 364-382.

subjects, particularly those over 65, show less trust than subjects in their thirties and forties.

In particular, Bellemare and Kröger (2006) show a U-shaped relationship between age and trust, with trust peaking at 37 years, as it is possible to see in Figure 4 reported below. Indeed, from looking at it, it is possible to notice a strong U-shape relation with the expected return ratios reaching a minimum in the range of 35 and 40 years of age, close to the turning point of the inverted U relation between investments and age. And lastly, the U-shape pattern flattens out progressively as levels of investment increase but remains convex over the age domain.

Figure 4 - Predicted expected return ratio's by age and levels of investments received.



Source: Bellemare, C., & Kröger, S. (2006). On representative social capital. *European Economic Review*, *51*(1), 183-202.

2.1.3 Initial trust formation

Addressing the problem of how people's trust is shaped means considering that self-confidence is somewhere between complete knowledge and complete ignorance or uncertainty. The expectation of trust intervenes to ease the most critical aspect of the concept of trust: uncertainty. The uncertainty that characterises the concept of trust can be explained by taking into account the factors that influence uncertainty itself; these elements are related to communication, which may be transparent or may be manipulated and distorted, the ability to gather and analyse information, and the risk aversion of individuals.

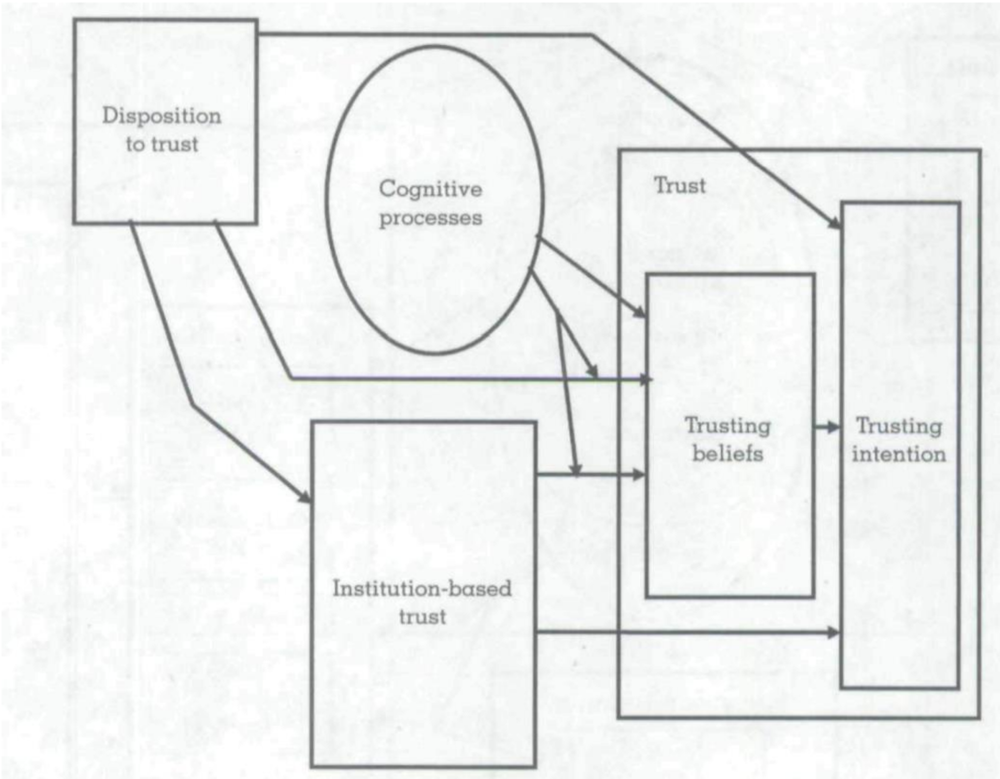
Ben-Ner and Putterman (2001) believe that trust is positively correlated with risk: increased risk aversion leads to lower trust; therefore, the greater the risk an individual is willing to bear, the more he/she is likely to operate with trust in socio-economic relations. Other studies, such as those of Eckel and Wilson (2003), show that people do not see trust as a problem concerning risk but rather as a problem of judgment. Therefore, under this perspective, the choice to trust or not, is not considered by the analysed persons as the assumption of a risk but rather as the ability of the trustor to understand if the counterparty can be considered trustworthy.

These studies represent only two of the various possible analysis about this topic. However, they are pretty helpful in order to understand the starting point of the initial trust formation and the term "initial" refers to situations where parties first meet or interact.

Regarding this, several theories have stated that trust develops gradually over time, hence assuming that trust levels start small and gradually increase (e.g., Blau, 1964; Rempel, Holmes, & Zanna, 1985; Zand, 1972); so, according to this view, high initial trust findings can be considered contradictory. Instead, by analysing other investigations, such as the one directed by McKnight et al. (1998), it is feasible to comprehend that various hidden factors and processes can enable trust to be high and not low when people first meet.

Indeed, the Figure reported below represents a model of initial trust formation, and it explains why trust may be high when members of organisations barely know each other. It is essential to state that initial trust between parties is based on something different than experience or knowledge with the other party. Indeed, the determinants representing the ground floor for initial trust formation regard an individual's disposition to trust or on institutional cues that enable one to trust another without first-hand knowledge. Figure 5 depicts that this initial trust formation model applies only to new encounters between people, and therefore, it excludes experiential processes.

Figure 5 - High-Level Model of Initial Formation of Trust.



Source: McKnight, D. H., Cummings, L. L., & Chervany, N. L. (1998). Initial trust formation in new organizational relationships. *Academy of Management review*, *23*(3), 473-490.

At a summary level, the model (Figure 5) implies that trust forms because of one's disposition to trust, one's institution-based trust, and two cognitive processes, namely trusting beliefs and trusting intention. Disposition to trust refers to a tendency to be willing to depend on others, while institution-based trust means that one believes impersonal structures support one's likelihood for success in a given situation[30].

In the following lines, the analysis will focus on the cognitive processes field, which comprehends categorisation processes and illusion of control processes. This subject represents an insight that will be explored later on in this chapter, in the part dedicated to cognitive biases. In particular, in initial relationships, categorisation processes that place the other person in a positive grouping tend to produce high trust beliefs. Moreover, in a new relationship, a person may use three types of categorisation processes to develop these beliefs:

- Unit grouping,

[30] McKnight, D. H., Cummings, L. L., & Chervany, N. L. (1998). Initial trust formation in new organisational relationships. *Academy of Management Review*, *23*(3), 473-490.

- Reputation categorisation,
- Stereotyping.

Firstly, grouping means that individuals who are grouped together tend to share common goals and values and perceive each other positively (Kramer, Brewer, & Hanna, 1996). Hence, one group member will be more likely to form trusting beliefs toward another group member.

Secondly, reputation categorisation means one assigns features to another based on second-hand information about the person; therefore, those with good reputations are categorised as trustworthy individuals. Reputation may reflect professional competence (Barber, 1983; Powell, 1996) or other trusting beliefs, such as benevolence (Dasgupta, 1988), honesty, and predictability. Therefore, if the individual has a good reputation, a person will quickly develop trusting beliefs about that individual, even without first-hand knowledge.

To conclude, stereotyping means placing another person into a general category of people. This categorisation process may be done either on a broad level, such as gender (e.g., Orbell, Dawes, & Schwartz-Shea, 1994), or on a more specific level, such as prejudices for or against occupational groups. At their first meeting, parties may form stereotypes about each other based on voices (e.g., male/female or domestic/foreign; Baldwin, 1992) or physical appearance (Dion, Berscheid, & Walster, 1972; Riker, 1971).

Considering all these aspects and looking at the bigger picture, it is evident that faith in humanity reflects one's lifelong experiences with others (e.g., Rotter, 1967). For example, a person who believes in the honesty and benevolence of people generally has stronger beliefs in the security afforded by human institutions. Stated another way, the structural guarantee belief of an individual is probably partly based on how he/she feels about people in general, and this usually happens at the beginning of a relationship when beliefs about the situation are based more on assumptions than on facts.

This is why it is crucial to highlight and discuss the initial trust formation model, summarising the processes by which trust initially forms; besides, the brief overview concerning the cognitive processes will help understand the psychological biases that will be discussed in the last paragraph of this chapter.

2.2 How to measure trust

2.2.1 Introduction

From the study carried out in the previous paragraphs on the boundaries and determinants of the element of trust, it emerges its importance in social and economic relations. Since it is a vast and complicated concept, it is crucial to clarify how trust is measured to understand how conclusions on this subject are drawn.

Measuring financial trust can be complex, as various factors can influence it. One way to measure financial trust is through surveys and interviews with individuals and businesses to gather their perceptions and experiences with financial institutions and services[31]. Another approach involves analysing data on financial transactions and market indicators to identify patterns and trends in trust levels. Additionally, financial trust can be measured through trust indices, which are quantitative measures that consider miscellaneous factors such as regulatory compliance, transparency, and customer satisfaction. In particular, Financial Trust Indices will be discussed more deeply since they offer direct information on the individuals' level of trust towards the financial world.

Moreover, another common experimental method to measure trust in financial interactions regards trust games, which are designed to measure the level of trust between the two players, as well as the factors that influence trust decisions.

Ultimately, the best approach to measure financial trust will depend on the specific context and goals of the analysis.

2.2.2 Financial Trust Indices

Many studies to analyse the level of trust rely on indicators, such as the General Social Survey (GSS), which monitors and explains the trends and constants in the attitudes and behaviours of American citizens, the Generalized Trust Index, which captures the level of trust in the system, institutions and the state, the World Values Survey (WVS) that provides insight into people's beliefs and their values.

All these indices belong to the Financial Trust Indices family. For their construction, a set of data is collected through surveys submitted to a significant population sample that

[31] Tavakolifard, M., & Almeroth, K. C. (2012). A taxonomy to express open challenges in trust and reputation systems. *J. Commun.*, *7*(7), 538-551.

needs to be studied.

In particular, a Financial Trust Index (FTI) is a quantitative measure of trust in the financial system. FTIs take into account manifold factors such as regulatory compliance, transparency, and customer satisfaction to provide a comprehensive assessment of trust in financial institutions and services.

The development of FTIs typically involves:

- the selection of relevant indicators,
- creating a methodology to combine these indicators into a composite score, and
- calculating the FTI score for each country or region.

There are several FTIs available, such as the Edelman Financial Trust Barometer, the World Economic Forum's Financial Development Report, the World Bank Financial Sector Assessment Program (FSAP) and The Chicago Booth/Kellogg School Financial Trust Index. These FTIs take different approaches to measuring trust. However, they generally use a combination of survey data, expert evaluations, and publicly available data to measure trust in financial institutions and markets.

The submitted questions are often standard and some examples of them can be reported below: "In general, would you say that most people can be trustworthy or that you need to pay close attention to dealing with other people?" "How satisfied are you with your family's financial situation?" "I would like to ask you how much you trust people from the following groups: family, neighbours, people you know personally, people you met for the first time, and people of another religion and nationality"[32].

For example, the Edelman Financial Trust Barometer surveys the general public in more than 20 countries to measure trust in financial institutions, services, and markets. The survey assesses trust in banks, investment firms, insurance companies, and financial markets and measures trust regarding credibility, reliability, and engagement.

On the other hand, the World Economic Forum's Financial Development Report provides an assessment of the overall level of financial development and access to financial services in countries around the world; the report also assesses the stability and efficiency of the financial system and the extent of legal and regulatory frameworks that support the

[32] Johnson, N. D., & Mislin, A. (2012). How much should we trust the World Values Survey trust question?. *Economics Letters*, *116*(2), 210-212.

development of the financial sector.

The World Bank Financial Sector Assessment Program (FSAP) is another example of FTI; it is a complete and in-depth analysis of a country's financial sector, including its regulatory and supervisory framework. The FSAP provides an assessment of the strength and weaknesses of the financial sector and recommendations for improvement.

In conclusion, FTIs are essential tools for evaluating trust in financial institutions and services. They can be used to identify areas where trust is high and where trust is low, as well as to measure changes in trust over time. However, it is necessary to note that FTIs are not the only way to measure financial trust and they should be used in conjunction with other methods, such as surveys and interviews with individuals and businesses, to get a complete picture of trust in the financial system.

To conclude, as a final example, it is important to mention the Chicago Booth/Kellogg School Financial Trust Index (from now on called the Financial Trust Index or FTI, for simplicity), which is a measure of the trust that Americans have in institutions such as banks, the stock market, mutual funds, and large corporations in which they can invest their money and regularly assess how current events, policy and government intervention might affect this trust. Since it is based on a general public survey, it also estimates trust in terms of credibility, reliability, and engagement.

This Financial Trust Index was created by Professor Paola Sapienza[33] and Professor Luigi Zingales[34] as a means to study the changes in trust in the financial industry and its impact on investors' decisions[35].

Indeed, the initiative is jointly sponsored by the Kellogg School of Management at Northwestern University and the University of Chicago Booth School of Business. The survey is administered by Social Science Research Solutions (SSRS).

The first survey conducted with the help of the Financial Trust Index aimed to analyse the trend of trust of American citizens in the stock markets and institutions, in general, a few months after the outbreak of the crisis of 2008. In fact, Sapienza and Zingales believe that one of the reasons that contributed to the block of the markets after the failure of Lehman Brothers and to the slowdown of the subsequent economic development was the lack of confidence in the system. Therefore, they wanted to study the phenomenon by

[33] Professor at Kellogg School of Management, Northwestern University.
[34] Professor at The University of Chicago Booth School of Business.
[35] www.financialtrustindex.org

monitoring it with the help of a Trust Index[36].

Therefore, the Chicago Booth/Kellogg School Financial Trust Index is a measure of trust in the financial system designed to provide a comprehensive assessment of trust in financial institutions and markets.

The survey is conducted regularly, and the data is used to calculate a composite score, which is then normalised to have a mean of zero and a standard deviation of one. This composite score is then used to create an overall index value, which can be used to compare trust levels across different financial institutions and markets. Quarterly, data are analysed from more than 1,000 American households, randomly chosen and surveyed via phone by Social Science Research Solutions. Indeed, the Index measures public opinion every three months, providing snapshots and eventually a broader view of how trust shifts over time. Moreover, in different quarters, this information is supplemented with data on additional topics (e.g. real estate investment and opinions about recent events).

The abovementioned Index also includes a breakdown of the trust scores by demographic groups, such as age, income, and education level, which allows for analysis of how trust varies across different population segments. Additionally, it also includes a breakdown of the trust scores by type of financial institution or market, which allows for analysis of how trust varies across different segments of the financial system.

As already said, this Financial Trust Index is based on a survey of the general public in the United States, so it mainly provides a measure of trust in the US financial system. However, focusing on its structure is helpful because it shows that several Financial Trust Indices can be built using the same process for other countries and regions, of course, with some modifications in the survey questions and targeting population.

2.2.3 Trust game

The trust game is a commonly used experimental economic game that studies trust and trustworthiness between two people. The game is universally referred to as the *Trust Game* nowadays, however, the game was initially called the *Investment Game* by Berg et al. (1995), who used an endowment of $X = \$10$ and tripled the transfer, $K = 3$. Further, the name *Trust Game* was used for an earlier and simpler game by Kreps (1990). In the

[36] Hurley, R., Gong, X., & Waqar, A. (2014). Understanding the loss of trust in large banks. *International Journal of Bank Marketing, 32*(5), 348-366.

basic version of the game, player 1 (the "trustor") is given a certain amount of money and must decide how much, if any, to send to player 2 (the "trustee"). The money sent is then multiplied by a factor (usually between 2 and 3), and player 2 must decide how much, if any, to return to player 1[37]. The game is typically played several times between the same pair of individuals or between different pairs in order to study how trust and trustworthiness evolve over time. Indeed, the game is designed to measure the level of trust between the two players, as well as the factors that influence trust decisions, such as past experiences, cultural background, and social norms[38]. This is why it is so widespread and studied in different topics like economics, psychology and sociology; for example, it has been used to investigate the role of emotions and how individual differences, such as personality traits and cognitive abilities, influence trust.

Academic papers have extensively studied the trust game and its variations. One of the first papers that introduced the trust game was "Trust in Simple Strategic Games" (Berg, et al., 1995) which explained the game and used it to study trust in economic interactions. They found that the average level of trust was high and that there were significant individual differences in trust behaviour.

Another paper, "Trust, Reciprocity, and Social History" (Berg et al., 1995), studied how trust and reciprocity vary with social history, finding that the trust game can be used to study trust and reciprocity in different cultures and economic systems.

A less recent paper, "Trust, Social Distance and Culture" (Güth et al., 1982), studied the effect of social distance on trust and reciprocity in the trust game. They found that social distance had a negative effect on trust and reciprocity and that trust and reciprocity were higher when the players were from the same culture.

Other papers have studied the effect of different types of institutions on trust and reciprocity in the trust game. For example, "Trust, Reciprocity and Social Networks" (Brandts & Charness, 2000) found that trust and reciprocity were higher when the players were connected through a social network.

In summary, the trust game is a widely used experimental method to study trust in economic interactions. Moreover, the trust game has proven to be a valuable tool for understanding trust behaviour and the factors that influence it.

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[37] Brülhart, M., & Usunier, J. C. (2012). Does the trust game measure trust?. *Economics Letters*, *115*(1), 20-23.

[38] Berg, J., Dickhaut, J., & McCabe, K. (1995). Trust reciprocity and social history. Games and Economic Behavior, 10, 122–142.

Regarding the game outcomes, several studies show that only a small portion of players choose not to invest and that most of those who receive money tend to return a portion of the investment result: Johnson and Mislin (2011), in a study comparing 162 investment games, show that in all cases the average player transfers are above zero. In the literature, this experiment has been used to identify the reasons that push a player (investor) to trust and transfer a part of his wealth to another (financial advisor), and this is the reason why it is interesting in the field of this thesis. The study has identified the two main motivations of the process of trust in the anticipated appraisal of the reliability (how much I expect that it will be returned to me) and in the adhesion to social norms (implying, for example, that an individual in a certain role is trustworthy in a prior way) (Cruciani, et al., 2015). Bicchieri et al. (2011) argue that the confidence demonstrated is an example of anticipation of reliability, limiting the effect of social norms more to players who receive the transfer and who must decide how much to return. It is shown, however, that the literature still needs to determine clearly the reasons for the trust shown in an investment game.

2.3 Trust and financial literacy

2.3.1 The role of financial literacy

In an increasingly risky and globalised market, people must be able to make well-informed financial decisions. Recent international research demonstrates that financial literacy is not so widespread in well-developed and rapidly changing markets, and this represents a significant issue.

Indeed, Financial literacy plays a key role in the search for financial advice and it is positively correlated with the willingness to rely on the advisor.

The financial-education topic had become increasingly relevant, especially following the crisis of 2008, when it emerged that the inability of the average investor to assess particular situations at risk could lead to catastrophic consequences. As the years go by and the financial market widens in terms of the products available to choose from and the advent of financial engineering, households can no longer fully understand the mechanisms of new sophisticated instruments.

Therefore, it becomes essential for clients to put their trust in financial advisors; in this way, they can not only be guided in the investment choices that best suit each client but

can also improve their level of financial education. Financial advice, indeed, must support the financial literacy of individuals.
In fact, many studies have been carried out regarding the demonstration of an evident relationship between financial literacy among individuals and the demand for financial advice. One of these analyses by Debbich (2015) states that: "Given the existence of a conflict of interest from the advisor's perspective, the model predicts that only well financially sophisticated customers receive relevant information from the advisor. This fact tends to prevent less financially sophisticated customers from asking advice although they are the most in need of financial guidance"[39].
So Debbich sets up a theoretical model in which an informed financial advisor communicates with a less informed customer about financial services, and he concludes that those with a high level of financial knowledge would be more likely to seek support from the advisor, knowing that frauds or circumventions would be easily guessed. Conversely, a person without particular knowledge of the financial sector would risk less by being sceptical about advice received from a consultant by not referring to individuals who might have a conflict of interest in providing the service (Calcagno & Monticone, 2010).
Furthermore, several studies show that a high level of financial literacy has positive effects on both the individual and the macroeconomic level.
On an individual level, people with more financial knowledge tend, among other things, to make better decisions about debt, to save more for their pensions, to manage their money better, to participate in stock markets, to make more diversified portfolio choices, to choose mutual funds with low commissions and, ultimately, to accumulate more wealth[40].
Generally, a lack of financial knowledge and skills implies conflicting results. Those who are not financially educated usually save less and get into debt more, paying higher commissions and interest.
On a macro-economic level, more literate people, demanding better quality services, stimulate competition and innovation. Moreover, they are better able to tolerate systemic financial shocks, they are less likely to take irrational decisions, and therefore they also

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[39] Debbich, M. Why Financial Advice Cannot Substitute for Financial Literacy? Pp.2, 2015.
[40] Lusardi, O.S. Mitchell, The Economic Importance of Financial Literacy: Theory and Evidence, *Journal of Economic Literature*, American Economic Association, vol. 52(1), pp. 5-44, March 2014.

allow governments to make savings when, as in Italy recently, there are interventions in support of investors who have made bad decisions.

The complementarity between financial education and trust develops its potential precisely in the figure of the financial intermediary – the financial advisor – who should act as a facilitator of information collection and processing as a way to build back trust. In other words, the delivery of information alone cannot effectively reduce the competence gap between the client and the advisor, however, it can foster a trusting environment where delegation can retake place.

Financial intermediaries need to continue being the better-informed part in the relationship with clients, but their willingness to disclose, explain and share information (regardless of the effectiveness of these actions) may be a viable avenue to testify of their trustworthiness and re-establish a climate of mutual trust.

This evidence supports the idea that trust is a crucial element in financial market participation and that rebuilding it should be the primary goal of financial institutions. In order to preserve the positive effects of trust on financial market participation, an increased focus on information delivery and transparency need not to make the advisor-client relationship more impersonal, where individuals are only passive receivers of the information flow. Financial intermediaries may find a way by assuming that complementarity may exist between information and trust.

Another central role of financial literacy concerns cognitive biases.

In fact, cognitive biases can lead savers to sub-optimal choices, but financial education could help correct them (Lusardi, 2011). Although some researchers have questioned the effectiveness and/or cost-benefit ratio of financial education (Willis, 2008; Bertrand & Morse, 2011; Hastings et al., 2013), it can be considered suitable to limit the adverse effects of cognitive bias on savers (Lusardi & Mitchell, 2014).

Regarding the psychological bias field, in the following part of this paragraph, the importance of financial education will be implicitly explored by describing the main biases affecting individuals.

2.3.2 Psychological biases linked to the lack of financial literacy

Mistakes in investment choices can also result from poor financial education. Literature shows that individuals with a low level of knowledge of the market and financial products run a higher risk of making bad investment decisions. Examples in this sense include authors such as Agarwal, Driscoll, Gabaix, and Laibson (2009), who state that individuals with a lower level of financial literacy (usually young, poor people, people with a low level of education, the elderly) are more likely to make mistakes in this field. In particular, they bear the risk of incurring more debt, paying higher interest rates on mortgages, and using part of their assets in poorly diversified and highly risky portfolios (van Rooij et al., 2011). As a result, they often risk damaging their accumulated savings. Lusardi and Mitchell (2014) also agree on the importance of having economic knowledge for individuals, showing that poor financial education facilitates the possibility of being victims of fraud; in support of this, they take into account some surveys performed on this topic that identify the elderly as significant victims of financial scams because they have little financial experience and discrete assets to employ[41].

It is clear that a lack of adequate education on the subject leads individuals to make inadequate choices when facing investment decisions (Calvet et al., 2007) or, otherwise, to cease completely investing money in financial products of which they do not understand the process (van Rooij et al., 2011). These represent all adverse outcomes that eventually affect a country's general economy.

Moreover, another central aspect to underline is that it is essential to develop and expand people's financial education in order to try to avoid making mistakes that are often intrinsic to our way of thinking.

These cognitive errors are called biases, and they derive from the use of heuristics in solving complex problems[42]. They are strongly affected by the preconceptions present in the minds of individuals and affect their investment decisions.

Several studies on the subject were conducted by Kahneman and Tversky and reported in the article “Judgment under Uncertainty: Heuristics and Biases” of 1974. They, in particular, recognise three main errors in the cognitive processes of individuals (Kahneman & Tversky, 1974):

- Representativeness is an error easily found in the information processing phase. It can be defined as a strategy that identifies similarities of an event or an object, associating it to the situation we are in front of and using generalised categories to make a choice about

[41] Lusardi M., Mitchell O. (2014), The Economic Importance of Financial Literacy: Theory and Evidence, *Journal of Economic Literature*, 52(1), 5–44.

[42] Kahneman D., Tversky A. (1974), Judgment under Uncertainty: Heuristics and Biases, Science, New Series, Vol. 185, N. 4157., p. 1124-1131.

it. When this heuristic is used to make judgements or solve problems, it can be frequently applied in the wrong way: indeed, people tend to judge as more likely, something more representative. In fact, people often think that a sample is more representative of the population if it is random, but of course, this is not true. Indeed, a sample really represents the universe when the sample size tends to be infinite. These mistakes often derive from judgment errors and stereotypes, which are radically present in our way of reasoning. An example can be the conjunction fallacy, which is a manifestation of representativeness: rationally speaking, it is known that a joint probability is smaller with respect to the probability of two separate events. Nevertheless, when representativeness is considered, probability, so sample data, are evaluated according to the degree to which the sample data is representative of the available options. As can be seen from this description, representativeness focuses too much on sample data while it ignores the base rate.

- Availability: is strictly connected to representativeness. Indeed, availability shows that the representativeness effect may be amplified by the easiness with which some sample data are called to mind. That is, events that are called to mind easily are believed to have a greater likelihood of occurring. For example, sample data are often given excessive importance regarding population parameters and this is expanded when data are easy to obtain and process, that is, when they are available. This is especially so when the events in question have occurred recently and are salient. In this regard, two examples of biases that enhance availability are recency bias, when easiness in recollection depends on the recency of the event, and saliency bias when easiness in recollection depends on the event's salience.

- Anchoring is easily found in all those situations in which "people make estimates starting from an initial assessment that is then adjusted to reach the final answer"[43]. It is the tendency to stick to an arbitrary reference point when making inferences, even when reference points are not considered relevant. Indeed, in this case, reference points can be suggested in the description of a problem or may be determined completely randomly. Moreover, unlike representativeness, anchoring leads to paying too little attention to sample data.

[43] Kahneman D., Tversky A. (1974), Judgment under Uncertainty: Heuristics and Biases, Science, New Series, Vol. 185, N. 4157., pp. 234-236.

Furthermore, between 1979 and 1992, Tversky and Kahneman developed the so-called Prospect Theory, which this thesis will not discuss deeply. However, its key aspects will be briefly mentioned in order to understand another central bias, namely myopic loss aversion.

Indeed, Prospect Theory is a positive theory of decision-making with strong behavioural foundations, which is considered revolutionary, and its prominent aspects are the following:

1. People sometimes exhibit risk aversion and risk seeking, depending on the nature of the prospect.
2. People's valuations of prospects depend on gains and losses relative to a reference point. This reference point is usually the status quo.
3. People are averse to losses because losses have an effect that is bigger in absolute terms than the effect that a similar magnitude gain would have.

Concerning gain and losses, a central concept directly linked to this theory is myopic loss aversion.

Myopic loss aversion (MLA) refers to the phenomenon where individuals make decisions resulting in short-term losses to avoid even smaller potential long-term losses. This behaviour is thought to be driven by a cognitive bias, where the perceived impact of a potential loss is more significant than the perceived impact of an equivalent gain[44].

The concept of MLA was first introduced by behavioural economists Richard Thaler and Shlomo Benartzi in a 1995 paper titled “Save More Tomorrow: Using Behavioral Economics to Increase Employee Saving”. They suggested that individuals tend to focus on the immediate costs of saving for retirement rather than on the long-term benefits, which leads to lower savings rates.

Indeed, myopic loss aversion occurs when investors take a view of their investments that is strongly focused on the short term, leading them to react too negatively to recent losses, which may be at the expense of long-term benefits (Thaler et al., 1997). Moreover, this phenomenon is influenced by narrow framing, which is the result of investors considering specific investments (e.g. an individual stock or a trade) without taking into account the

[44] Thaler, R. H., & Benartzi, S. (2004). Save More Tomorrow: Using Behavioral Economics to Increase Employee Saving. Journal of Political Economy, 112(S1), S164-S187.

bigger picture (e.g. a portfolio as a whole or a sequence of trades over time) (Kahneman & Lovallo, 1993). A large-scale field experiment has shown that individuals who receive information about investment performance too frequently tend to underinvest in riskier assets, losing out on the potential for better long-term gains (Larson et al., 2016).

2.3.3 Financial literacy as debiasing

The previous paragraph focusing on cognitive biases is essential in helping understand one of the primary functions of financial literacy: debiasing.

Debiasing refers to reducing the influence of cognitive biases in decision-making. As already said before, cognitive biases are systematic errors in thinking that result in an individual making irrational or suboptimal decisions. These biases result from the human brain's natural tendency to rely on mental shortcuts, or heuristics, to make sense of the world around us. However, these mental shortcuts can often lead to systematic errors in judgement and decision-making.

Debiasing can be accomplished through various methods, such as increasing awareness of the biases, providing education on how to recognise and overcome them, and changing the decision-making environment to reduce the influence of the biases, and this is the exact purpose of financial education.

Indeed, financial education can be an instrument to make individuals aware of the common biases that can show up while approaching the financial market and can provide tools and strategies to overcome these biases when making investment decisions[45].

Furthermore, improving decision-making through financial education can also lead to better outcomes, better performances of investors and, of course, to reduce cognitive biases. According to research by economists, psychologists and financial educators, individuals with higher financial literacy tend to make more informed and rational decisions regarding their money[46]. A study conducted by the National Bureau of Economic Research[47] found that financial education programs can help debias individuals effectively by reducing overconfidence and increasing their ability to critically assess

[45] Shleifer, A. (2012). Psychologists at the gate: a review of Daniel Kahneman's thinking, fast and slow. *Journal of Economic Literature, 50*(4), 1080-1091.
[46] Mullainathan, S. (2007). Psychology and development economics. *Behavioral economics and its applications*, *85*, 113.
[47] The National Bureau of Economic Research (NBER) is a private, nonpartisan American organisation that facilitates cutting-edge investigation and analysis of major economic issues. www.nber.org.

risks and potential returns. Indeed, knowing what these biases mean and educating on them helps investors to recognise these wrong reasoning and avoid them when possible. Moreover, financial education has improved financial behaviour, such as increased savings and better retirement planning. As a result, financial education has been recognised as an essential tool in promoting financial stability and reducing the negative consequences of financial illiteracy. Of course, financial education alone cannot eradicate biases, but great help can come from advisors thanks to the relationships they establish with clients.

Indeed, analysing various studies in this field, the literature indicates that financial advisors play several prominent roles, and among these, one consists in defusing biases that lead to common mistakes. A few studies examine how financial advice can support people as they make decisions in affective or emotional contexts. For example, Haslem (2008) asserts that financial advisors can help clients overcome feelings of insecurity and help validate clients' past decisions. Moreover, another crucial aspect in this sense that emerges from the research of J.M. Collins (2012) is "the fact that some forms of advice are more widely used by people when they face a large drop in income is consistent with the notion that consumers turn to advice in response to major economic shocks or life changes."[48]

If it is true that investors seek financial advice more when they experience shocks or changes, this means they search for advice when they are more fragile and can be easily subject to cognitive and emotional biases. Hence, the figure they rely on in those moments is crucial. Indeed, the financial advisor has the responsibility not only to give the right suggestion concerning the client's financial situation, but he/she also has the chance to educate the clients financially to overcome the biases they could experience.

2.3.4 Gender differences in financial literacy in Italy

To explore better the level of financial literacy present in our country, it is helpful to recall the statistical analysis made by Standard & Poor's Ratings Services Global FinLit Survey. This survey represents the world's largest financial literacy survey. In the 2015 edition, more than 150,000 adults (over 15 years old) were interviewed in over 140 countries. The four questions asked to the respondents concerned four fundamental concepts for

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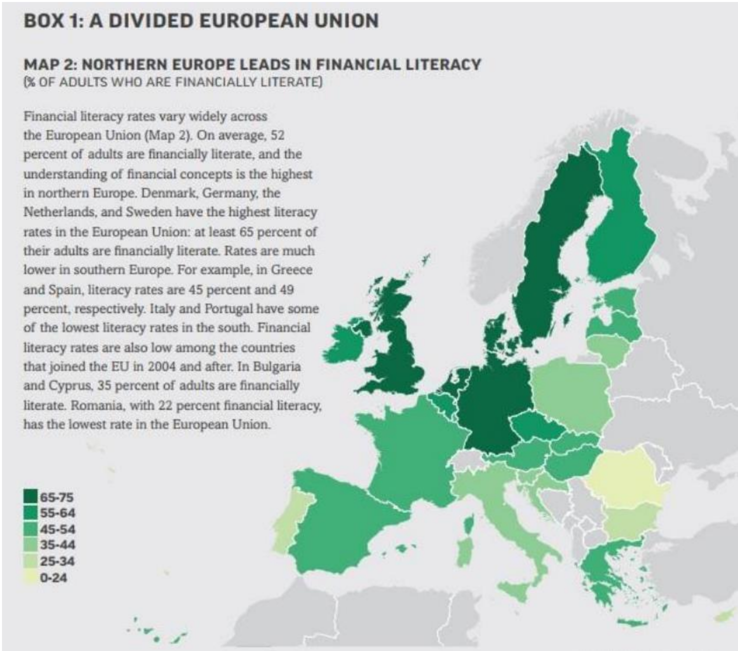
[48] Collins, J. M. (2012). Financial advice: A substitute for financial literacy?. *Financial services review*, *21*(4), p.319.

financial decisions: risk diversification, inflation, numeracy(interest), and compound interest[49].

The results that emerge from the most recent editions of these publications do not give an excellent image of our country compared to other industrialised countries. In particular, based on the S&P survey, Italy is not in the first position regarding the financial education field, nor worldwide nor at the European level, as seen from the following figure.

Figure 6 - *Percentage of adults that are financially literate in Europe.*



Source: S&P Global FinLit Survey.

After having described the Italian context briefly, it is essential to say that academic research and educational materials provide strategies to invest in the right way that often require planning for the future, keeping a long-time perspective, abstaining from trying to time the market, using the science of finance, controlling emotions and diversification.

It is hard for some people to follow these prescriptions because it is necessary to consider that individuals are different and behave differently. Considering investors' personalities is thus vital, but it is also fundamental to consider aspects that go beyond investors' characteristics and that can represent a crucial distinction: gender.

The study of gender differences in financial literacy is relevant nowadays for various reasons. First of all, as shown by various research carried out, the recent financial

[49] www.gflec.org/sp-global-finlit-survey-methodology.com.

downturn has strongly affected women, increasing their chance of running into poverty, especially for women who are single parents, divorced, widows and/or elderly. Moreover, despite increasing their education and presence in the workplace, women still have lower earnings and pension benefits compared to men[50].

Concerning these gender differences, for example, several studies have found that men have higher self-confidence in managing money than women, probably reflecting a status belief (Ridgeway et al., 2009). As a consequence, from less confidence in managing money could also derive less confidence in money knowledge, and this could be a valid explanation for another aspect that often emerges: indeed, several financial literacy tests have brought out that, in general, the number of women answering 'do not know 'is significantly higher than men's, even when they know the correct answer (Bucher-Koenen et al., 2016).

To conclude, systematic empirical evidence has identified that women have lower financial literacy as well as lower confidence in their financial decisions. This fundamental result holds when controlling a wide range of factors, from wealth and income to education and the household decision-making context (Lusardi & Mitchell, 2014; Bucher-Koenen, Lusardi, Alessie, and van Rooij, 2017; Bucher-Koenen, Alessie, Lusardi, and van Rooij, 2021). In particular, women have been found to earn lower incomes, plan and save less for retirement, accumulate less wealth and invest less in risky assets. They also have lower financial literacy skills and are less confident in their financial decisions[51].

All these considerations might, in the medium and long run, exacerbate the gender difference in asset accumulation and ultimately contribute to women's lower financial well-being than men. This is why it is crucial to spread financial education among everyone and increase the level of financial literacy in our country to establish better conditions at individual and market levels.

With this paragraph, we conclude the theoretical part of this work. The chapter that ends here has been structured to explain the vast concept of trust: what it includes, how it is determined and measured. It has also been essential to link this concept to financial literacy to demonstrate how trust can positively influence other fields, revealing once

[50] Aggarwal, R., Goodell, J. W., & Selleck, L. J. (2015). Lending to women in microfinance: Role of social trust. *International Business Review*, *24*(1), 55-65.

[51] Bucher-Koenen, T., Hackethal, A., Koenen, J., & Laudenbach, C. (2021). Gender differences in financial advice, pp.5.

again its extent.

The following chapter is dedicated to the empirical analysis of the questionnaires proposed to the advisors and clients of two financial networks. Its development will allow us to highlight at a practical level some of the concepts that emerged theoretically in the previous two chapters.

3. Financial advisory and trust: an empirical analysis

3.1 Introduction to the empirical analysis

In the previous chapter, the concept of trust and how trust plays an essential role in financial advisory have been described theoretically. Instead, this final chapter aims to combine the financial advisory field from a practical perspective with the trust concept analysed previously. In order to do this, an experimental approach should be used, and literature analysis shows that often, for this type of research that investigates the relationship between professional and client, questionnaires are helpful.

In fact, Berry (1983) argues that understanding the quality of relationships with the customer through questionnaires is the competitive key in business, relative to the ability of the advisor or professional in general to attract, maintain and improve the relationship with the customer. For Eriksson and Mattson (2002), using questionnaires in the customer relationship is a strategy for customer-oriented marketing, where the exhibition of quality services is the product of iteration with the customer. Through these means, it is possible to grasp elements that lead to factors such as emotionality and behavioural variables such as empathy, reciprocity and trust (Yau et al., 2000).

Based on these assumptions, information gathering from questionnaires is one of the most suitable methods. For this research, it was decided to interview financial advisors and several clients to seize their points of view and perceptions about topics such as trust and risk tolerance.

Indeed, the data were collected between December 2022 and January 2023 through the distribution of two separate surveys: one given to a sample of 13 financial advisors linked to two different banks and the other submitted to 87 clients among these two networks, for a total sample of 100 individuals. Furthermore, it is important to specify that both surveys were distributed directly to the advisors, who then asked several clients from their own networks to complete the questionnaire. Hence, for the way the distribution of the following survey forms has been structured, there is no direct matching between advisors and clients, meaning that not all customers who have completed the questionnaire belong to the clients' network of the 13 advisors interviewed. For this reason, during the analysis of the descriptive part, it will be avoided to cross the variables resulting from the two questionnaires; indeed, by analysing them separately, there is no risk of arriving at misleading conclusions.

Before moving on to the description of the results, we want to focus on the structure of the two questionnaires, which will be fully reported in the Appendix: the clients' survey comprises eleven sections, while the advisors' survey consists of nine sections, both based on the topics that have been considered more relevant for the subsequent study and which are recalled in the way the descriptive analysis of the following paragraphs has been organised.

The decision to interview not only clients but also advisors was taken because we believe that both figures are central to understand deeply how financial advisory works and, thus, deserve to be investigated from both sides.

In the following paragraph, the analysis will focus on the description of the clients' survey. In contrast, the third paragraph will be dedicated to the advisors' questionnaire, and for both, descriptive research of the main variables composing the surveys will be performed.

3.2 Descriptive analysis on clients' survey

3.2.1 Demographic information

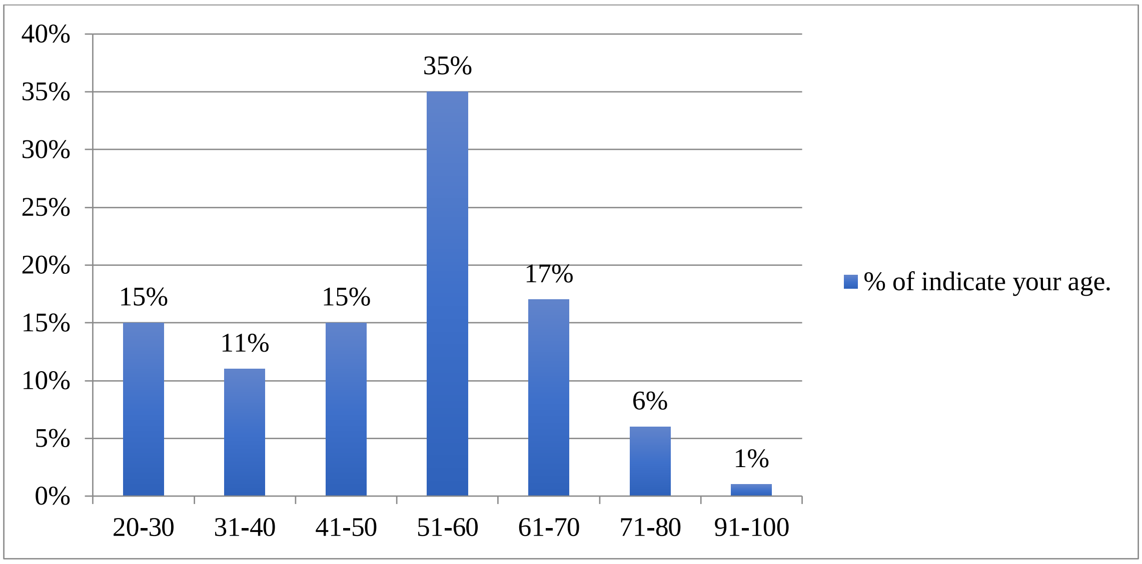
The sample of clients that fill in the survey comprises 87 individuals, of which 61% are men and 39% are women. Everyone declared to have completed the survey by themselves with no external support.

Table 1 **-** *Indicate your gender.*

Indicate your gender	Number	Percentage
Male	53	61%
Female	34	39%
Total	**87**	**100%**

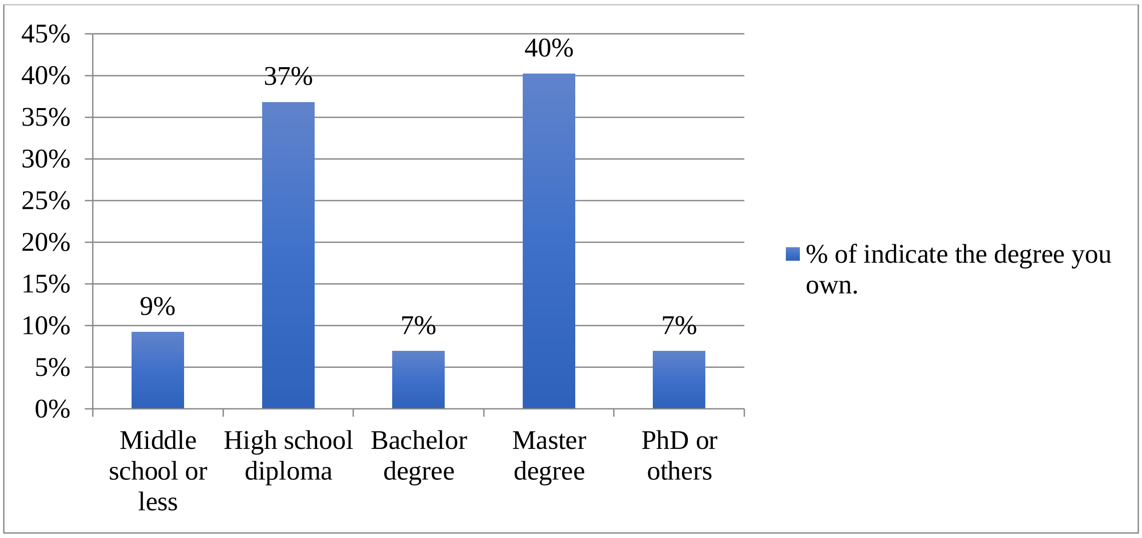
Regarding the age of clients, 36% belong to the "under 50" category, while 64% are more than 50 years old. In the graph below, we can see precisely the age of each one, divided by age groups of 10 years each.

Figure 7 - Clients age divided by groups.



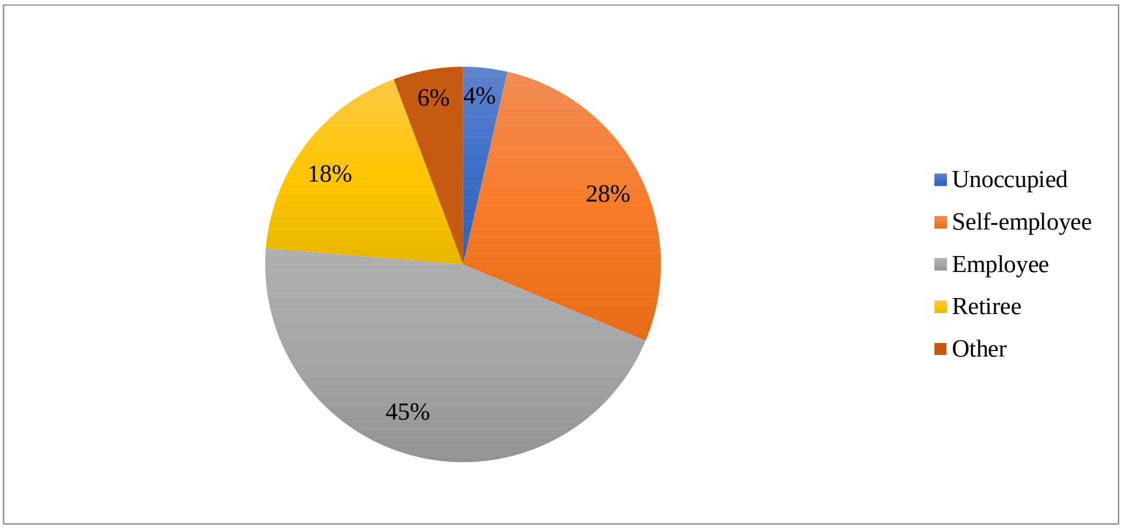
Moreover, the majority of clients interviewed owned a master's degree.

Figure 8 - Degree owned by clients.



In order to understand better the sample of clients analysed, they were asked what type of job they do, with the possibility to choose among five main categories reported in Graph 3 together with the answers given by individuals.

Figure 9 - Clients' job position.



The most significant slice of clients, namely 45% of the people, has stated to be employed, 28% are self-employed, and 18% are retirees. Hence, the sample contains a wide variety of individuals, which also means that we are considering clients with different needs.

As regards civil status, 33% of individuals are unmarried, 58% are married, 8% are divorced, and 1% are widowed.

As for the income, five categories are chosen to group the clients' answers, shown in Table 2. 25% of the clients declared to earn from 30.000 to 45.000€ a year.

Table 2 - Clients' income ranges.

	Indicate your income range
Up to 15.000€ a year	12%
From 15.000 to 30.000€ a year	22%
From 30.000 to 45.000€ a year	25%
From 45.000 to 70.000€ a year	23%
More than 70.000€ a year	18%

It is straightforward to notice that no income class prevails, pointing out that clients also have a great variety of incomes, which is coherent with the past observation about clients' job positions. Hence, to different job positions correspond different incomes.

3.2.2 Portfolio information

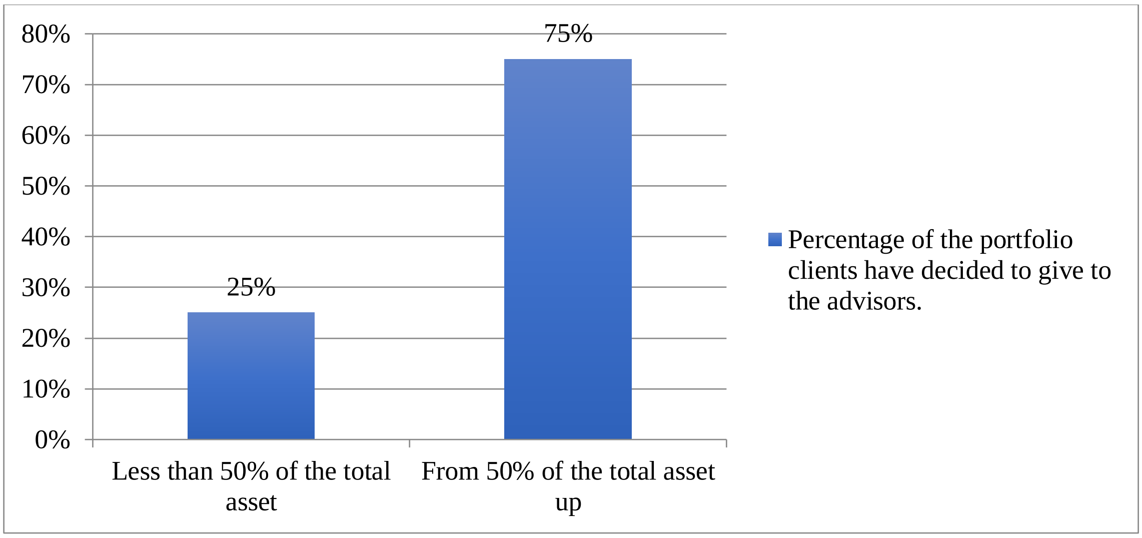
In this paragraph, the questions made about clients' portfolios are analysed. Through them, it is possible to investigate how, over time, customers' level of trust with advisors who follow them evolves. To do this, an indirect method of measuring trust is used to investigate the percentage of assets charged to the management of advisors. This is because the percentage of assets entrusted to the advisor reflects how much the saver trusts him/her. Indeed, if clients do not trust the professional in general, they would not entrust him/her to manage their money. However, conversely, if the advisor is considered reliable, the client will be inclined to invest a larger share of capital.

In order to obtain some information about the size of clients' investments with their advisors, the survey contained two specific questions regarding their portfolios:

- Compared to the total availability of your assets (your 100%), what is the percentage of the portfolio you have decided to give to your advisor?
- Indicate the total value of the portfolio you have decided to give to your advisor in Euro.

Two people have chosen the option "prefer not to answer" for the first question, so the following considerations concern a sample of 85 individuals.

Figure 10 - Portfolio clients have decided to give to advisors.



It is possible to observe that the majority of the sample interviewed, precisely 64 individuals over 85 (so 75% of the sample), declared to have given to the advisors more than 50% of their assets. The outcome obtained here is a sign of a pretty high level of trust that clients place in the hands of advisors.

Regarding the second question, 40 clients have decided not to answer, so the sample for which the analysis is conducted regards the remaining 47 people. In the table below, their answers have been collected and organised by ranges based on the amount of money indicated by the clients.

Table 3 - Amount of money that clients have decided to give to advisors.

Money given to the advisor	Number of clients
≤ 20.000,00 €	15
25.000,00 € - 50.000,00 €	10
80.000,00 € - 100.000,00 €	6
150.000,00 € - 300.000,00 €	9
400.000,00 € - 500.000,00 €	5
≥ 500.000,00 €	2

Considering this table, it is possible to see that 25 clients over 47 have chosen to give their advisors an amount of money lower or equal to €50.000,00. Moreover, 20 investors have entrusted their advisors with a sum of money between €80.000,00 up to €500.000,00. Instead, only two individuals have decided to invest with their financial advisors an amount of money higher than 500.000,00 €. To be coherent with what emerges from Graph 4, it is crucial to be precise, and state that the amount of money indicated here has to be put in relation to the income of each client in order to understand if clients who declared to have given from 50% of their total assets up in the hand of advisors are actually giving such a consistent part of their assets. Hence, we put in relation these three variables, namely, clients' income, the amount of money that clients have decided to give to advisors and the percentage of portfolio clients have decided to give to advisors. It emerges that clients have been coherent in giving their answers. So, the percentage of portfolio they declared to have entrusted to the advisor represents reliable data since it is proportionated with the income and the specific amount of money they indicated.

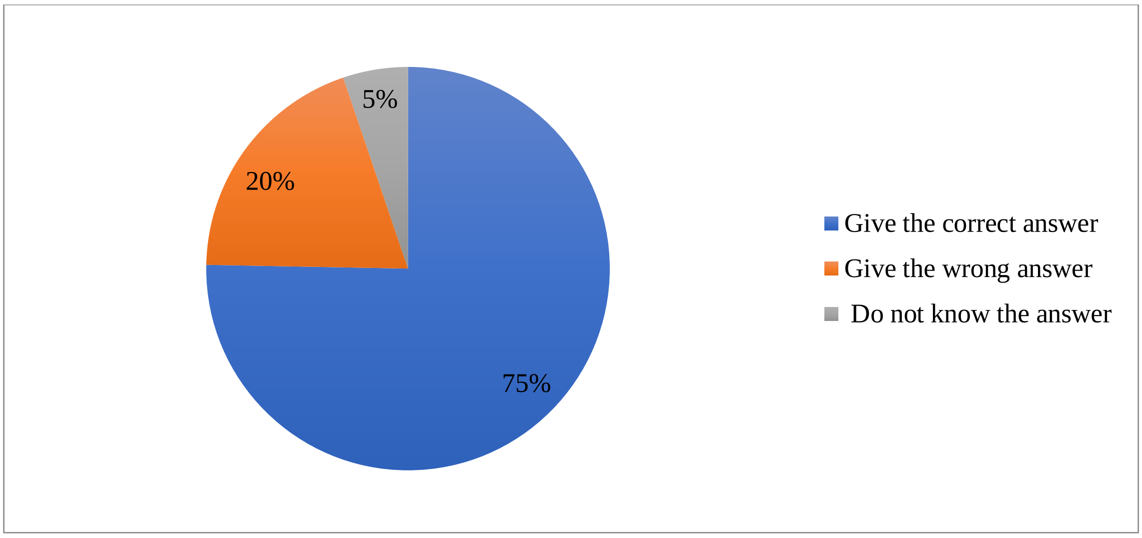
3.2.3 Financial education

To study the level of financial literacy of clients, they were asked to answer some general questions about economic argument on the following topics:

- Interest rates computation
- Inflation computation
- Basic knowledge of the stock market
- Diversification

The results are reported in the graph below:

Figure 11 - Overall answers of clients to 4 questions about economic topics.



75% of the answer given by investors are correct, 20% are wrong, and the remaining 5% fall in the category "I do not know". This indicates that the sample analysed generally has a high level of financial literacy.

The questions that received the most wrong answers were those investigating investors' knowledge of inflation and the stock market. Moreover, the question about inflation was also the one individuals have admitted not knowing more.

3.2.4 Big Five

Another important field that has been investigated is the five personality dimensions, otherwise known as the Big five personality scales, which Gosling, Rentfrow, & Swann developed in their 2003 article “A very brief measure of the Big-Five personality domains”.

These five dimensions are extroversion, agreeableness, conscientiousness, emotional stability and openness to new experiences. They are studied to identify the role of the individual component in the relationship between people, part of the unalterable relationship. In addition, they can also be used as indicators of a person's propensity to engage in certain behaviours. For example, a closed person will also be less likely to participate in social activities[52].

Specifically, to calculate the Big 5 of the sample, respondents are asked to assign scores to ten pairs of character aspects, identifying the size of the personality sought, where low scores mean that the character is not descriptive of the personality and high scores, instead, that the character is adequate to describe it.

These personality assessments derive from self-reported data, therefore, they contain a certain degree of subjectivity.

As just stated, the clients could assign to each characteristic a score from 1 to 7, that corresponds respectively to:

1- strongly disagree.
2- very disagree.
3- a little disagree.
4- neither agree nor disagree.
5- a little agree.
6- very agree.
7- strongly agree.

In the next table we report the character aspects which clients were asked to assign a score to.

Table 4 - Options given in Big Five question.

I am a person ...
disorganized, distracted (1)
polemic, quarrelsome (2)
Anxious (3)
private, quiet (4)
extrovert, exuberant (5)
traditionalist, regular (6)
quiet, emotionally stable (7)
sympathetic , affectionate (8)

[52] Gosling, S. D., Rentfrow, P. J., & Swann Jr, W. B. (2003). A very brief measure of the Big-Five personality domains. *Journal of Research in personality*, *37*(6), 504-528.

open to new experiences, with many interests (9)
reliable, self-disciplined (10)

From these ten items, we calculate the Ten Items Personality Measure (TIPI), a Big Five dimension measure proposed by Gosling (Gosling et al., 2003). We took the ten personality aspects proposed to clients in the survey, and we combined them in pairs of two, as indicated in the TIPI measure, re-coding five characteristics among ten that need to be reversed, namely items 1, 2, 3, 4, 6 shown in the above table. Reversing these items means that the scores assigned have to be re-coded as follows: 7 with a 1, 6 with a 2, 5 with a 3 and so on. These calculations lead us to obtain the five personality traits of the clients interviewed, presented in the following table.

Table 5 - TIPI calculation for Big Five dimensions.

Variables	TIPI scale scores
Extraversion	3,5
Agreeableness	5
Conscientiousness	5,5
Emotional stability	4,5
Openness to experiences	4

For each category, it is possible to know the scores that most of the clients have assigned to these characteristics.

As can be seen here, most of the sample assigns high scores to conscientiousness, agreeableness, a little less but still high to emotional stability and openness to new experiences. Instead, medium/low scores appear regarding extraversion.

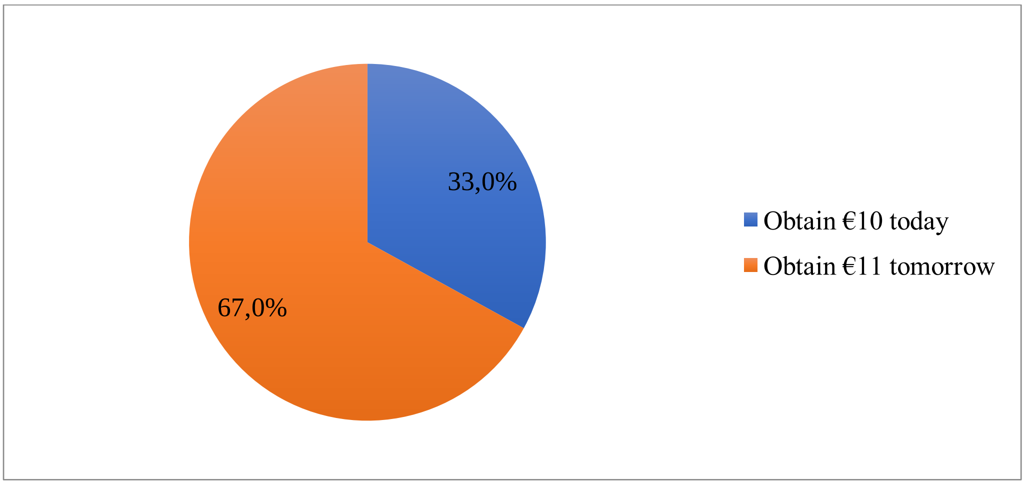
3.2.5 Risk tolerance and attitude towards time

To investigate the level of risk tolerance in the sample under study, the respondents were asked what their willingness to bear financial risk is. 49 people have answered that their willingness to bear financial risk is on average, 21 has indicated that it is below average and only 12 investors has identified themselves as above average in being willing to take financial risk. The remaining 5 clients has declared to be unwilling to bear risks. It is important to precise that these data come from a self-evaluation of the clients so they cannot be considered completely objective, indeed the aim of this question wanted to analyse the individual perception related to risk tolerance.

Hence, taking into account the answers, 14% of the sample consider themselves risk seeking, the 24% consider themselves as risk averse and the biggest slice of investors, precisely 56%, think to be in the middle between risk seeking and risk aversion.

Another point of the analysis concerns the attitude towards time of the survey participants. The question about this topic is reported as following: “You participated to a lottery and won a €10 prize. Do you prefer to have €10 immediately or cash out €11 tomorrow?” and in the graph below we can see the answers of the 87 clients.

Figure 12 - Do clients prefer to have €10 immediately or cash out €11 tomorrow?



This result let us think that most of the investors are willing to be patient and earn a little more rather than being impatient and hold immediately the prize they won.

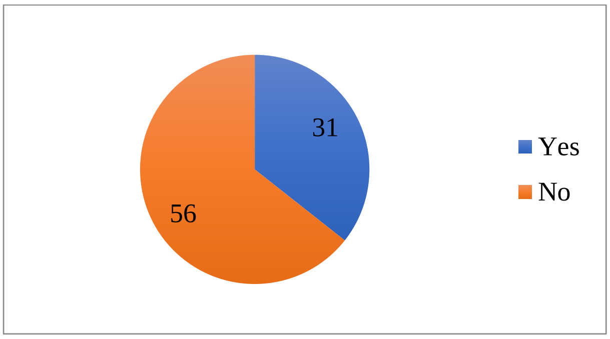
It is crucial in this case to state that all the investors interviewed have a financial advisor and from many research cited in the past chapters (see for example the study by Gennaioli et al.,2014), this figure has been described as an instruments to diminish the perception of riskiness of investors, as a push to bring clients closer to the market and also as a guide to reduce irrationality and biases components.

The way investors answered to this question, in a sense, confirms that in choosing the alternatives, the clients show more rationality and this aspect could represent a benefit from having a financial advisor.

3.2.6 Advisor' profile

This section focuses on the information given by the clients about their past and current advisors. First, the analysis considers clients that had another advisor in the past and decided to change in favour of the current one and the reasons why they chose to do so. The table below specifies that 31 individuals had another advisor before the actual one, while 56 investors have never had another advisor.

Figure 13 - Answers to "Did clients have other advisors before the current one?".



Hence the following analysis of why clients decided to change advisors is concentrated on a sample of 31 individuals.

Table 6 - Reasons why clients changed advisor to the current one.

	Reasons why you changed your advisor to your current advisor.
My old advisor changed bank and I did not follow him/her.	10%
I was reallocated from the bank to another advisor.	16%
I asked to be reallocated to the bank to another advisor.	19%
I changed bank and my old advisor was linked to the previous bank.	55%

As can be seen from this descriptive table, the most common reason for people to change advisors is linked to their decision to change banks, and instead, the least frequent reason regards the advisor changing banks and clients not following him/her. This could let us think that it is rare to encounter the case of an advisor changing banks and clients not following him/her, which is a central aspect to underline. Furthermore, this result will also be confirmed in paragraph 3.3.5, which will follow in the next pages, because also, from the advisors' point of view will be evident that, from their experience, most of the clients follow them if they change bank or network.

Now the attention of the analysis moves to the figure of the current advisor that clients have, asking investors how many years they have been clients of their current advisors and what has prompted them to have an advisor.

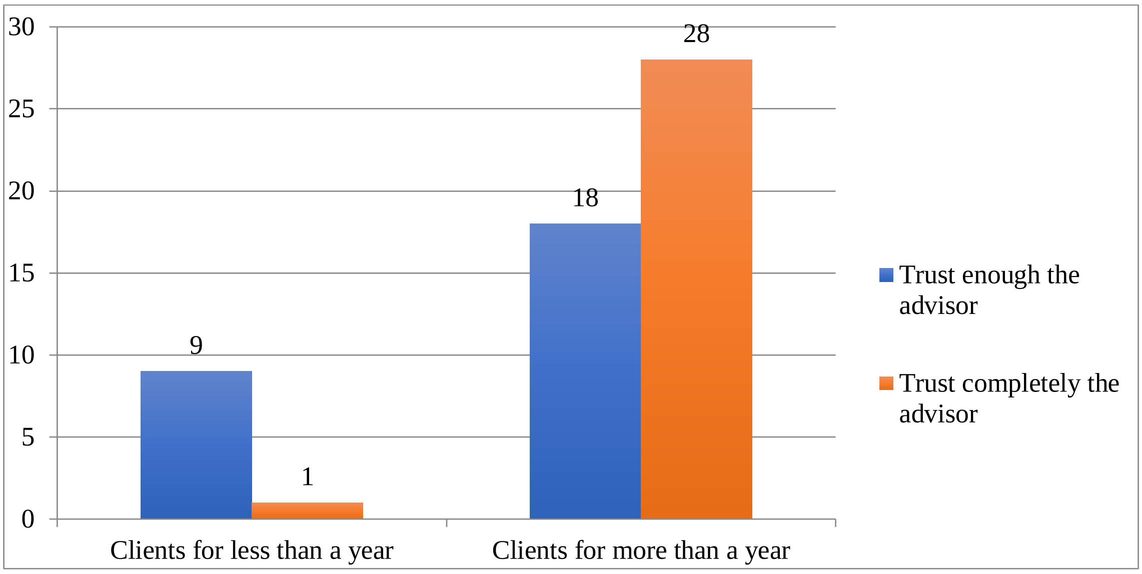
Before analysing these questions, it is essential to specify that among 87 investors, 77 clients state to have a male advisor and 10 clients a female advisor.

Table 7 - *Since how many years clients are customers or their current advisors.*

	Since how many years have you been a client of your current advisor?
Less than a year	16
More than a year	71

Considering these last questions, we focus on clients who have not had other advisors before the current one, namely a sample of 56 people, as indicated in Figure 13, intending to investigate how many years these clients have been tied to the financial advisor. It is interesting to link this variable with the variable that will be analysed in Graph 10 "How much do you trust the following institution? Advisors". The results are shown in the following graph.

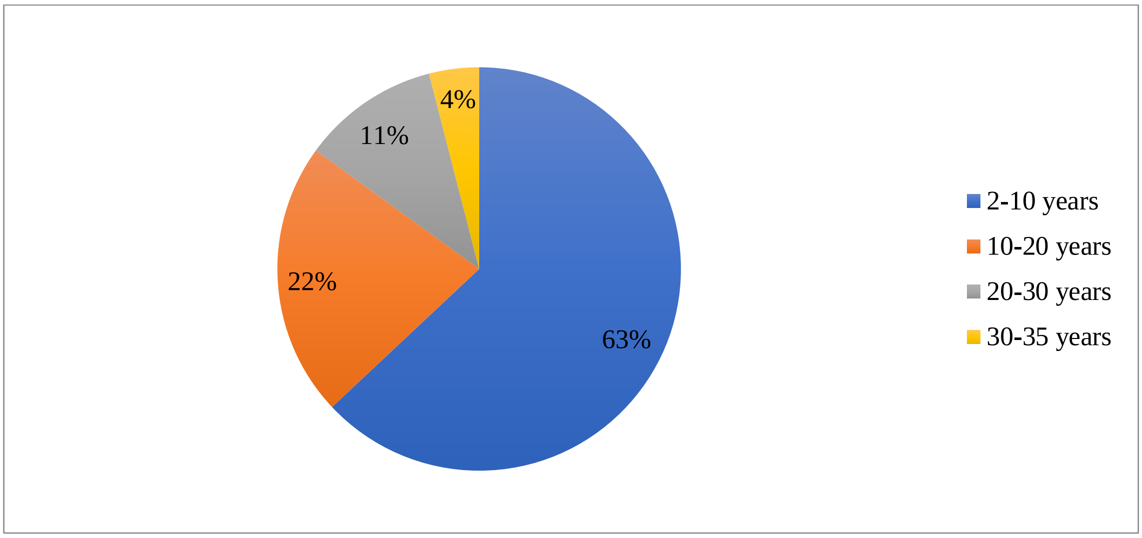
Figure 14 - Clients trust levels to advisors and length of their relationship.



Among 56 individuals, 46 of them has declared to have been client of their current advisor for more than a year and 10 for less than a year. As can be seen from the graph, the majority of clients for more than a year have stated to trust their advisors completely, while clients for less than a year have declared to trust their advisors enough. We can suppose from these results that as the duration of a relationship increases, so does the trust in the advisor. In addition, it has been found that most customers who remained loyal to the same advisors are, on average older customers, that is, those with ages exceeding 45 - 50 years.

The 71 people that have had their current advisor for more than one year were asked to specify the exact number of years they are clients of their advisor, and the data collected are displayed in the following graph:

Figure 15 - Since how many years have you been a client of your current advisor?



It is possible to observe that the majority of the sample have the current advisor for less than 10 years, 22% of them for a range of time that goes between 10 and 20 years, and another 11% of clients are followed by their current advisor from a period between 20 and 30 years and, lastly, a 4% of them has the actual advisor for more than 30 years.

In conclusion, the investigation moves to the elements that lead the clients to decide to have an advisor. The answers were given on a scale from 1 to 7, where one indicates that that aspect is not important at all and seven indicates that it is very important. The answers are illustrated in the following table.

Table 8 - Aspects that lead clients to the decision of having an advisor.

Variable	Mean
It was a suggestion of my bank' staff	3
I was not satisfied with the returns I got by managing my own money	5
Advisors can suggest low cost investments	5
References and word of mouth	5
I think it is the best choice in this time of economic uncertainty	5
Advisors can help me improving my financial skills	6
I think it is the best choice to manage my money because the advisor has a better understanding of the dynamics of the financial market	6
I think it is the best choice to manage my money because the advisor has much more experience in the industry than I do	6

Advisors can suggest to me more investment alternatives than the ones I know	6

The elements that have been considered most important in the decision of whether or not to rely on a financial advisor are immediately obvious: the fact that the professional can suggest a more significant number of investment alternatives and this point recall the motivation proposed in Money Doctors by Gennaioli et al., in 2014. It pushes investors to trust the advisor to obtain more returns than those alone would achieve (because of lack of time to devote to asset management or because of uncertainty to holding too risky assets) and to reduce anxiety arising from autonomous management of assets. Moreover, the other central motivations are that the advisor has more experience in the financial sector than the saver and therefore is more likely to safely manage the assets since he has better knowledge of the financial market, especially in this period of economic uncertainty. These elements can be identified again in the reasons recognised by the authors of Money Doctors that push the individual to trust the advisor to overcome the fear of falling victim to expropriations or scams, which becomes greater in these periods of economic uncertainty.

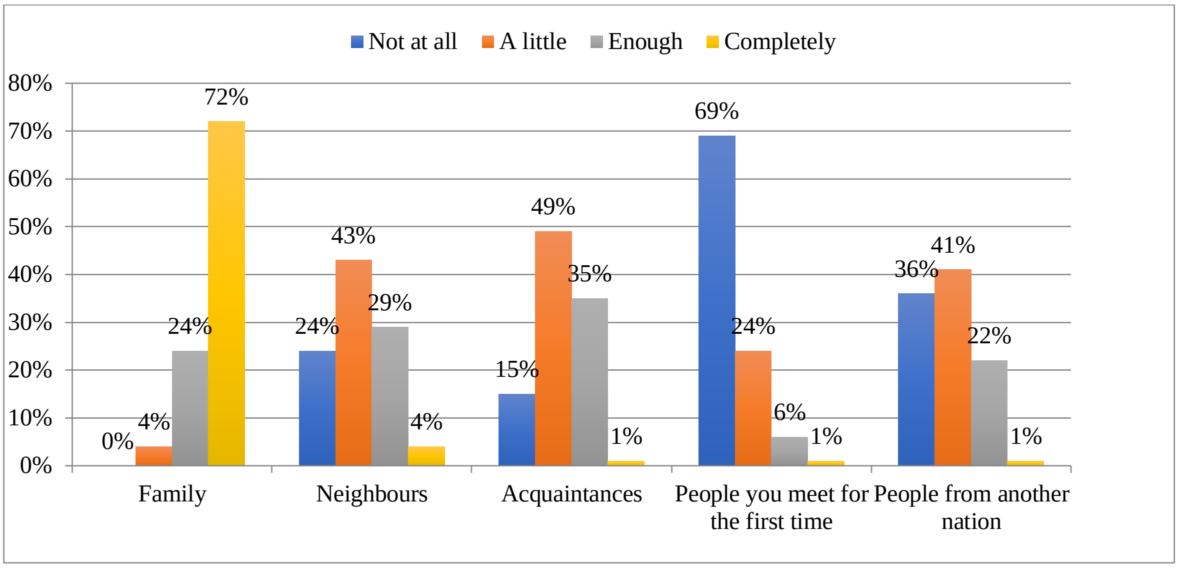
Consequently, the answers given by the clients participating in the research project can be traced back to the motivations that push an investor to seek the financial advice service proposed by Gennaioli et al. in the article Money Doctor.

3.2.7 Trust and myopic loss aversion

In order to analyse the general level of trust of investors who rely on an advisor, they are asked some of the standard questions for calculating the generalised trust taken from the World Values Survey.

The first of these questions asked investors to express their level of trust with family/neighbours/acquaintances/people they met for the first time/people from another nation. Hence, the answers to "How much do you trust people in each of these groups?" are illustrated in the following graph.

Figure 16 - How much do you trust the people in each of these groups?

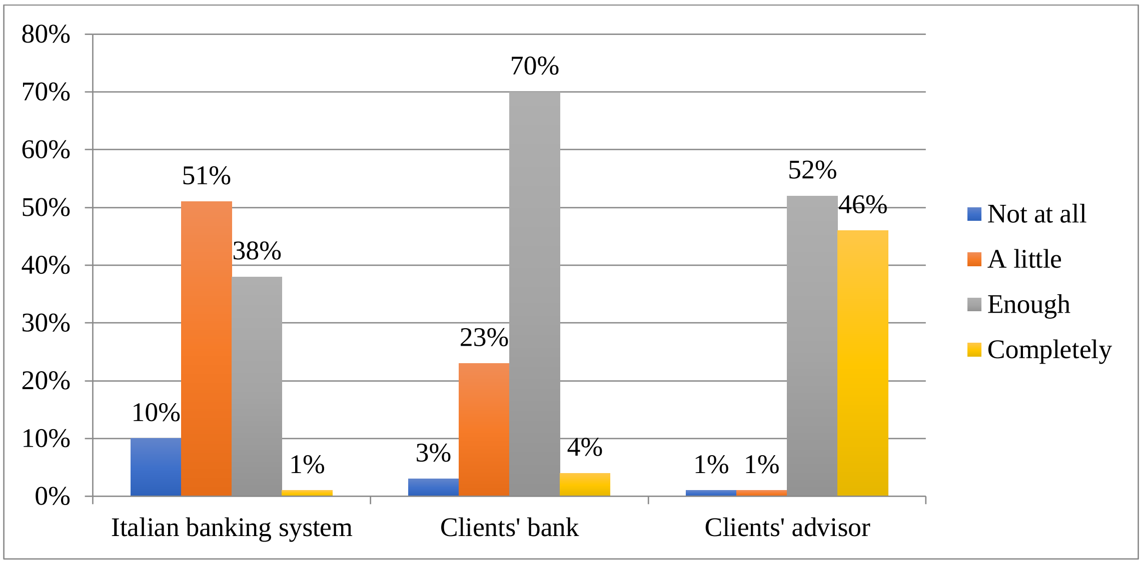


It is easy to see that the level of trust is high in the family group and medium-high in the neighbours. At the same time, it falls drastically, becoming low or zero against the last three groups of individuals (acquaintances, people you meet for the first time, and people of another nationality). These results perfectly align with Buchan and Croson's 2004 study "The boundaries of trust: own and others' actions in the US and China". They conducted a study on the boundaries of trust where, following an analysis conducted on a sample of university students from the United States and China, they came to say that individuals place greater trust in subjects closest to them in social distance terms.

Specifically, while not denying the existence of trust outside family relationships, they say there is a lower level of trust than within the family group. In other words, they affirm that the trust bond is very strong within the family group and then gradually decreases as interpersonal relationships become less close, that is, as social distance increases.

On the other hand, the second question investigated the level of confidence of clients in institutions, namely the Italian banking system, their bank and their advisors. From the chart below, you can see that clients show a high level of confidence in their bank and their advisor while holding a medium-low level of trust in the Italian banking system.

Figure 17 - How much do you trust the following institutions?



To explore the trust field deeply, two other questions have been proposed. First, clients are asked if they know the percentage of their portfolio that is invested in shares only; secondly, if they answer "I do not know", a follow-up question has been proposed to investigate why they eventually do not know. The results are reported as follows:

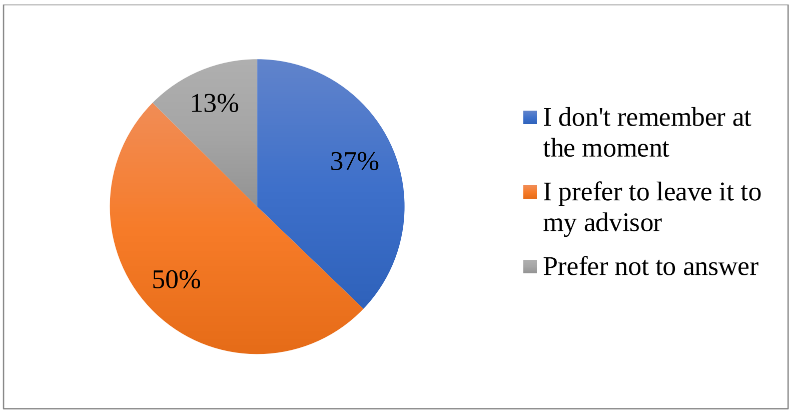
Table 9 - Percentage of the clients' portfolio invested in shares only.

	Can you indicate the % of your portfolio that is invested in shares only?
Less than 30%	30
Between 30% and 60%	27
More than 60%	18
I do not know	8
Prefer not to answer	4

The majority of the sample, namely 75 out of 87 people, can indicate the percentage of their portfolio invested in shares only, meaning that they are aware and informed about their managed portfolio information.

Moreover, to the 8 individuals who have answered "I do not know", we have asked why, and it is possible to see their answers below:

Figure 18 - Why clients do not know the % of their portfolio invested in shares only.



Here it is interesting that half of the people who answered "I do not know" explained that they prefer to leave their advisors to take care of these aspects. This choice can be read as a sign of great trust towards advisors since not being informed of basic information as this one makes us understand that the client feels safe in leaving everything in the hands of the advisor. Moreover, crossing the answers these 8 clients gave to the question "Since how many years have you been a client to your actual advisor?" emerges that they all answered "for more than one year". Hence, their choice of preferring to leave decisions about portfolios in the hand of their advisors can be explained by the fact that they can be identified as consolidated clients. The more the relationship between advisors and clients is long, the more the trust levels of clients increase[53].

Concerning myopic loss aversion, a concept already described in chapter 2, it is possible to sum up its meaning as a trend of those investors who control their portfolio more frequently to perceive greater risk in their investments. In order to investigate if the clients interviewed show this bias, we add the two questions written in the following tables:

[53] Bejou, D., Ennew, C. T., & Palmer, A. (1998). Trust, ethics and relationship satisfaction. *International Journal of Bank Marketing*, *16*(4), 170-175.

Table 10 - Answers to "how often do you get an update on your investments?".

	How often do you get an update on your investments?
Once in a week	5
Once or twice in a month	82

Table 11 - Answers to "how often would you like an update?".

	how often would you like an update?
More frequently than I get it	13
I'm okay with the frequency I get it	67
Less frequent than I get it	7

It can be easily noticed that most people are okay with the frequency with which they receive updates about their investments. Instead, all the investors that prefer to receive updates more frequently than they actually get them, namely 13 individuals, have declared to get these notifications once or twice a month, meaning that this recurrence is not adequate for them. In this regard, it is also helpful to look at the next question proposed, which is summarised in Table 12.

Table 12 - How often do you independently control your portfolio in a month?

	How often do you independently control your portfolio in a month?
I do not check it every month	39
Up to 3 times a month	19

Less than 10 times a month	11
About 10 times a month	9
More than 10 times a month	9

The 13 investors who have previously stated to want more frequent updates than they get are also the ones who control most of their investments autonomously. Indeed, they all answer “about 10 times in a month” or “more than 10 times in a month”. To explore better the characteristics of these 13 investors we assess their gender and the length of the relationship with their advisors: 6 are women and 7 are men. Both male and female investors declared to be clients of their advisors for more than a year, except one man and one woman, who stated to have their advisor for less than a year. It is interesting to focus attention on this topic because these subjects could be more likely to be affected by the myopic loss aversion phenomenon. In fact, the more we evaluate our portfolios, the higher our chance of seeing a loss and, thus, the more susceptible we are to loss aversion. As previously explained in chapter 2, myopic loss aversion usually hits people who receive information about investment performance too frequently which indeed tend to underinvest in riskier assets, losing out on the potential for better long-term gains (Larson et al., 2016); while investors that check their portfolios less frequently are more likely to find gains and, thus, less likely to make bad decisions stemming from loss aversion.

After having analysed and described the sample of clients that participated to the survey, the investigation moves now to the study of the advisors' sample.

3.3 Descriptive analysis on financial advisors' survey

3.3.1 Demographic and portfolio information

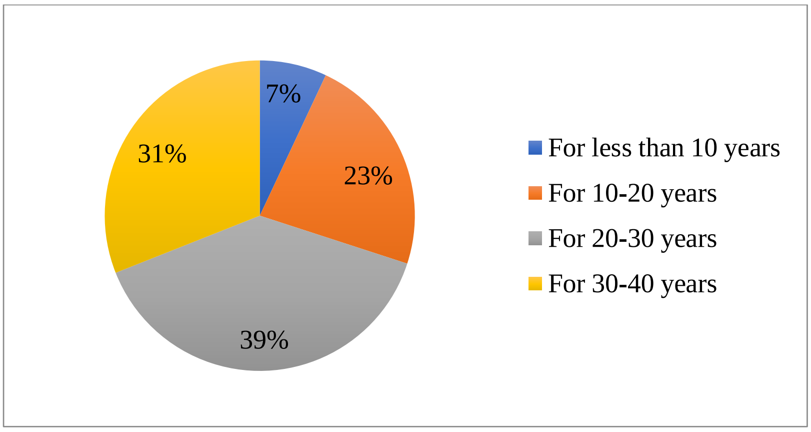
The advisors who compose the sample under analysis are for 85% male and 15% female.

Table 13 - Advisors' gender.

Indicate your gender	Number	Percentage
Male	11	85%
Female	2	15%
Total	**13**	**100%**

In particular, as concerns age, 54% of advisors have between 40 and 50 years, while the remaining 46% are aged between 50 and 60 years. Another essential element in this field concerns the professional age. Indeed, participants have been asked since how long they have been doing this job, and it is interesting to observe in Graph 11 that most advisors have been practising this job for more than 20 years.

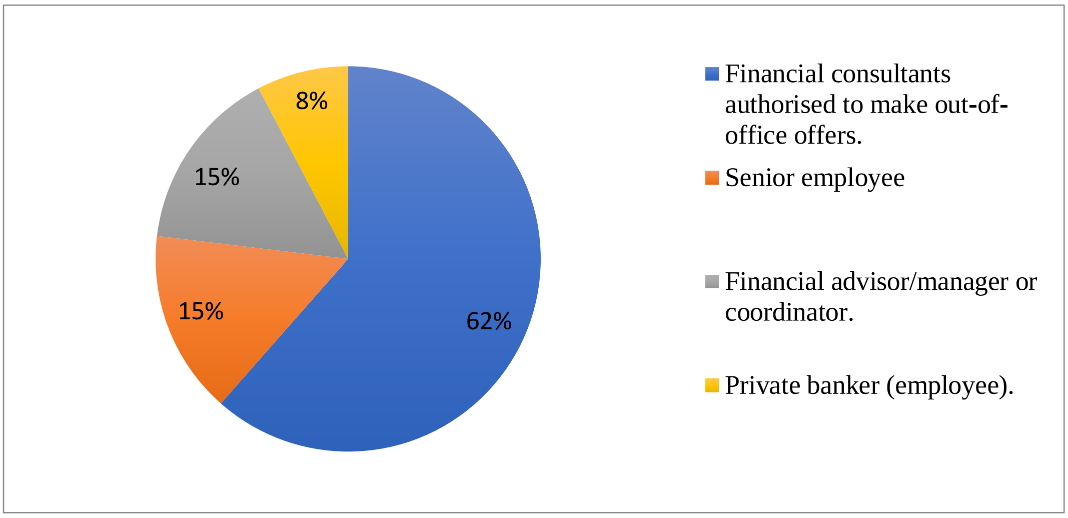
Figure 19 - Since how long have you been doing this job?



Instead, 23% of individuals have been doing this job for 10-20 years, and only 7% of the sample holds the position of financial advisor for a period lower than 10 years. From this information, the sample considered is mainly composed of experienced advisors.

They have also been asked to state their actual job position, which is reported in this graph. Most advisors can be identified as financial consultants authorised to make out-of-office offers, as seen in the below graph.

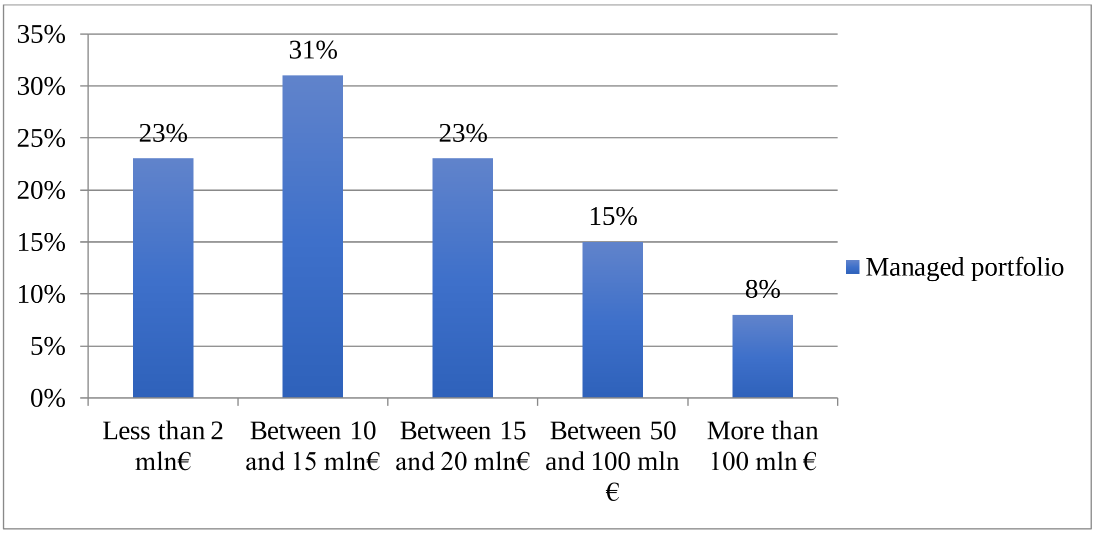
Figure 20 - Indicate your job position.



Now the attention is focused on the size and specific features of the portfolios that advisors manage. In fact, it is asked the monetary size of the managed portfolio, how many clients they follow, and what type of clients they have among three categories that will be described later on.

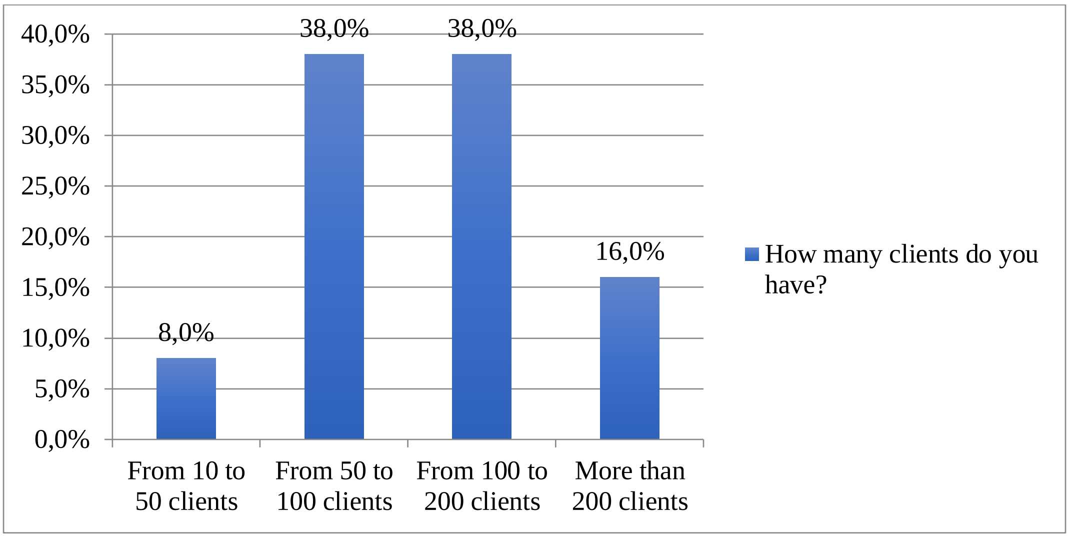
First of all, we notice that most of the sample is concentrated on the first three ranges of monetary sizes. The highest regards 31% of advisors who manage a portfolio whose value is between 10 and 15 million euros. Instead, a small part of the sample has declared to manage portfolios with an amount exceeding 50 million euros. This result is coherent with the type of customers the networks they work for have. Indeed, the two banks the advisors belong to follow clients of all levels, namely large, middle-size and small investors, which will be described in detail in the following lines.

Figure 21 - Size of portfolios managed by advisors.



Secondly, the majority of advisors manage a group of clients that goes from 50 to 100 clients and from 100 to 200 clients.

Figure 22 - How many clients advisors have.



The analysis conducted through the survey deeply explores the composition of the portfolios and, hence, of the clients that advisors have.

Indeed, three types of clients are identified based on the size of investments they own:

- Large investors (>500,000€)
- Middle-size investors (100,000-500,000€)
- Retail or small investors (<100,000€)

Table 14 - Composition of advisors' portfolio.

Percentage	Large investors	Middle size investors	Retail or small investors
< 50% of the portfolio	77%	46%	85%
> or = 50% of the portfolio	23%	54%	15%
Total	100%	100%	100%

This table explains how the three categories of investors are distributed in advisors' portfolios. Indeed, the answers have been divided into two ranges: advisors who indicate that category of investors as been present for less than the 50% of the overall portfolio and for more than 50%. It is possible to understand that for 54% of advisors, the middle-size investors' category represents half or more than half of their portfolios, so this is the typology of investors more present in the clients' field of advisors. While as we can see, the other two categories, respectively large and retail investors, represent the majority of the portfolio for only 23% and 15% of advisors.

3.3.2 Big Five

As done for the clients' survey, the Big five personality question has also been proposed to advisors. As stated before, this question measures five personality dimensions, namely extraversion, agreeableness, conscientiousness, emotional stability and openness to new experiences. Again, advisors could assign to ten adjectives that we proposed a score from 1 to 7, where one means strongly disagree, and seven strongly agree (see paragraph 3.2.4 for the complete score explanation).

It follows a summary table with the means coming from the points assigned by each advisor to every personality characteristic:

Table 15 - TIPI calculation for Big five dimensions.

Variables	TIPI scale scores
Extraversion	4,5
Agreeableness	5
Conscientiousness	6
Emotional stability	5,5
Openness to experiences	5

In this table, we reported the five personality traits emerging in the Big Five analysis, and

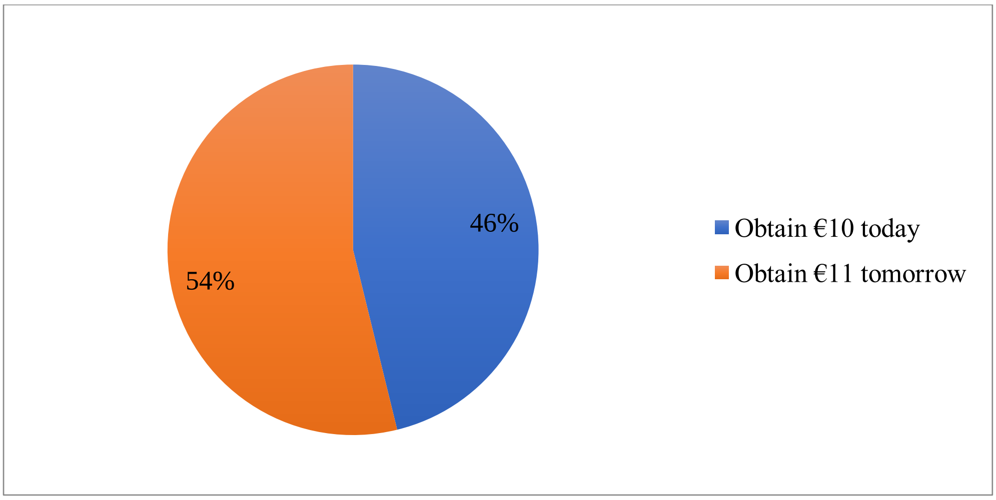
for each one, the average score is assigned using the TIPI measure[54] (recall paragraph 3.2.4 to the complete explanation of TIPI and of the calculations made to obtain the personality traits scores). As explained in the clients' survey section, we took the ten questions proposed to advisors in the survey, and we combined them in pairs of two, as indicated in the TIPI model, re-coding five items among ten that need to be reversed.
So observing the outcome of these computations in Table 15, it can be noticed that most advisors recognise themselves as conscientious, meaning reliable and self-disciplined, and also emotionally stable, sympathetic and open to new experiences. Instead, extraversion is the category with the lower score assigned, suggesting that advisors do not recognise themselves as very extroverted.
It is important to state that the results examined here come from a self-evaluation of the advisors, so this implies that full objectivity is not possible.

3.3.3 Risk aversion

Concerning risk aversion, the advisors have been asked the same questions submitted to clients and reported in paragraph 3.2.5: " You participated in a lottery and won a €10 prize. Do you prefer to have €10 immediately or cash out €11 tomorrow?"
In the graph below, it can be observed what the sample answers, and it is immediately evident that 54% of advisors prefer to obtain the money tomorrow, meaning that gaining an extra euro is worth waiting a day more. In comparison, 46% of them want to receive the prize immediately without caring about the extra money.

[54] Gosling, S. D., Rentfrow, P. J., & Swann, W. B., Jr. (2003). A Very Brief Measure of the Big Five Personality Domains. Journal of Research in Personality, 37, 504-528.

Figure 23 - You participated to a lottery and won a €10 prize. Do you prefer to have €10 immediately or cash out €11 tomorrow?



It is interesting to notice that the percentage of advisors that choose the alternative "obtain €10 today" (54%) is higher than the percentage of clients who have chosen the same alternatives (67%), which is indicated in paragraph 3.2.5.

3.3.4 Relationship with the client

This section focuses on the relevant aspects of the relationship between advisors and clients, analysing the advisors' perspectives on these arguments.
First, the analysis starts investigating the items that can help an advisor acquire a client, where one indicates that that aspect is not important and seven that it is essential. The results are available here:

Table 16 - What can help advisors in acquiring new clients?

Variable	Mean
Be able to show that the investment solutions offered by the bank/network in the past have had performance in line or better than the market, even if this may have meant obtaining negative returns.	5
Propose low cost investment solutions.	5
Being able to show that the investment solutions offered by the bank/network in the past have allowed to obtain interesting profits.	5
Be able to show that the investment solutions offered by the bank/network in the past did not suffer significant capital losses.	5
Propose investment solutions that can improve market return, even if this may expose you to loss	5

risks.	
Propose investment solutions that guarantee the invested capital.	4
Offer a broad portfolio of investment solutions.	6
Offer a flexible portfolio of investment solutions.	6
References and word of mouth between customers.	6

Calculating the mean for each answer, we can see that the most important aspects that help acquire clients regard the offers of a broad and flexible portfolio of investment solutions, references and word of mouth between clients. This is a remarkable result since it states that from the advisors' point of view, clients prefer flexible solutions characterised by enough components of diversification and, moreover, that having good reputations, namely good references from already acquired clients, helps in gaining new clients. Indeed, this is what word of mouth means: passing information from person to person, in this case, from client to client.

Secondly, the study focuses on the elements that could help consolidate the relationship with clients acquired in three different moments:

- Clients acquired for less than a year,
- Clients acquired for more than a year (consolidated clients).

Table 17 - What can help advisors consolidate the relationship with clients?

Variable	Clients acquired for **less than a year (mean)**	Clients acquired for **more than a year (mean)**
Propose low-cost investment solutions.	5	6
The client has achieved performance on-line or better than the market, although this may have meant getting negative returns (but better than the market).	5	5
Propose investment solutions that can improve market return, even if this can expose to loss risks.	5	6
The client made some interesting profits.	5	3
The client did not experience significant capital losses.	5	5
Propose a broad/diversified portfolio of investment solutions.	4	6
Propose investment solutions that guarantee the invested capital.	6	6

Offer a flexible portfolio of investment solutions.	6	6

Some elements maintain their high importance in consolidating the relationship both among clients acquired for less than a year and consolidated clients: the client achieving a better than average performance, not experiencing significant losses, advisors proposing investment solutions that guarantee the invested capital and offering a flexible portfolio of investment solutions. All these topics contribute to strengthening the client-advisor relationship, whether it is longer (more than a year) or shorter (less than a year). Nevertheless, taking into consideration the variable "client made some interesting profits", it is possible to see that at the beginning of the relationship, this aspect is quite essential to reinforce the client-advisor bond. In contrast, among clients acquired for more than one year, its importance is significantly lower from the advisors' perspective. This is probably a sign that the profit component loses centrality to leave the field to other factors as time passes. Another remarkable item concerns the diversification of portfolios and investment solutions: advisors sustain that proposing a diversified portfolio of investment solutions helps enhance their relationship with consolidated clients more than with less-than-a-year clients.

Furthermore, it has been asked to the advisors which topics they discuss more with clients during three different stages of their relationship:

- Before the acquisition of a client,
- After the acquisition of a client,
- One year after the acquisition of a client.

Table 18 - Which topics advisors discuss more with clients.

Variable	Before the acquisition of a client	After the acquisition of a client	One year after the acquisition of a client
Market developments, economic and political developments	24%	27%	27%
Family, health and free time.	14%	19%	19%
Your professional experience in general.	14%	0%	0%

Investments and products.	14%	27%	24%
Other financial matters (investments with other intermediaries, loans, financial advice).	8%	19%	14%
The bank/network you belong to and your experience within it.	16%	5%	3%
General culture, sports.	5%	3%	10%
Training and certifications obtained	5%	0%	3%
Total	**100%**	**100%**	**100%**

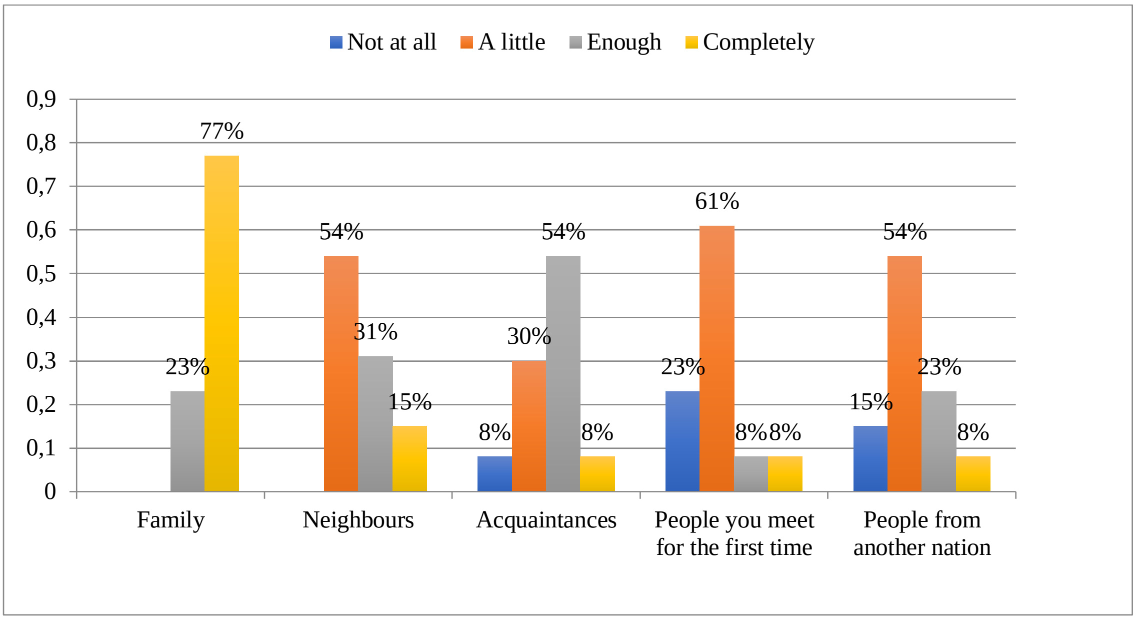
In the first stage, the most discussed topics are surely markets, economic and political developments, family, health and free time, investments and products and what concerns the network or bank advisors belong to. All these arguments usually let individuals know each other better and also more personally. In particular, in all three phases, it is easy to see that markets, economic and political developments, family, health and free time maintain the same or even more critical within the discussions among clients and advisors, meaning these themes are, of course, central to the development of a solid relationship. After acquiring a client instead, it is possible to notice that the focus of the conversations slightly moves to investments, products and other financial matters, so the interest is concentrated more on the financial dimension. Indeed, at the beginning, it is fundamental to understand how clients want to invest and how much risk they are willing to take. Finally, one year after the acquisition of a client, the preferred topics remain the same as the one just stated, but the only remarkable difference regards general culture and sports, which become a little more frequent based on what the respondents answered.

3.3.5 Trust

To investigate the trust propensities of advisors, the same question reported in paragraph 3.2.7 for clients has been proposed for them. It aims to observe the degree of trust placed by advisors in favour of 5 different types of individuals with whom they generally interact.

The answers are summarised in this graph:

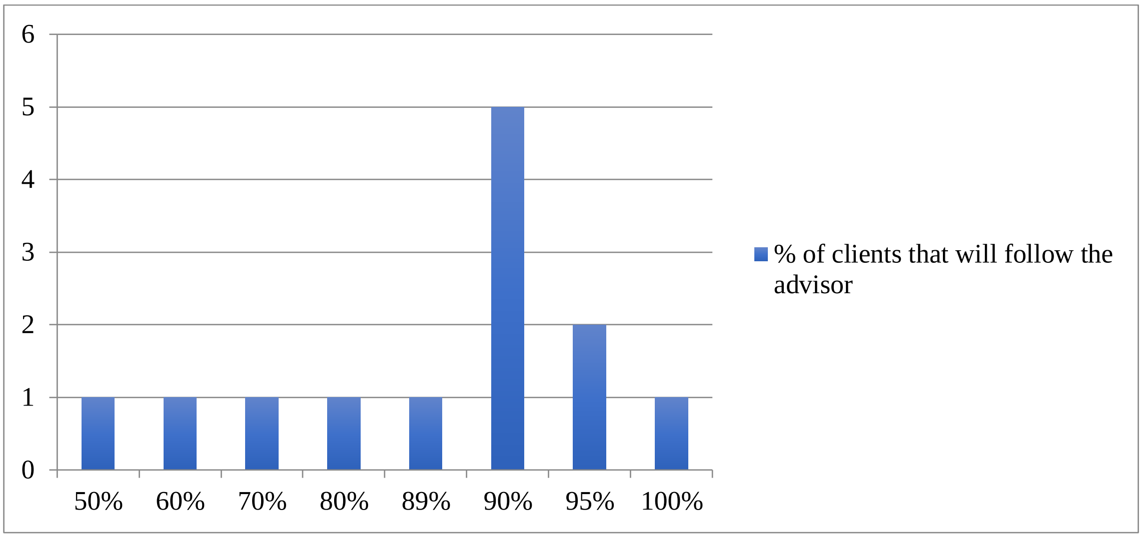
Figure 24 - How much do you trust the people in each of these groups?



The results suggest a figure consistent with expectations. Assuming that it tends to be difficult for a subject to trust individuals, the data immediately shows that trust levels decrease as the social distance becomes more significant, as explained in paragraph 3.2.7 according to the Buchan and Croson study.

In fact, the graph offers us an immediate representation of reality, showing that, for almost everyone, the family is the only group of individuals that can be trusted completely. There is a high degree of scepticism towards subjects met for the first time and subjects of different nationalities, where the average figure indicates little or no trust placed in these groups of subjects.

Figure 25 - Advisors' estimation of the % of clients that will follow them in case of change of bank/network.



Five advisors over 13 believe that 90% of their clients, with no distinction between new and consolidated clients, will follow them in case they change bank or network, and in general, the whole sample of advisors think that at least 50% of their clients' portfolio would be willing to follow them. This representation indicates an excellent confidence level of advisors towards clients, indicating that they are probably convinced to have established a solid and lasting relationship of trust with most of their clients.

The analysis tries to understand why advisors think a client would follow them in case of a transfer to another bank/network. It turns out that the most common answers have been the following: informality and duration of the relationship, and age experience in professional terms. The following table describes the most frequent answers assigned by advisors through the computation of the mean on a scale from 1 to 7, where one means not at all likely and seven means most likely.

Table 19 - Aspects that would make a client more likely to follow advisors in case of a transfer to another bank/network.

Variable	Mean
Size of the portfolio managed.	3
Size of the losses suffered by clients.	4
Size of the gains earned.	4

The variety of products offered to clients.	4
More favourable economic conditions for the client.	4
Reputation of the new bank/network.	5
Informality of the relationship.	6
Age experience in professional terms.	6
Duration of the relationship.	7

It is interesting to see that the relational component prevails over factors that, at first sight, can be considered as essential in the evaluation of following or not the advisor, such as the size of losses suffered by clients, the gains they earned and economic conditions offered. From the point of view of the advisors, indeed, these components are less important than the ones linked to the bond established with the client, indicating that trust is probably the essential point when decisions like this have to be faced.

After having performed the descriptive analysis of the two surveys conducted, the following paragraph will be dedicated to the computations of correlations and hypothesis tests on the main aspects detected in the descriptive study.

3.4 Correlation tests

Once the variables have been examined from a descriptive point of view, it is essential to evaluate the correlations between them to understand if they are significant and if they are positive or negative so that the result can be interpreted.

The correlation test explains the tendency of different variables to "move" in the same direction, in the opposite direction or independently. A correlation index is a number between -1 and 1, and the closer these values are approached, the more the variables are related to each other.

If the correlation coefficient, namely “r”, has:

- Positive value means that there is a positive correlation between the two variables, so their values tend both to increase.
- Negative value means that there is a negative correlation between the two variables, so the value of one variable tends to increase when the other decreases.

In the case of correlation analysis, the null hypothesis (H0) consists in stating that the correlation coefficient is zero, so there is no correlation between the variables. The alternative hypothesis (H1) is that the measured correlation is actually present between the data (and therefore the correlation coefficient is different from zero).
The p-value represents the probability of observing a value different from zero within the sample data when the null hypothesis is true. A very small p-value leads to rejecting the null hypothesis. The threshold that will be used in the following tests for the rejection of the null hypothesis is 0,05. Hence, if the p-value is less than 0,05, the null hypothesis should be rejected in favour of the alternative hypothesis, according to which the correlation coefficient is different from zero.

The analysis performed in this paragraph considers specific questions asked in the surveys to financial advisors and clients, which can be found in Appendix A and B.
These variables are put together in order to understand if they could be correlated between each other and so if some conclusions about their relationship can be drawn. In order to perform these correlation tests, the program R Studio was used.
In fact, taking into exam the clients' survey, it seemed interesting to analyse the following questions.
Firstly, we correlate the client's willingness to take financial risks and the years they have been a client of their current advisor; the results can be found in the table below.

Table 20 - Correlation between client's willingness to take financial risks and years they have been a client of their current advisor.

Pearson correlation test	
data	clients' willingness to take financial risk and years they have been a client of their current advisor
df	84
P-value	0,5776
correlation coefficient	0,0608
H0	not rejected

As can be seen here, the p-value is 0,5776, and since it is higher than 0,05, we cannot reject the null hypothesis, so there is no correlation between the variables.

Instead, considering again the years of relationship between clients and their advisors and relating it with the percentage of the portfolio clients have decided to give to the advisors, an interesting result can be observed in Table 21:

Table 21 – Correlation between percentage of the portfolio clients have decided to give to the advisors and years they have been a client of their current advisor.

Pearson correlation test	
data	percentage of the portfolio clients have decided to give to the advisors and years they have been a client of their current advisor
df	84
P-value	0,0015
correlation coefficient	0,3371
H0	rejected

In this case, the p-value found is less than 0,05, so the null hypothesis should be rejected in favour of the alternative hypothesis. Hence, the two variables are correlated with each other, with a relatively high correlation coefficient, namely 0,337, and this lets us conclude that the correlation is positive. Therefore, their values tend to increase simultaneously. In a practical sense, the longer the relationship between clients and advisors, the higher the portfolio percentage clients decide to give to their advisors. The sample of clients explored show to have a relationship of trust that develops through the years; indeed, clearly, giving more money in the hands of the advisor is a clear sign that the client is not only satisfied by the investments done but that the trust placed in this figure grows and becomes so solid as to lead to increasingly entrust part of their heritage in the hands of financial advisors.

Moreover, it is also interesting to relate two of the variables examined previously, namely the portfolio percentage clients decide to give to their advisors and clients' willingness to take financial risk. Correlating the variables, we notice that there is no correlation among them, as reported in the below table.

Table 22 – Correlation between portfolio % clients decide to give to their advisors and clients' willingness to take financial risk.

Pearson correlation test	
data	portfolio % clients decide to give to their advisors and clients' willingness to take financial risk
df	84
P-value	0,11
correlation coefficient	-0,1735
H0	not rejected

Hence the percentage of the portfolio that clients decide to give to the advisor, so how much they want to invest, is not related to their willingness to take financial risk.
The fact that there is no significant correlation between the variables represents a remarkable result. Indeed, it is not necessarily true that clients who are more willing to take financial risk, namely risk-seeking, tend to invest more. Yet, trust could play a key role here: indeed, even those who are very risk-averse can decide to invest if they are followed by an advisor, which they probably would never do alone. In this sense, a paper described in the past chapters can be recalled, specifically "Money Doctors" by Gennaioli et al., 2015. The perspective given in this paper goes precisely in this direction, enhancing the importance of trust in the figure of advisors: As doctors guiding patients towards treatments, financial advisors help investors with different degrees of risk aversion in making risky investments.
Considering the survey submitted to financial advisors, it is useful to correlate their job position and professional experience. Indeed, it has been put in place a correlation between Q21 and Q22: respectively, "indicate your job position" and "Since how long have you been doing this job?". The analysis was managed by splitting the different job figures presented in question 21 and doing the correlation test with question 22 for each one to understand the specific relationship that is present among the years of experience and the roles advisors cover. To be precise, we recall the possible alternatives of job figures indicated in question 21:

- Q21_2 Senior employee.
- Q21_3 Financial advisor/manager or coordinator.
- Q21_5 Financial consultants authorised to make out-of-office offers.

- Q21_7 Private banker (employee).

The only ones that exhibit correlations are Q21_5 and Q22, and Q21_7 and Q22, while the other alternatives do not present a correlation with question 22. It is essential to precise that the sample we consider is extremely low here, so the results of the correlations run could be strongly influenced by the single experiences of the participants. The result of the successful correlation tests is reported as follow:

Table 23 – Correlation between financial consultants authorised to make out-of-office offers and years of professional experience.

Pearson correlation test	
data	financial consultants authorised to make out-of-office offers and years of professional experience
df	12
P-value	0,027
correlation coefficient	0,5876
H0	rejected

Table 24 – Correlation between private banker (employee) and years of professional experience.

Pearson correlation test	
data	Private banker (employee) and years of professional experience
df	12
P-value	0,036
correlation coefficient	-0,561
H0	rejected

In Table 23, the null hypothesis is rejected, so correlation is not equal to zero and the correlation coefficient is positive: this means that the financial advisors that have more years of experience are mostly covering the job position of financial consultants authorised to make out-of-office offers.

The test reported in Table 24 presents a p-value lower than 0,05, meaning that a correlation can be found among Q21_7 and Q22 but, differently than before, the correlation coefficient is negative. That is to say that, as specified at the beginning of the section, the value of one variable tends to increase when the other decreases, so the more the years of experiences the less the position covered by advisors corresponds to private banker (employee).

Therefore, it can be supposed that probably the figure of private banker as employee could represent a starting position for several advisors which then, after growing in terms of experiences and portfolios, are ready to assume a more "freelance" position as the one of financial consultant authorised to make out-of-office offers is.

3.5 Hypothesis tests

After conducting correlation tests, the analysis moves towards the in-depth analysis of significantly influential factors on trust. This investigation will be analysed through the application of non-parametric tests, specifically the Wilcoxon and Kruskal-Wallis tests. The use of non-parametric tests is frequent in experimental analysis because the limited number of observations and the characteristics of these data affect the validity of the assumptions underlying the most common parametric tests. The Wilcoxon test (Wilcoxon, 1945) is a non-parametric test whose purpose is to identify whether two data sets can come from the same distribution. The null hypothesis is that the two sets of data are statistically different, and it is rejected when the p-value test is greater than 0,05. If the hypothesis is rejected, it can be concluded that the two data sets can be treated as coming from the same distribution. The Wilcoxon Test was used to derive the p-value test, the fundamental value to be observed to obtain the result of the analysis[55]; if the p-value is less than 0,05, the H0 hypothesis is rejected. This means that if the latter is rejected, it can be concluded that there is indeed diversity in the two populations. If the

[55] Zimmerman, D. W., & Zumbo, B. D. (1993). Relative power of the Wilcoxon test, the Friedman test, and repeated-measures ANOVA on ranks. *The Journal of Experimental Education*, *62*(1), 75-86.

p-value is greater than 0,05, it is possible to accept H0 and conclude that the data are not different.

Instead, the Kruskal-Wallis test is a non-parametric method for analysing the equality of the medians of different statistical groups/samples. It then checks whether the different groups derive from the same population and whether they are statistically different from each other (Kruskal-Wallis, 1952). A p-value of less than 0.10 proves that the three treatments analysed are statistically different.

The overall analysis was carried out using the software R Studio.

Through the tests explained above, we aim to investigate the trust factor clients express towards advisors; in particular, the interest of the research focuses on whether gender influences trust. Are clients of different gender expressing different levels of trust towards advisors? Is the gender of the advisor influencing the trust clients have in their regard? Or, is gender matching between clients and advisors leading to different levels of trust from clients? Lastly, financial education is considered in relation to trust: Does the level of financial education of clients influence the trust they express?

For the first part of questions regarding gender, a Wilcoxon test will be used; indeed, it appears to be the more suitable since the variable that creates groups is one, namely gender. While for tests investigating the topic of financial education, it seems more indicated to use a Kruskal-Wallis test, which is useful when there are several groups to consider.

Moreover, it is essential to specify that the data coming from the surveys are the result of the analysis of a small sample of clients and financial advisors; therefore, they do not claim to be representative of the entire category, but through the investigation of the tendencies that clients and advisors show it is possible to make observations that can to be coherent with the literature articulated in the past chapters.

First of all, the analysis starts with testing if male clients and female clients express the same level of trust in the advisor figure, that is, if clients' gender influences trust. It is important to remember that our clients' sample is composed of 53 male investors and 34 female investors. The test result reported below suggests rejecting the null hypothesis because the p-value is far lower than 0,05 and indicates that the populations analysed exhibit differences. In other words, to answer our question, female and male clients' trust shown towards advisors is not the same.

Table 25 - Wilcoxon test on clients' level of trust and clients' gender.

Wilcoxon test	
Variables	Clients' level of trust towards advisors and Clients' gender
W	7319
P-value	< 2.2e-16
H0	Rejected

Then, in the following test performed, the categoric variable, which is the object of the test, namely how much trust clients have in the advisor, remains the same, but the variable creating the groups changes: now advisors' gender is taken into account. This variable consists of 11 male advisors and 2 female advisors. So here, we want to test whether clients with a male financial advisor and clients with a female financial advisor express the same level of trust towards those figures.

Table 26 - Wilcoxon test on clients' level of trust and advisors' gender.

Wilcoxon test	
Variables	Clients' level of trust towards advisors and advisors' gender
W	7343
P-value	< 2.2e-16
H0	Rejected

The development of the test suggests that given the low rate of the p-value, we cannot accept the null hypothesis, so possible differences in clients' trust levels may be found.
Lastly, to conclude the investigation about gender as a factor influencing clients' trust, we merge the two previous analyses by creating a new variable called gender matching. It is aimed at determining if clients have an advisor of the same gender, such as a female client followed by a female advisor or, a different gender, a female client followed by a male advisor. The newly created variable has a value of one if the financial advisor and the client belong to the same gender. In contrast, it has zero value if the financial advisor has a different gender than the client. In our sample for this new variable, we found among 53 male clients that, 48 are clients of a male advisor, and only 6 women among 34 female investors are clients of a female advisor.
Then, we compare this new variable with how much clients trust advisors, to see if there

is a difference in the trust expressed by these two classes of groups.

Thus, the null hypothesis assumes that financial advisors and clients of the same gender and financial advisors and clients of different gender express the same level of trust regarding these practitioners. The results are reported below:

Table 27 - Wilcoxon test on clients' level of trust and gender matching.

Wilcoxon test	
data	Clients' level of trust towards advisors and gender matching
W	7369
P-value	< 2.2e-16
H0	Rejected

As the p-value turns out to be less than 2.2e - 16, we reject the null hypothesis. From the outcome of this test, we should reject the null hypothesis in favour of the alternative and therefore, financial advisors and clients of the same gender and financial advisors and clients that have different gender do not express the same levels of trust towards the advisors.

Furthermore, to confirm the link between customer trust levels and gender, we look for another perspective from which to observe this link. It is interesting to investigate with a further hypothesis test the variables of portfolio percentage clients decided to give to their advisors and gender matching. In fact, the percentage of the portfolio that clients entrust to the advisor determines how much they invest and, indirectly, how much they trust the professional. Therefore, by linking this variable to the gender matching previously explained, we aim to verify whether how much a customer decides to invest with his/her advisor also could depend on whether the latter belongs to the same gender or the opposite one of the client.

Table 28 – Wilcoxon test on portfolio percentage clients decided to give to their advisors and gender matching.

Wilcoxon test	
data	portfolio percentage clients decided to give to their advisors and gender matching
W	7326
P-value	< 2.2e-16
H0	Rejected

The test results lead us to reject the null hypothesis: clients followed by advisors of the same gender and clients followed by opposite-gender advisors invest different amounts of money with their consultants. The study does not have the tools to investigate whether perhaps having an advisor of the same or opposite gender increases or decreases the percentage of portfolio entrusted, an element that could be the starting point for further studies in the field. We want to focus on the fact that there is a clear difference in this regard, which helps us to stress the influence of gender on trust again.

These potential sex differences in trust behaviour may also be explained from a sociocultural point of view. Indeed, theories of gender role socialisation state that men and women internalise cultural expectations about how they ought to behave based on traditional sex roles and that men and women will behave accordingly (Eagly, 1987; Wood & Eagly, 2012). Traditional sex roles, which often follow more profound evolutionary logic, such as those inferred from parents and family, may convey social norms that men should take more risks, behave more competitively and independently, and be more self-confident. In contrast, cultural expectations may demand from women that they behave in a more nurturing, communal, and caring way, thus fulfilling the feminine stereotype role[56].

Moreover, regarding what is said about males' risk aversion, these statements are confirmed by our observations, where it emerges that female investors are more risk-averse than male investors. In particular, analysing the gender matching variable explained in the previous lines, we noticed that among 48 male clients that a male advisor follows, 10 declared to be willing to take higher than average financial risk and in general, all others have indicated an average or lower than average willingness to bear financial risks, so they identify themselves as risk-neutral or risk-averse. Therefore, they do not demonstrate to be very inclined to bear financial risks; but women clients are even more averse than men. Indeed, among 6 female clients followed by a female advisor, only one client declared to be risk-seeking, the rest of the female sample recognised themselves as risk-averse, and one woman selected the option "I am not willing to take financial risks". Although the sample of women available is very small compared to men's, we can still

[56] Van Den Akker, O. R., van Assen, M. A., Van Vugt, M., & Wicherts, J. M. Sex differences in trust and trustworthiness: A meta-analysis of the trust game and the gift-exchange game. *Journal of Economic Psychology*, *81*, 2020.

see a greater aversion to risk by females who have a woman as an advisor than the male clients followed by male advisors, to underline what has previously emerged from the literature.

Now the analysis compares trust with another central determinant: financial education.

In order to do this, the test chosen as the one that could give the most reliable result is the Kruskal-Wallis test since, as explained at the beginning of this paragraph, it is the most indicated when the variables that create the groups are more than one.

In order to construct the test, the variable “financial education level” is built from the analysis of the four questions about economic topics asked to the clients in the survey. This variable has a value of zero if the respondents give the correct answers to zero or one question, while it has a value of one if the respondents give the correct answers to two or more questions. As shown in paragraph 3.2.3, among 87 clients, 75% answered correctly, 20% replied wrongly, and 5% declared not to know the answer.

The outcome of the test performed is stated below:

Table 29 - Kruskal-Wallis test on clients' level of trust and financial education.

Kruskal-Wallis test	
data	Clients' level of trust towards advisors and financial education level
Chi-squared	1,22
df	1
P-value	0,2688
H0	not rejected

Since the p-value is significantly higher than 0,05, we cannot reject the null hypothesis, and we conclude that there are no significant differences between the treatment groups. This means that the variables regarding the answers given by clients about financial education questions do not differ significantly based on trust levels shown by clients regarding advisors. This result suggests that how much clients are financially literate does not relate to the trust levels they express towards advisors.

3.6 Final considerations

In this chapter, the two proposed questionnaires were analysed separately, one given to advisors and the other to clients belonging to the network of the previous ones.
It is important to point out that, as already specified before, not all investors are direct clients of the advisors participating in the questionnaire, so this does not allow us to have one-to-one matching between client and advisor.
However, the questionnaires mentioned above were proposed to deepen and better understand the relationship dynamics that characterise the client-advisor relationship. Moreover, in the previous paragraphs, in addition to investigating the answers obtained by the hundred participants from an empirical point of view, we wanted to focus on the topic that we put at the centre of all this work from the first chapters, namely trust.
Trust, as remarked, is a very complex notion with many determinants. Therefore, in our considerations, we have intentionally emphasised only some determinants of trust, in order to be able to deepen them in the most profitable way. These determinants include gender and time, standing for the length of the relationship between the client and advisor.
In this chapter, we have presented all the significant evidence we could draw from the analysis made.
The following conclusions will contain further considerations also concerning the other parts of the thesis, considering the investigated literature.

Conclusions

Trust in financial advice is the reference point of this work. According to the literature, much evidence has shown how financial advisors play an essential role in assisting clients and supporting their financial decisions. The advisor not only represents a competent figure to whom to entrust their money, but it also plays a leading role in making unbiased financial choices. Trust is, therefore, the determined element that ensures the existence of a client-advisor relationship. The study aims to identify and analyse the main aspects that directly affect the trust the customer puts in the figure of the advisor. For this purpose, two surveys were proposed to a sample of 100 people, respectively 13 financial advisors and 87 of their clients. The data collected are studied and explored in the thesis, giving interesting evidence on the relationship dynamics between the abovementioned subjects. The first chapter explores the historical path of financial advice, how this profession was born and how it evolved into the figure we know now. After the historical evolution, the focus moved to the legal dimension that influenced the advisory field. In particular, the European legislation provided two fundamental regulations that have significantly impacted the financial advisory industry: Markets in Financial Instruments Directive I and II, which are analysed in their main aspects. Indeed, they were described explaining the regulatory changes that they incorporated into Italian law and their aims, such as, on the one hand, increasing competition and consumer protection in investment services and, on the other hand, expanding the transparency, accountability, and investor protection in the financial advisory area, benefiting consumers and promoting greater trust in the financial services sector. This background was essential to frame the figures of advisors that were described afterwards, and that occupy the scene in today's financial world. Understanding the different types of advisor figures is a way to approach clients' needs since they have been adapted over the years based on the necessities that emerge from clients. After a brief introduction, the attention is focused on financial consultants authorised to make out-of-office offers and fee-only financial planners. These two are probably the most widespread figures of advisors. It is crucial to deepen their differences, to understand how their functions are articulated and the practices behind the relationship they establish with clients. After these descriptions, it was possible to present the relationship between advisors and clients, enhancing the role of advisors in investors' decisions and analysing the possible benefits and costs of having an advisor.

Taking also the critical issues into account, the question arose as to why financial advice is proposed as one of the best solutions to the investment problems of individuals. The answer is found in a study by Gennaioli, Shleifer, and Vishny (2015), in which the authors say that financial advice plays an important role because the financial advisor does not only offer to clients the chance of better returns, but it also offers other benefits such as reliability, experience and peace of mind, meaning it becomes an emotional support for savers facing the investment process. It is here that we first understand the importance of the trust element, which is discussed in the second chapter, in the relationship between advisor and client: having trust in financial advice brings with it undeniable benefits since it allows individuals to overcome the emotional and cognitive problems that lead them away from the market and to manage their assets profitably and safely, which they probably could not accomplish on their own.

The second chapter's main topic concerns trust, as mentioned above. After a brief introduction to the concept, an analysis has been carried out on the existing literature on trust to illustrate how this element is fundamental for social relations and the correct development of the economic system.

Starting from an illustration of the various types of trust that are recognised in the literature, it was then analysed how this can be influenced by many factors in its formation (for example, age, religion, geographical area of origin, past experiences), concluding that it has no precise boundaries being a concept that varies from individual to individual. Furthermore, the attention was concentrated on the initial trust formation, trying to understand how it forms and what cognitive processes characterised the beliefs an individual has at the beginning of a relationship, concluding that probably people's initial trust reflects their individual experiences with others made during life.

Then, it was also considered important to clarify how trust is measured in the literature by presenting an illustration of a measurement methodology regarding Financial Trust Indices and one belonging to the experimental field, namely the Trust Game.

Finally, financial literacy was related to trust; indeed, as trust, financial literacy plays a key role in the search for financial advice. Several studies show that people with higher financial knowledge would be more willing to seek financial advice (Debbich, 2015), and they not only benefit from this knowledge at an individual level, but they also lead to more positive effects on a macroeconomic level, demanding better quality services, stimulating competition and innovation. Moreover, the chapter explains that financial literacy could also be seen as a weapon to avoid or prevent cognitive biases, which represent a great enemy both for the development of trust and literacy. This is why we discuss financial literacy as debiasing, an instrument to reduce the influence of cognitive biases in investors' decision-making.

To conclude, it was investigated the level of financial education in relation to gender and, going through some studies in this field, it was noticed that women are less financially literate. The development of the reflection about gender represented an example to enhance the importance of spreading financial education to create better conditions and more equality at a social and economic level.

In order to corroborate the topics studied theoretically, in the final chapter, an empirical analysis was carried out on the issue of trust applied to financial advice, looking at the relationship between advisor and investor. Specifically, the answers to two questionnaires were studied: one survey was submitted to a sample of thirteen advisors related to two different bank networks; the other one was filled in by eighty-seven clients among these two networks, accounting for a total sample of a hundred people.

After performing a descriptive analysis of the results of the surveys, where the answers of advisors and clients were investigated and described deeply, we started analysing the most significant variables.

We focus firstly on the years of relationship between advisors and clients, so how long their relationship is. We compare this variable with the client's willingness to take a financial risk to see if they are correlated, but they are not; it would have been interesting to understand if, for example, a longer relationship with the advisor could lead to growing trust of the clients in the financial markets and thus an increase in the willingness to take risks. There have been no significant results of such a link, indicating that probably the size of the risk that an investor indicates, therefore risk aversion, risk neutrality and risk seeking, cannot be much linked to the influence of the presence of a figure such as the financial advisor, but it probably concerns a very personal and individual dimension that concerns the investor and his/her perceptions. While the length of the client-advisor relationship seems not to be linked to the risk disposition of clients, it appears to have a connection with the percentage of the portfolio clients have decided to give to advisors. Indeed, the emerging results made us understand that the longer the relationship built between advisors and clients, the higher the portfolio percentage clients decide to give to their advisors. This is the first outcome that it is important to emphasise since it is strictly connected with the main topic this study aims to deepen: trust.

In fact, if clients tend to entrust a higher percentage of their assets to the advisor as the length of their relationship increases, their trust levels grow as time passes. As proof of this, the analysis reported in Graph 7 in paragraph 3.2.6 highlights this aspect: dividing the individuals who are clients for less than a year and more than a year shows how the latter expresses complete trust in the advisor. In contrast, those identified as clients for less than a year do not affirm complete trust but claim to trust their advisor enough, implying that there is no total reliance on the professional.

This consideration allows us to say that trust depends primarily on the time factor, and hence, as stated in paragraph 2.1.3 regarding initial trust formation, trust levels start small and gradually increase over time (Blau, 1964; Rempel, Holmes, & Zanna, 1985; Zand, 1972).

Moreover, according to the literature, much evidence has been shown of how the advisor plays an essential role in assisting clients and supporting their financial decisions. The advisor not only represents a competent figure to whom to entrust their money, but it also plays a leading role in helping to make undistorted financial choices. In order to be able to operate in all these directions, the financial advisor needs to be considered reliable, so to be trusted. Trust is, therefore, the determined element that ensures the existence of an advisory relationship. For this reason, as mentioned before, the study focuses on identifying and analysing the main aspects that directly affect clients' trust in the advisor figure. In particular, the empirical study considers this field and focuses on the gender determinant. Indeed, using two non-parametric tests, the Wilcoxon and Kruskal-Wallis tests, the variables regarding clients' and advisors' gender are related to the trust levels that clients express towards advisors.

From the tests performed, gender emerges to have an evident influence on trust levels expressed by clients. In order to deepen the outcomes obtained, several aspects of the gender component were considered. First, the trust expressed by clients was related to the gender of customers, and the result states that male and female clients express different levels of trust in the advisors. Besides being influenced by clients' gender, we also wondered if clients' trust could also be affected by the gender of advisors. The outcomes lead us to answer this question affirmatively; therefore, the levels of trust expressed by clients could be influenced depending on whether the advisor is a man or a woman. To complete the investigation on gender, another interesting result concerns the distinction, on one hand, between clients and advisors belonging to the same gender, and on the other side, between clients and consultants belonging to a different gender. In developing this test, it again emerges that the two categories of clients mentioned above demonstrate different trust levels in the advisors.

After stating that an effective difference exists between trust levels expressed by men and women towards advisors, we wondered who exhibits more trust among these two categories. Before showing what has been developed, it is essential to recall the sample dimension we are referring to: as illustrated in Chapter 3, concerning only the clients' survey, the sample consists of 87 clients, where 53 are men and 34 are women.

Among 53 male clients, 30% declared to trust the advisor completely, 66% enough, 2% a little, and another 2% chose the option "not at all". Whereas, regarding the sample of 34 female clients, 71% of them stated to trust the advisor completely, and 29% declared to trust the advisor enough. Hence, female clients express higher trust levels towards their advisors than male clients. Moreover, taking into account the categories of "clients and advisors of the same gender" and "clients and advisors of different gender", we focus on the first category. Among the 87 clients, we found 48 men who are clients of a male advisor and only 6 women who are clients of a female advisor. We wonder who, among them, exhibits more trust towards advisors: men with a male advisor or women with a female advisor?

The 48 male clients who claimed to be followed by an advisor of the same gender, expressed the following levels of trust for their advisors: 2% stated not to trust the advisor at all, and another 2% a little. In contrast, 65% of clients declared to trust the advisor enough and 31% completely. However, concerning the 6 female clients followed by a female advisor, 50% of them affirmed to trust the advisor enough, and the remaining 50% to trust her completely.

Clearly, the explanations that can be given to these results that signal a difference in the expression of trust based on the gender of individuals are multiple because the concept of gender is complex and provided with multiple nuances. The various studies that have identified and investigated these differences give explanations related to social, cultural, and geographical fields such as status, expectations of the communal female and male social roles, and the society where a person belongs, depending if it is more modern or more traditional (Wilson & Daly, 1985; Eagly, 1987; Fischer & Hills, 2012; Van Den Akker et al., 2020).

Theories of gender role socialisation state that men and women internalise cultural expectations about how they ought to behave based on traditional sex roles and that men and women will behave accordingly (Eagly, 1987; Wood & Eagly, 2012). Moreover, social and cultural theories assume that social obligations are expected to have a stronger impact on women's behaviour than men's (Buchan, Croson, & Solnick, 2008). This suggests that women are less likely to want to violate trusting relationships.

Reasonable final considerations should now be made based on the results obtained. About the possible determinants of trust, from the analyses, we can notice a strong relevance of time and gender, the latter determining a clear difference in trust levels expressed by clients towards advisors. Concerning the tendency that has been detected of women expressing higher trust levels than men, it is a result that should be evaluated carefully since the study presents some limitations, in particular for the survey submitted to clients and the one submitted to advisors, a small number of people have participated, and therefore, a small number of data have been obtained. Because of the small number of data collected, it has not always been possible to derive significant results on the link between certain variables and trust.

Therefore, the sample in question cannot be considered representative of the population, and this is why the results should be carefully considered. However, the participation of several advisors and their clients shows a willingness of the sector to participate and face the great changes they are experiencing. Thus, this study could be useful to expand interesting concepts regarding financial advisory that have emerged here in a limited way but that, with a broader study, could be deepened and give interesting insights.

For example, it would be helpful to develop this work through the submission of questionnaires to wider networks as well as to financial organisations to obtain more data and more significant results to provide new contributions to the literature.

Especially if we think about the financial advisory sector nowadays, it would be really valuable to deepen the gender question because, together with generational transition, the sector is encountering remarkable changes in those fields.

Evidence in this sense with which we would like to conclude this thesis comes from the 2021 annual report of the OCF Body. It showed that the presence of women increased by 2.4% compared to 2020, while the number of male financial advisors remained stable, the impact of which, on the total population, decreased slightly[57]. Therefore, this information is undeniable and marks an emerging interest of women in this profession.

[57] OCF Body, Supervisory Body and the single register of Financial Advisors, annual report, 2021, p.65.

Appendix A: Clients' survey

Appendix A and B will follow, reporting the exact surveys submitted to clients and advisors. Since the sample interviewed was Italian, the questions were proposed in Italian, but a translation to English is possible if needed.

Q3 Supponi di avere €100 in un conto bancario e che il tasso di interesse sia pari al 2%. Se non tocchi il denaro per 5 anni, lasciandolo crescere senza mai prelevare nulla, quanto pensi che troverai nel conto?

o Più di €102 (1)
o Esattamente €102 (2)
o Meno di €102 (3)
o Non lo so (4)

Q4 Supponi che un tuo amico erediti oggi €10'000, mentre un suo fratello ne erediti altrettanti (€10'000) ma tra 3 anni. Chi dei due è più ricco dopo quest'eredità?

o Il mio amico (1)
o Suo fratello (2)
o Sono ugualmente ricchi (3)
o Non lo so (4)

Q5 Se un individuo acquista delle azioni dell'azienda B sul mercato finanziario...

o è proprietario di una parte dell'azienda B (1)
o ha prestato dei soldi all'azienda B (2)
o è responsabile per i debiti dell'azienda B (3)
o nessuna delle precedenti (4)
o non so (5)

Q6 Se un individuo diversifica i suoi investimenti tra diversi prodotti, il rischio di perdere denaro...

o aumenta (1)
o diminuisce (2)
o resta uguale (3)
o non so (4)

Q7 Leggi le seguenti caratteristiche della personalità e indica quanto ti senti descritto da ogni coppia, anche se pensi che una delle due caratteristiche ti descriva più dell'altra usando la scala seguente: 1- completamente in disaccordo 2 - molto in disaccordo 3 - un po' in disaccordo 4 - né in accordo né in disaccordo 5 - un po' d'accordo 6 - molto d'accordo 7 - completamente d'accordo Sono una persona...

... Estroversa, esuberante (1)
... Polemica, litigiosa (2)
... Affidabile, auto-disciplinata (3)
... Ansiosa, che si agita facilmente (4)
... Aperta alle nuove esperienze, con molti interessi (5)
... Riservata, silenziosa (6)
... Comprensiva, affettuosa (7)
... Disorganizzata, distratta (8)
... Tranquilla, emotivamente stabile (9)
... Tradizionalista, abitudinaria (10)

Q8 La mia disponibilità a sostenere rischi finanziari è

o Superiore alla media (1)

o Nella media (2)
o Inferiore alla media (3)
o Non sono disposto/a a sostenere rischi finanziari (4)

Q9 Hai avuto altri consulenti prima di quello attuale?

o Sì (1)
o No (2)

If Hai avuto altri consulenti prima di quello attuale? = Sì. rispondi a domanda Q10.

Q10 Indica per favore la ragione per cui hai cambiato consulente, passando al tuo consulente attuale.

o Il mio vecchio consulente ha cambiato banca e io non l'ho seguito. (1)
o Sono stato riassegnato dalla banca ad un altro consulente. (2)
o Ho chiesto di essere riassegnato dalla banca ad un altro consulente. (3)
o Io ho cambiato banca e il mio vecchio consulente era legato alla banca precedente. (4)

Q11 Da quanti anni sei cliente del tuo consulente attuale?

o Meno di un anno (1)
o Più di un anno (specificare in cifre, solo numeri interi) (2)

____

Q12 Indica il genere del tuo consulente attuale.

o Uomo (1)
o Donna (2)

Q13 Vorremmo ora porti alcune domande relative alle caratteristiche che hanno influenzato il fatto di avere un consulente, piuttosto che non averlo.

Q14 Assegna un punteggio da 1 a 7 agli elementi che sono stati importanti nella decisione di avere un consulente, dove 1 indica che quell'aspetto è poco importante e 7 che lo è molto.

Non ero soddisfatto/a dei rendimenti ottenuti gestendo da solo il mio denaro (1)
Mi è stato suggerito dal personale delle mia banca. (2)
Penso sia la scelta migliore per gestire il mio denaro perché il consulente ha una migliore conoscenza delle dinamiche del mercato finanziario. (3)
Penso sia la scelta migliore per gestire il mio denaro perché il consulente ha molta più esperienza di me nel settore. (4)
Penso sia la scelta migliore in questo periodo di incertezza economica. (10)
Mi può suggerire un numero maggiore di alternative di investimento rispetto a quelle che conosco io. (5)
Mi può aiutare a migliorare le mie competenze finanziarie. (6)
Può suggerire investimenti a basso costo. (14)
Referenze e passaparola. (9)

Q15 Quanto ti fidi delle persone appartenenti a ciascuno di questi gruppi?

	Per nulla (1)	Poco (2)	Abbastanza (3)	Completamente (4)
Famiglia (1)	◯	◯	◯	◯
Vicini (2)	◯	◯	◯	◯
Conoscenti (3)	◯	◯	◯	◯
Gente che incontri per la prima volta (4)	◯	◯	◯	◯
Persone di un'altra nazione (6)	◯	◯	◯	◯

Q16 Quanto ti fidi delle seguenti istituzioni?

	Per nulla (1)	Poco (2)	Abbastanza (3)	Completamente (4)
Il sistema bancario italiano (1)	◯	◯	◯	◯
La mia banca (2)	◯	◯	◯	◯
Il mio consulente (3)	◯	◯	◯	◯

Q17 Immagina che il tuo consulente ti comunichi che cambia banca. Con quale probabilità pensi che lo seguiresti, lasciando anche tu la banca dove sei attualmente?
Lo/La seguirei con questa probabilità (Esempio: 30%, 60%, etc.):

____

Q18 Assegna un punteggio da 1 a 7 agli aspetti che renderebbero più probabile che tu segua il tuo consulente in caso di un trasferimento ad altre banca.
La varietà dei prodotti offerti alla clientela dalla nuova banca. (7)
Condizioni economiche più vantaggiose nella nuova banca. (8)
Reputazione della nuova banca/rete. (9)
Entità dei guadagni conseguiti. (2)
Dimensione del portafoglio gestito. (3)
L'anzianità professionale del mio consulente. (5)
Entità delle perdite subite. (6)
Durata della relazione. (1)
Informalità della relazione. (4)

Q19 Hai partecipato ad una lotteria cittadina e hai vinto un premio di 10€.
Preferisci incassarlo oggi o incassare 11€ domani?

o Incasso oggi 10€ (1)
o Incasso 11€ domani (2)

Q20 Hai partecipato ad una lotteria cittadina e hai vinto un premio di 100€. Preferisci incassarlo tra un anno (365 giorni) o incassare 101€ tra 366 giorni?
o Incasso tra 1 anno 100€ (1)
o Incasso tra 366 giorni 101€ (2)
Q21 In media ogni quanto ricevi un aggiornamento sui tuoi investimenti dal consulente?
o Più volte in una settimana (1)
o Una volta alla settimana (2)
o Una o due volte al mese (3)
Q22 Ogni quanto vorresti ricevere un aggiornamento sui tuoi investimenti dal consulente?
o Più di frequente di quando lo ricevo (1)
o Mi va bene la frequenza con cui lo ricevo (2)
o Meno di frequente di quando lo ricevo (3)
Q23 Con quanta frequenza in autonomia controlli gli andamenti del tuo portafoglio in un mese?
o Meno di dieci volte al mese (1)
o Circa dieci volte al mese (2)
o Più di dieci volte al mese (3)
o Non lo controllo ogni mese (4)
o Fino a tre volte al mese (5)
Q24 Come controlli gli andamenti del tuo portafoglio?
▢ Tramite app della banca (4)
▢ Tramite il sito di Borsa (5)
▢ Altro: (6) ____
Q25 Sai indicare la % del tuo portafoglio che è investita in titoli esclusivamente azionari?
o Meno del 30% (1)
o Tra il 30% e il 60% (2)
o Più del 60% (3)
o Non lo so (4)
o Preferisco non rispondere (5)

If Sai indicare la % del tuo portafoglio che è investita in titoli esclusivamente azionari? = Non lo so. Rispondi a domanda Q26.
Q26 Sapresti indicare il perché non lo sai?
o Al momento non ricordo (1)
o Lascio fare al mio consulente (2)
o Preferisco non rispondere (3)
o Altro: (4) ____
Q27 Rispetto alla disponibilità totale del tuo patrimonio (il tuo 100%), a quanto ammonta in % il portafoglio che hai deciso di affidare al tuo consulente? (Esempio: 30%, 60%, etc.)
____
Q28 Indica per favore il valore totale del portafoglio che hai deciso di affidare al tuo consulente in Euro. (Esempio: 10.000.000, 1.000.000, 100.000, etc)
o Ho affidato: (1) ____
o Preferisco non rispondere (2)

Q29 Indica il tuo genere
o Maschio (1)
o Femmina (2)
o Preferisco non rispondere (3)
Q30 Indica la tua età (in cifre)
____

Q31 Indica il titolo di studio che possiedi
o Licenza media o inferiore (1)
o Diploma di maturità (2)
o Laurea triennale (3)
o Laurea magistrale o a ciclo unico (4)
o Dottorato o altra specializzazione post laurea (5)
Q32 Indica la tua situazione lavorativa
o Disoccupato (1)
o Lavoratore autonomo (2)
o Lavoratore dipendente (3)
o Pensionato (4)
o Altro (5)
Q33 Stato civile
o Celibe/Nubile (4)
o Coniugato/a (5)
o Vedovo/a (6)
o Divorziato/a (7)
Q34 Indica per favore la tua fascia di reddito.
o Fino a 15.000€ l'anno (1)
o Da 15.000 a 30.000€ l'anno (2)
o Da 30.000 a 45.000€ l'anno (3)
o Da 45.000 a 70.000€ l'anno (4)
o Oltre i 70.000€ l'anno (5)

Q35 Hai compilato questo questionario da solo?
o Sì (1)
o No (2)

If Hai compilato questo questionario da solo? = No. Rispondi a domanda Q36.

Q36 Con l'aiuto di chi l'hai compilato?
o Famiglia (1)
o Amici (2)
o Consulente (3)
o Altro: (4) ____

Appendix B: Advisors' survey

Q1 1. Potresti dirmi se ti fidi delle persone appartenenti a ciascuno di questi gruppi completamente, abbastanza, poco o per nulla?

	Per nulla (1)	Poco (2)	Abbastanza (3)	Completamente (4)
Famiglia (1)	○	○	○	○
Vicini (2)	○	○	○	○
Conoscenti (3)	○	○	○	○
Gente che incontri per la prima volta (4)	○	○	○	○
Persone di un'altra nazione (6)	○	○	○	○

Q2 3. Ti chiediamo ora di pensare ai tuoi clienti e immaginare di suddividerli in due categorie: i nuovi clienti - diventati tuoi clienti da meno di un anno i clienti consolidati - diventati tuoi clienti da più di un anno Per entrambe queste categorie ti chiediamo di pensare alla percentuale del loro patrimonio che loro investono con te e di indicare questa percentuale nella tabella seguente.

Indica per entrambe le categorie di clienti sotto indicate quanto ritieni sia l'investimento medio fatto con te in percentuale sul totale del patrimonio di quella categoria di clienti.

○ nuovi clienti (1) ____

○ clienti consolidati (2) ____

Q4 4. Vorremmo ora porti alcune domande relative a come evolve il tuo rapporto con il cliente dalla fase di conoscenza iniziale al consolidamento.

Ti chiediamo di focalizzare l'attenzione su tre momenti: prima dell'acquisizione del cliente, dopo l'acquisizione e dopo un anno dall'acquisizione.

Q5 4.a Assegna un punteggio da 1 a 7 agli elementi che possono aiutare ad acquisire un cliente, dove 1 indica che quell'aspetto è poco importante e 7 che lo è molto.

Poter mostrare che le soluzioni di investimento offerte dalla banca/rete in passato non hanno subito perdite rilevanti del capitale. (1)

Poter mostrare che le soluzioni di investimento offerte dalla banca/rete in passato hanno permesso di ottenere guadagni interessanti. (2)

Poter mostrare che le soluzioni di investimento offerte dalla banca/rete in passato hanno avuto performance in linea o migliori del mercato, anche se ciò può aver significato

ottenere rendimenti negativi. (3)
Proporre soluzioni di investimento che garantiscono il capitale investito. (4)
Proporre soluzioni di investimento che possono migliorare il rendimento di mercato, anche se ciò può esporre a rischi di perdita. (5)
Proporre soluzioni di investimento a basso costo. (6)
Proporre un portafoglio ampio di soluzioni di investimento. (7)
Proporre un portafoglio flessibile di soluzioni di investimento. (8)
Referenze e passaparola tra i clienti. (9)

Q6 4.b Assegna un punteggio da 1 a 7 agli elementi che possono aiutare a consolidare la relazione con un cliente acquisito da meno di un anno, dove 1 indica che quell'aspetto è poco importante e 7 che lo è molto.
Il cliente non ha subito perdite rilevanti del capitale. (1)
Il cliente ha ottenuto guadagni interessanti. (2)
Il cliente ha ottenuto performance in linea o migliori del mercato, anche se ciò può aver significato ottenere rendimenti negativi (ma migliori di quelli di mercato). (3)
Proporre soluzioni di investimento che garantiscono il capitale investito. (4)
Proporre soluzioni di investimento che possono migliorare il rendimento di mercato, anche se ciò può esporre a rischi di perdita. (5)
Proporre soluzioni di investimento a basso costo. (6)
Proporre un portafoglio ampio/diversificato di soluzioni di investimento. (7)
Proporre un portafoglio flessibile di soluzioni di investimento. (8)

Q7 4.c Assegna un punteggio da 1 a 7 agli elementi che possono aiutare a consolidare la relazione con un cliente consolidato (acquisito da più di un anno), dove 1 indica che quell'aspetto è poco importante e 7 che lo è molto.
Il cliente non ha subito perdite rilevanti del capitale. (1)
Il cliente ha ottenuto guadagni interessanti. (2)
Il cliente ha ottenuto performance in linea o migliori del mercato, anche se ciò può aver significato ottenere rendimenti negativi (ma migliori di quelli di mercato). (3)
Proporre soluzioni di investimento che garantiscono il capitale investito. (4)
Proporre soluzioni di investimento che possono migliorare il rendimento di mercato, anche se ciò può esporre a rischi di perdita. (5)
Proporre soluzioni di investimento a basso costo. (6)
Proporre un portafoglio ampio/diversificato di soluzioni di investimento. (7)
Proporre un portafoglio flessibile di soluzioni di investimento. (8)

Q8 5. Quanti incontri fai con ciascun cliente in media in un anno (12 mesi)?
Per favore, indica il numero in cifre.
Faccio in media all'anno (1)
____

Q9 6. Ti chiediamo di pensare agli elementi che influiscono positivamente sulla tua relazione con i clienti.

Valuta le seguenti coppie di aspetti, assegnando un punteggio da 1 a 7, dove 1 indica che l'aspetto di sinistra è decisamente più importante di quello a destra e 7 che invece è l'aspetto di destra ad essere decisamente più importante.

	1	2	3	4	5	6	7	

	1 (1)	2 (2)	3 (3)	4 (4)	5 (5)	6 (6)	7 (7)	
Dettaglio delle risposte date ai clienti	○	○	○	○	○	○	○	Velocità nel dare risposte ai clienti
Formalità della relazione - capacità di intrattenere il cliente su argomenti tecnici	○	○	○	○	○	○	○	Informalità della relazione - possibilità di parlare non solo di investimenti.
Utilizzo di materiale preconfezionato o fornito dalla banca	○	○	○	○	○	○	○	Utilizzo di appunti o materiale proprio
Tendenza a seguire le idee dei clienti	○	○	○	○	○	○	○	Tendenza a proporre nuovi temi e soluzioni
Durata della relazione	○	○	○	○	○	○	○	Frequenza degli incontri
Discutere di temi relativi al patrimonio dei clienti	○	○	○	○	○	○	○	Discutere di temi diversi dal patrimonio dei clienti
Incontrare i clienti su appuntamenti a cadenza fissa	○	○	○	○	○	○	○	Flessibilità nel comunicare (orari, luoghi, mezzi)

Q10 10. Vorremmo ora porti alcune domande relative agli argomenti di cui discuti con i clienti nelle diverse fasi della relazione: prima dell'acquisizione del cliente, dopo l'acquisizione e dopo un anno dall'acquisizione.

Per favore, seleziona fino a tre argomenti di conversazione più frequenti per ciascuno dei momenti sotto indicati.
Q11 10.a Prima dell'acquisizione del cliente (max tre risposte):
La banca/rete a cui appartieni. (1)
La tua esperienza in quella banca/rete. (2)
La tua esperienza professionale in generale. (3)
Investimenti e prodotti. (4)

Famiglia, salute e tempo libero. (5)
Altre questioni finanziarie (investimenti con altri intermediari, mutui, consigli finanziari). (6)
Andamento dei mercati e sviluppi economici e politici (8)
Iscrizione all'Albo dei consulenti finanziari (9)
Formazione e certificazioni conseguite (10)
Cultura generale, sport. (7)

Q12 10.b Dopo l'acquisizione del cliente (max tre risposte):
La banca/rete a cui appartieni. (1)
La tua esperienza in quella banca/rete. (2)
La tua esperienza professionale in generale. (3)
Investimenti e prodotti. (4)
Famiglia, salute e tempo libero. (5)
Altre questioni finanziarie (investimenti con altri intermediari, mutui, consigli finanziari). (6)
Andamento dei mercati e sviluppi economici e politici (8)
Iscrizione all'Albo dei consulenti finanziari (9)
Formazione e certificazioni conseguite (10)
Cultura generale, sport. (7)

Q13 10.c Ad un anno dall'acquisizione del cliente (max tre risposte):
▢ La banca/rete a cui appartieni. (1)
▢ La tua esperienza in quella banca/rete. (2)
▢ La tua esperienza professionale in generale. (3)
▢ Investimenti e prodotti. (4)
▢ Famiglia, salute e tempo libero. (5)
▢ Altre questioni finanziarie (investimenti con altri intermediari, mutui, consigli finanziari). (6)
▢ Andamento dei mercati e sviluppi economici e politici (8)
▢ Iscrizione all'Albo dei consulenti finanziari (9)
▢ Formazione e certificazioni conseguite (10)
▢ Cultura generale, sport. (7)

Q14 11. Quale percentuale dei tuoi clienti stimi che ti seguirebbe se tu cambiassi banca/rete? (inserire un numero)
o Mi seguirebbe il (1) ____

Q15 12. Assegna un punteggio da 1 a 7 agli aspetti che renderebbero <u>più probabile che</u>

un cliente ti segua in caso di un trasferimento ad altre banca/rete.
La varietà dei prodotti offerti alla clientela. (7)
Condizioni economiche più vantaggiose per il cliente. (8)
Reputazione della nuova banca/rete. (9)
Entità dei guadagni conseguiti. (2)
Dimensione del portafoglio gestito. (3)
La mia anzianità professionale. (5)
Entità delle perdite subite. (6)
Durata della relazione. (1)
Informalità della relazione. (4)

Q16
14. Indica secondo la tua opinione quanto queste coppie di aggettivi sono adeguati a descrivere la tua personalità. Non esistono risposte giuste o sbagliate, ma solo risposte che ti descrivono in maniera più o meno adeguata.
Indica quando sei d'accordo con le affermazioni seguenti in una scala da 1 a 7.
Mi considero una persona estroversa, entusiasta (1)
Mi considero una persona critica, litigiosa (2)
Mi considero una persona affidabile, auto-disciplinata (3)
Mi considero una persona ansiosa, facile da sconvolgere (4)
Mi considero una persona aperta alle nuove esperienze, eclettica (5)
Mi considero una persona riservata, silenziosa (6)
Mi considero una persona comprensiva, affettuosa (7)
Mi considero una persona disorganizzata, noncurante (8)
Mi considero una persona tranquilla, emotivamente stabile (9)
Mi considero una persona comune non particolarmente creativa (10)

Q17 16. Hai partecipato ad una lotteria cittadina e hai vinto un premio di 10€
Preferisci incassarlo oggi o incassare 11€ domani?
o Incasso oggi 10€ (1)
o Incasso 11€ domani (2)

Q18 17. Hai partecipato ad una lotteria cittadina e hai vinto un premio di 100€.
Preferisci incassarlo tra un anno (365 giorni) o incassare 101€ tra 366 giorni?

o Incasso tra un anno 100€ (1)
o Incasso tra 366 giorni 101€ (2)

Q20 18. Questa domanda riguarda le caratteristiche dei tuoi clienti. Indica per favore la percentuale delle diverse tipologie di clienti elencate qui sotto nel tuo parco clienti.
Grandi investitori (>500,000€) : ________ (1)
Medi investitori (100,000-500,000€) : ________ (2)
Piccoli risparmiatori (: ________ (3)
Totale : ________

Q21 19. Indica per favore qual'è il tuo attuale inquadramento professionale.
▢ Impiegato/dipendente. (1)
▢ Quadro/Dirigente. (2)
▢ Consulente finanziario abilitato all'offerta fuori sede (rapporto di agenzia). (5)
▢ Consulente finanziario/manager o coordinatore. (3)

▢ Private banker (dipendente). (7)

Q22 20. Da quanti anni svolgi questa professione tenendo conto delle esperienze fatte in tutte le reti/banca di cui hai fatto parte? Indica la cifra nel box sottostante.

o Svolgo questa professione da (1)

____

Q23 21. Indica per favore il valore totale del portafoglio che gestisci in Euro. (Esempio: 10.000.000, 1.000.000, 100.000, etc)

o Gestisco (1) ____

Q24 22. Indica la fascia corrispondente al numero di clienti che hai attualmente.

- ◯ Da 10 a 50 clienti (1)
- ◯ Da 50 a 100 clienti (2)
- ◯ Da 100 a 200 clienti (3)
- ◯ Più di 200 clienti. (4)

Q25 25. Indica il tuo sesso.

- ◯ Maschio (1)
- ◯ Femmina (2)

Q26 26. Indica la tua età (in cifre).

____

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