Financial Education and Poverty Prevention in Italy

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Il contributo sul contesto italiano si affianca così a quelli su Gran Bretagna, Francia, Belgio e Germania.

Al fine di fornire utili chiavi di lettura del contributo si riportano gli statements da cui prendeva le mosse l’impostazione del lavoro.

“Financial education is the process and the outcome of reflection about financial services. The objective of financial education is the appropriate use of money: consumers need to be capable of managing money flows rationally during the course of their lifetime.

Financial services are not only necessary and productive, but can cause problems as well. Not having access to financial services is a good indicator of membership of the poorest sections of society. While being poor used to mean having no income and no assets, financial services has now become the means for participating in economic life and thus acquiring wealth. A person is now considered poor if he/she has no opportunity to participate in this process.

As financial services are such an integral part of everyday life, attention has to be paid to those who are excluded from using financial services. On the one hand, people are excluded if they have no access to products, if they can’t reach a branch or other distribution channels or if products are too expensive or not appropriate. On the other hand, some barriers to financial services can be identified on the consumer side: some of those excluded have no access because they lack the requisite skills and knowledge.

Concepts of financial education should therefore aim at productive use of financial services, and, at the same time, improve the ability of consumers to exert pressure on providers of financial services”³.

¹ Si veda [http://www.iff-hamburg.de](http://www.iff-hamburg.de)
² Agreement ref. n° VS/2001/0675.
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Introduction

1.1 The context: the banking system in Italy

In common with the largest continental European countries, the Italian banking and financial system has seen changes to both its structure and its competitive and institutional framework.

The model of giving financial incentives to stimulate economic development, “the financial road to fostering development” adopted during the post second world war reconstruction period - also stimulated the development of a linked system of financial intermediaries\(^4\) governed by different rules and regulations, with different areas of business and target markets.

Within this system, some categories of banks (mainly the rural, popular, co-operative and savings banks), because of their aims, their historical origins and their closeness to the local economic and social areas in which they operate, traditionally also serve more marginal groups, including less educated and poorer people.

Intervention in the banking system by the state and other local authorities has taken place both through the offer of low interest loans (with the help of public funds) and through state and local authority involvement in bank ownership. In fact, an important feature of the Italian banking system up to the end of the 1980s has been the large share of the credit market controlled by state owned banks or by banks owned by other local authorities. This public intervention was justified as a way of offsetting market failure and allocating credit in a way that was considered more equitable from a social point of view.

This led to discrepancies in the regulatory framework with different requirements creating differences in structural costs. Moreover, competitive advantages in some business areas have been granted as implicit reward, balancing the disadvantages in other areas\(^5\).

As a consequence, during the 1990s the process of the modernisation of the Italian banking system and the adoption of the European directives and principles, right through to the final phase of the enactment of the new banking law in 1993\(^6\) has led to a progressive bringing together of the different types of banks and to a drastic reduction in the number of legal categories under which they operate. There is no longer legally defined “specialisation” of the banking sector: merely specialised banks, resulting from free decisions by stakeholders as well as a degree of inertia based on historical factors.

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\(^4\) The Banking Law of 1936, art. 5 identified the following 7 categories of banks: i) commercial banks, ii) banks of national interest, iii) state-controlled banks, iv) savings banks, v) pawn banks, vi) rural mutual banks, vii) co-operative banks. To these the special credit institutions (classified into many different categories) were added.

\(^5\) For example, an absence of or lower level of liquidity reserve obligations in the case of rural mutual banks who had a smaller range of banking activities and worked in smaller out of the way places, have an and public banks or savings banks which, on one hand, had a public service obligation, on the other monopolised the field of treasury services and banking services given to public administration.

\(^6\) See Legislative Decree 385 of 1 September 1993.
Table 1 – The structure of the Italian financial system (as December, 31 2001)

<table>
<thead>
<tr>
<th>Intermediaries</th>
<th>Nº of branches</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Italy</td>
</tr>
<tr>
<td>Banks</td>
<td>830</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
</tr>
<tr>
<td>- limited company banks</td>
<td>252</td>
</tr>
<tr>
<td>- cooperative banks</td>
<td>44</td>
</tr>
<tr>
<td>- mutual banks</td>
<td>474</td>
</tr>
<tr>
<td>- branches of foreign banks</td>
<td>60</td>
</tr>
<tr>
<td>Securities firms</td>
<td>162</td>
</tr>
<tr>
<td>Asset management companies and SICAVs</td>
<td>132</td>
</tr>
<tr>
<td>Financial companies listed in the register referred to in Art. 106 of the Banking Law</td>
<td>1,376</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
</tr>
<tr>
<td>- listed in the special register referred to in Art. 107</td>
<td>263</td>
</tr>
</tbody>
</table>

Source: Bank of Italy (2002a)

Debate continues about whether the co-operative banks’ status should be assimilated into that of other private incorporated banks. If the proposal were adopted, both the corporate models and institutional mission of these banks would resemble those of other private banks.

The network of branches is well developed throughout the whole country, though there are big differences between urban and rural areas and between northern and southern regions (the geographical structure of the country is responsible for the gap persisting more than in other places).

The postal system is also an important provider. Based on a very wide network of post offices, the postal system is traditionally involved actively in the provision of banking services - both deposit taking and payment services. In consequence, the postal system is the main provider of banking services for less educated people and those with less money.

1.2 Financial attitudes of Italian households

Italian households traditionally have a high inclination to save. Up to the 1970s, the Italian financial system followed a model of a system “oriented to intermediaries” (particularly banks) rather than “oriented to markets”. During the second half of the ’70s and above all during the 1980s due initially to the high level of interest offered by Treasury bonds and, later, due to the widespread promotion of mutual funds and of other asset management products, household portfolios changed to include a larger share of securities.

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7 We must bear in mind that postal financial activity had been limited to deposit taking and payment services only. In recent years security investment and asset management services and insurance coverage have been added. However credit extension with “postal resources” of all kinds is still excluded. Since last year postal counters can offer loans that are subscribed by other banks (like Deutsche Bank).
Table 2 – Financial Assets and Liabilities of Italian households (1)
(Millions of euros and percentage composition – end of period stocks, December 2001)

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>Euros</th>
<th>% composition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and sight deposits</td>
<td>403,591</td>
<td>16.3</td>
</tr>
<tr>
<td>Other deposits</td>
<td>273,829</td>
<td>11.1</td>
</tr>
<tr>
<td>--- bank</td>
<td>101,244</td>
<td>4.1</td>
</tr>
<tr>
<td>--- postal</td>
<td>172,585</td>
<td>7.0</td>
</tr>
<tr>
<td>Short term securities</td>
<td>22,292</td>
<td>0.9</td>
</tr>
<tr>
<td>Medium and long-term securities</td>
<td>415,344</td>
<td>16.9</td>
</tr>
<tr>
<td>of which: government</td>
<td>191,981</td>
<td>7.8</td>
</tr>
<tr>
<td>Investment fund units</td>
<td>360,477</td>
<td>14.6</td>
</tr>
<tr>
<td>Shares and other equities</td>
<td>382,725</td>
<td>15.5</td>
</tr>
<tr>
<td>External assets</td>
<td>232,843</td>
<td>9.2</td>
</tr>
<tr>
<td>of which:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- short term securities</td>
<td>889</td>
<td>0.0</td>
</tr>
<tr>
<td>- medium and long-term securities</td>
<td>91,572</td>
<td>3.7</td>
</tr>
<tr>
<td>- shares and other equities</td>
<td>94,012</td>
<td>3.8</td>
</tr>
<tr>
<td>- investment fund units</td>
<td>41,492</td>
<td>1.7</td>
</tr>
<tr>
<td>Insurance and pension fund reserves (2)</td>
<td>364,540</td>
<td>14.8</td>
</tr>
<tr>
<td>Other financial assets (3)</td>
<td>15,370</td>
<td>0.7</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>2,471,011</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

(1) Consumer households, non-profit institutions serving households, and sole proprietorships with up to 5 employees; (2) Includes insurance reserves of both the life and casualty sectors; (3) Includes trade credit and other minor items.

Source: Bank of Italy (2002a)

On the liabilities side, the ratio of households’ financial liabilities is lower in Italy than in other leading industrial countries8. However, debts to relatives and payable trade credit are widespread9.

The main reason for taking on debt is to finance housing, both for house purchase and for refurbishment.

Consumer credit has traditionally played a far less important role in Italy than in other developed countries. However, over the past decade, there has been a big increase in consumer credit to finance the purchase of cars and other vehicles, or for consumer expenditure.

There are clear signs of rapid change. Household debt could increase very quickly reaching levels that would become impossible to service if unforeseen events were to intervene. With an increase in more insecure social conditions, temporary employment, unemployment, divorce and so on, low-income households and other groups of people at risk are particularly vulnerable.

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8 Sample surveys show that 19% of households were in debt in Italy, compared with 43% in Germany and 74% in the United States. See Bank of Italy (2002a), pp. 125.
9 If these two items are added to debts owed to banks and financial companies, the percentage of indebted Italian households rises to 25%.
Consequently, it is becoming increasingly likely that an individual who is already in debt will in turn become overindebted and insolvent as a result. Economic and financial conditions, as well as the social situation, become more precarious. In addition, there are the risks of being evicted for non-payment of rent or the difficulties encountered when starting a new business if they have dishonoured a cheque or a bill of exchange.

1.3 Particular problems: the unbanked and usury

Within this general picture, we will focus on the phenomenon of unbanked people - people who have no relationship with banks.

Although highly reputed regular surveys\(^{10}\) indicate that the percentage of Italians who are still unbanked is very high, and one of the highest in Europe, (about 18% of Italian households have no bank account) the issue has been largely ignored.

A recent survey looked at who the unbanked are and the reasons for their lack of contact with the banking system, as well as the alternative methods used to manage payments and deal with their money by people without bank accounts\(^{11}\).

The results revealed a very wide range of categories of unbanked people, reflecting different economic situations, life styles and varying levels of social and economic inclusion.

An unbanked person in Italy is not necessarily simply someone living on or around the poverty line, but may also include people from the lower-middle classes, ranging from pensioners to young adults - still living with their family and working in temporary jobs - who have put off the decision to open a bank account of their own.

So although the number of unbanked is higher in Italy, the issue of social banking is not seen as being as important as in the USA, France or the UK where the condition of being “unbanked” is closely linked with social exclusion.

The main reasons for this difference are Italy’s backwardness in a number of ways, for example the widespread use of cash, the hidden economy, and a sometimes-preconceived distrust of the banking system. Another factor is the traditional family relationships referred to above and the long “childhood” common in many Italian families. The role played by the Post Office, both in the area of payment services and in savings, is also important\(^{12}\).

Thus the debates about basic bank accounts, state provision of financial services and education for financial literacy do not really exist in Italy, though they remain of interest to specific groups, mainly consumer associations and, on a local basis, for non profit organisations that do not engage public opinion, but try to find local solutions.

In contrast, however, the problem of usury (money lending) has been a major concern.

The significance of usury, as Shakespeare shows us in *The Merchant of Venice*, is to be found not so much in the high level of interest rates demanded, but in its aim to gain possession of collateral (i.e. to take possession of the business, or of the house) and thus to reduce the victim to slavery or even to prostitution.

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\(^{10}\) See Bank of Italy (2000b) pp. 65-66 and Istat (2000a), p. 76.

\(^{11}\) See Anderloni L. (2003a).

\(^{12}\) Researchers have noted that there are signs of growing needs and increasing latent demand: in the face of social and economic changes, i.e. job uncertainty, changing family structures and less solidarity on one hand, and, on the other, the need to standardise methods of paying wages, to reduce the risks of handling cash by firms and various initiatives undertaken in order to reduce the size of the hidden economy.
There are no official statistics on the issue - only econometric models and estimates. Due to its very nature, usury is hidden.

Two initiatives have been taken in response to the problem.

The first initiative is a new legal definition of the practice of usury that makes it easier for judges to recognise the crime itself. According to the penal code, usury now exists (without the need for any other proof) when there is a loan or other kind of money lending bearing very high rates of interest. This level is defined periodically by decree. Consequently, it is only necessary to demonstrate that the level of interest rate is above this ceiling for a case of usury to exist in law.

In this way, legislators have avoided the problem of having to demonstrate that the lender was making profit from the state of need of the borrower. The level of interest rates (a grid of about 15 different types of transactions) is assessed quarterly by the Italian Treasury, taking into account assessments by the Bank of Italy and the Italian Bureau of Foreign Exchange.

The second initiative has been to set up two special funds. The first fund aims to prevent people exposed to the risk of usury from being forced into the usury trap. The second one aims to help people already in the usury trap to get out of it.

The first fund is the “Fund for the prevention of usury”. It provides special finance to help people at risk of usury. There are two sorts of these “second level funds”: the first of these includes funds created by consortia or co-operatives for granting credits, the other includes funds created by special foundations or associations which aim is to prevent usury and which are identified in the official list at the Ministry of Treasury. They offer guarantees to banks and other credit institutions in order to allow credit to people who, according to a particular foundation’s constitutional rules, merit it but who are not able to obtain it on the open market.

Information and advice is another approach to discouraging usury. It is often pointed out that victims of usury need is not just financial support but also economic and legal advice so that they can understand their situation better and be better able to deal with it as a result. In the experience of people involved in the management of usury prevention funds and in dealing with people at usury risk, financial management is often improvised - many do not see themselves as being “businessmen” themselves. This is particularly true of the retail sector (rather than in that of skilled tradesmen). In other words, they have little knowledge and ability to be able to manage a business in a reliable and sustainable way.

The widespread lack of management skills (both financial and administrative) in the small retail trade sector is a key issue. Professional courses with specific element devoted to

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13 However an idea of the real size of the issue may be gained from figures a from the Committee for solidarity to people victim of protection racket and usury practices (art. sec. 19 Law 23 February 1999, n° 44 and art. 13 D.P.R. 16 August 1999, n° 455) with which we will deal later. For estimates see Porta A.- Masciandaro D. (1997).


15 Indeed this law, which was enacted in the aftermath of a number of tragic news items which fuelled the debate, paved the way for a strong political response. It has been criticised from several different points of view. The fixing of interest rate ceilings is regarded, in particular, as improper.


17 These have to be instituted by business associations or professional bodies.

18 Criteria for fund management and technical aspects governing the provision of financial support are governed by the statute.

19 See Anderloni (2003b), pp. 93-95.
budgeting and appropriate banking relationships would be very useful in preventing crises and bankruptcies, the fallout from which inevitably affects other businesses as well.

The second kind of fund, the “Solidarity Fund for Usury Victims”, is designed to work at a different stage - when a contract of usury has actually taken place. It aims, on one hand, at penalising the crime of usury and, on the other, to steering the victim of usury towards the legal credit market.

This double aim is derived also from the reciprocal “do ut des” approach that inspired the establishment of the fund. To obtain resources from the Fund an entrepreneur or professional must have declared himself a victim of usury and have been recognised as a victim in a court proceeding.

Access to the Fund therefore relies on close co-operation with the judicial system, and the punishing of the moneylender. The Fund grants interest free loans, with a maturity of no more than ten years. The actual amount of the loan depends on the damage incurred. The Fund is financed directly by State, through the confiscation of property in sentences for usury, and by donations.

The above-mentioned initiatives aimed at preventing and fighting usury, represent a large part of the budget and activities in the field of financial education and financial literacy.

Banks and their foundations – as we will also see later – have financed the information campaign and sponsored the activities of the Anti-usury Fund.

Although overindebtedness is, in many cases, the first step toward the usury trap, the issue of family overindebtedness is not perceived as urgent and important. In this legislature a draft bill has been tabled regarding family overindebtedness. Originally, it included provision for a new kind of social worker: a “family economic consultant”. However, for a number of reasons it has been suggested that the role of the consultant should form part of a new law dealing with welfare state responses to poverty.

1.4 Consumerism in the financial sector

Consumer issues relating to the financial services have never featured strongly in Italy. The financial services industry is not very popular, and it is only in relatively recent years that initiatives have been taken to improve the position of consumers towards banks and to improve basic knowledge about banking and how it works to provide consumers with the means of self-protection.

However, thanks to the promotion of wider European models in this area, the 1990s saw a strong acceleration in the spread of initiatives aimed to promote consumer protection and rights. The gap between European countries, and certainly between those of central and southern Europe, has been considerably reduced as a result, and in 1998 the Consumer Organisation Law was enacted, strengthening the power of consumer associations.

In the banking field there are several initiatives that have been undertaken - under European community pressure promoting good practice - to improve the customer relationship in banking and to strengthen customer rights as “consumers”.

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20 Due to Law 23.2.199 n° 44, this fund has been merged with the anti protection racket fund.
21 See Proposal “ Procedures for managing households overindebtedness conditions i.e. composition with creditors of insolvent natural persons ” formulated by ADICONSUM in http://www.ilbilanciofamiliare.it
22 Now they are entered in a register kept by the Minister of Economic Activities.
These initiatives include Law n° 154 of 17 February 1992 concerning transparency (disclosure) in banking operations and the subsequent Regulation which introduced customer complaint offices within banks themselves as a first source of redress and the Banking Ombudsman as a subsequent one. This latter decision has been severely criticised by consumer associations, particularly because of how this collegial body is formed (no representatives of consumer associations are present) and because of the limit of the amount of disputes that can be dealt with.

Another important step is the enactment of the Law n° 52 of February 6th regarding unfair terms of contract.

With reference to the most delicate and important issues in consumer protection, the model of “getting everyone round the table” has been widened and representatives from both providers (ABI, Assofin, Ania and the Italian Post Office in its financial services role) and from users (consumer associations) sit around the negotiating table. In 1997 the Italian Banking Association (ABI), Assofin, and (somewhat later) Ania started talks with the main consumer organisations.

For ABI the main issues were:
- the review of banking contracts taking into account the law on unfair contract terms;
- the introduction of the euro;
- family overindebtedness and access to credit.

The following were added to the agenda:
- the re-negotiation of mortgages;
- the calculation of interest according to the date on cheques
and (most recently):
- investments in Argentinean securities.

Significant results have been forthcoming on the first two points and the review of mortgage conditions later became a priority.

However, different political approaches and different styles of management emerged and some consumer associations have preferred to withdraw from the negotiations and adopt a more adversarial role.

In the area of consumer credit, the main issues on the agenda were:
- consumer information,
- contract agreements and
- settlement of disputes.

In the insurance sector, the main matters that have been discussed are:
- unfair terms of contract and
- terms of contract in the field of civil liability for car insurance.

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23 It has been completed by the Order of Treasury Minister of April 24 1992 and by Instructions from the Bank of Italy of May 24 1992.
24 Now included in Testo Unico Bancario, 1993, title VI “Trasparenza delle condizioni contrattuali”
25 The members of this body are: a) the chairman appointed by the Governor of Bank of Italy; b) two members appointed by the chairman of the Italian Bankers’ Association, c) one member appointed by the chairman of the National Council of Legal Profession; d) one member appointed by the chairman of National Council of Public Accountants
26 It was fixed at 5 million Italian liras (about 2,500 €), then increased up to 10 million Italian liras (about € 5,000) and recently from January 1st 2002 to € 10.000. See ABI Circular, Rules governing Complaint Departments and Banking Ombudsman.
For banks, family overindebtedness is still an unresolved problem. This is because it has never been seriously considered.

Before long, some of the consumer associations are likely to raise the issues of access to credit and its implications, as well as the promotion of savings and investments. Information and education will play a crucial role in the elaboration of these topics.

On consumer credit, the settlement of disputes (already identified as part of the work programme) has still to be dealt with, while some consumer organisations would also like to raise the new issue of the promotion of consumer credit.

On insurance, work is still at an early stage and, due to the rapid growth of the market and the traditionally complicated contracts in the insurance sector, an increase in the issues to debate and problems to solve can be anticipated.

As far as consumer organisations are concerned, they are still at the beginning of developing their role. At present, they often jostle for position in order to gain their share of the “market” and this can make joint initiatives more difficult. There are also considerable differences between them in management styles and in the approaches they adopt to problems.

A. Main Points on Financial Literacy

I. Financial Services and People with moderate means (necessity, danger, opportunity)

On the face of it, the view that access to credit and to financial services can be a need - which represents an opportunity to improve people’s situations - as well as having the potential to bring difficulties in its wake, also applies to Italy. However, the extent to which this is true varies widely between individuals, depending on their age and their stage in life and their social and economic situation.

As mentioned above, there is a very high percentage of people without bank accounts in Italy, but – according to a recent survey – this has not stimulated a demand for the development of social banking to facilitate access to banking.

There are three typical categories of people without bank accounts:

- young adults still living with their parents. The trend is growing in Italy and the main reasons are lifestyle (i.e. the strong links inside families) and economic constraints. Young people delay getting a bank account until they get stable employment, which is often not until they are in their thirties;

- old people who live on pensions and have a very simple lifestyle, where cash is the most common form of payment. The main provider of banking facilities within this sector of the market is the postal system, thanks to its network of branches covering the whole country, the simplicity of its products and, above all, the low cost of its services compared to its competitors;

- finally there are poor and disadvantaged persons living in insecure conditions. Many feel they cannot afford to open a bank account (not having savings or monetary reserves, or fearing high charges and commissions); others have been turned down by the banking system because of a bad record in the past.

Although, as mentioned earlier, the number of people without bank accounts is high in Italy, social banking issues are not seen as important. In this respect, the situation is very different from that in the USA, France or the UK where the lack of a bank account is linked to social exclusion. The main reason of this difference may be found in the backwardness of Italy in a number of ways. We can mention here the widespread use of cash, as well as the hidden economy, and the distrust of the banking system amongst some parts of the population.

In any case, being refused banking services as a result of having a cheque or a bill of exchange dishonoured brings significant difficulties to people trying to set up a business as a self-employed person, forcing them to turn to dubious dealings on the margins of legality. People denied access to banks are often forced to deal with front men or to seek finance from loan sharks.

As regards the lower-middle class, as we already mentioned, both the wide use of cash for payments and the spread of transactions in the hidden economy (where payments are always made in cash) means that family networks and support offer a solution to the lack of a bank account. Access to banking services does not really become an issue, and receives little public attention as a result.

II. Financial literacy, the risks of using financial services and of being denied access

Because little attention has been paid to promoting financial literacy as a way of preventing financial difficulty in Italy, it is difficult to evaluate the extent of the problem and its practical consequences. We know neither the extent, nor the negative consequences, of the misuse, misunderstanding or even of complete ignorance of the financial products bought by - or financial contracts signed by - people living in insecure social and economic environments. Nor do we know the extent of the difficulties they encounter as a result of taking on inappropriate financial contracts, which are not in line with their own personal attitude to risk (in the case of investments) or appropriate maturity-cost-flexibility terms (with reference to debts) or with the appropriate relationship between price and utility (with reference to services).

This lack of interest in financial literacy could be interpreted as evidence that it is of little importance (on the assumption that only real needs require to be dealt with). On the other hand, however, cultural distance with respect to these needs could account for a kind of shortsightedness about the problem. It is difficult to know whether what we are seeing is just a minor problem or whether it represents the tip of the iceberg.

We can view the issue of usury (given that we do not currently know the actual size of the problem) as evidence of a difficulty in accessing mainstream financial services and also of inadequate knowledge both of (official and legal) sources of credit and of the basic economic and judicial framework.

A recent survey of people without bank accounts has highlighted - in line with evidence of social welfare workers - the importance of promoting financial literacy amongst the poorest parts of the population as a way of putting an end to this vicious circle. It is a cycle in which economic hardship and problems with the banking system (for example, getting into debt to pay off debts, unpaid promissory notes, dishonoured cheques) leads to being turned down by banks, which leads in turn to use of the illegal credit market.

People often turn to the illegal credit market because they have been denied access to banking facilities. Too often, however, it is because of a lack of knowledge or a lack of understanding
of the criteria by which banks review applications for credit. In other words, a better understanding of risk assessment is also needed.

B. The Practice and Development of Financial Education in Italy

I. Courses of Study

1. The School System

Traditionally, the Italian school system has been based on a “cultural” model where predominance has been given to literature, maths, history, geography and foreign languages. Little attention has been paid to technical and social studies. There has therefore been no room for economic or social subjects in either primary or secondary schools and they form only a part of the curriculum of specialised secondary schools (mainly in business administration and similar courses).

Subjects like family budgeting and economics, spending and debt form no part of either the primary or secondary school curriculum. The general lack of interest in these issues means that it is very unlikely that these subjects even find a mention in less traditional courses. Nowadays banks do get involved in school activities in order to promote their image, for example by sponsoring sports competitions, games or broader cultural initiatives. The banks that do so are mainly local banks and those more strongly established in the area but recently even the larger banks have become involved.

As already mentioned, banking activities are viewed with a certain suspicion; especially by the working lower classes. The sentiment can be summed up by the sentence: “banks are a necessary evil”.

In addition, the training of social workers puts more emphasis on legal rather than money matters.

In fact, as a recent study of examples of social banking in Italy has showed – drawing on interviews with social workers in deprived areas – financial matters are often of great interest to people living in such areas. However, two issues emerge.

The priorities of both non-profit organisations and public social services departments are often focussed on other areas, mainly housing, food, and assistance with employment and health issues. At the same time, social workers’ lack of expertise in the specific fields of banking and the management of family budgets prevents meaningful involvement in this area.

In consequence, financial literacy is not a priority for social workers and they lack the necessary background knowledge to deal with the issue.

Another aspect of the Italian education system is the lack of a tradition of permanent education or adult education. One exception is the relatively recent development of the “university of the third age”, aimed more at the middle and upper classes.

However, the situation has been changing slowly in recent years and, thanks in particular to EU financed initiatives, examples of professional courses for unemployed adult people are becoming more common.
The reform of the Italian educational system, which is currently being undertaken, seems to confirm this\textsuperscript{28}. The clear distinction between the lyceum on one side and technical school on the other emphasises the divide between the traditional cultural approach of the lyceum curricula and the specialised technical approach of professional curricula, and has left no space for social subjects (apart from those dealing in specialised areas like social work).

Reforms giving a higher level of autonomy to the schools and a part of the curricula to the local education authority (mainly at regional level) are aimed at meeting specific interests in particular areas of the curriculum and at meeting local economic and employment needs. However, it is likely that this degree of autonomy offered will be used to boost regional culture and to develop knowledge related to specific employment needs, rather than for teaching social and economic subjects.

The provision of initiatives for adult education is a new element of the reform\textsuperscript{29}. However, the focus of debate has been on other aspects and adult education remains, for the moment, no more than a simple proposal.

The introduction\textsuperscript{30} to the basic principles and criteria for the educational system states that its aim is to promote learning and understanding “throughout one’s life” and to develop capacity and knowledge appropriate for “inclusion” in social and work life.

The lack of awareness in Italy about the links between social banking issues and social exclusion (largely ignored) leads us to believe that financial literacy will not be seen as an important means of promoting “social inclusion”.

2. Professional courses

Professional courses aimed at encouraging new business start ups, in particular for skilled tradesmen and self employed businesses, as well as courses aimed at integrating the long term unemployed into the labour market, pay great attention to budgeting to encourage appropriate management control. Different sources of finance, and the conditions under which access to them can be gained, are also covered. Because of the historically weak financial culture within Italian SME, financial knowledge is still lacking in many areas. Research and surveys done on Italian SME during the 1970s and the ‘80s often reveal management weakness in administration and finance, which as been seen as a lower priority compared to manufacturing, sales and marketing, areas in which SME often excel. While this weakness may have been eliminated or lessened nowadays, particularly amongst large corporations and medium size enterprises, it remains common amongst small enterprises and family businesses. The gap has even increased.

The recent experience of the above mentioned “Funds for the prevention of usury” reveals that financial difficulties are often due to serious ignorance of even the most basic rules of financial management. Those managing usury prevention funds deduce from their experience of dealing with people at usury risk that, too often in the retail sector there is widespread improvised management and little awareness of being an “entrepreneur”. There is little capacity and knowledge of managing a business in a long lasting and reliable manner.

\textsuperscript{28} See Bill “Delega al Governo per la definizione delle norme generali sull’istruzione e dei livelli essenziali delle prestazioni in materia di istruzione e di formazione professionale”, approved by the Council of Ministers March 14\textsuperscript{th} 2002.
\textsuperscript{29} See art. 1 comma 3 i of the above mentioned Bill.
\textsuperscript{30} See art. 2.
Mixing up personal and business finances can cause problems. If business revenues are used for personal needs, there will be a lack of money to meet business obligations. Sometimes this is due to the shortage of resources to survive but, very often, the fault lies in inappropriate management of finances. Here professional courses with specific sessions devoted to approaches to budgeting and appropriate uses of banking services would be useful, and would also be an effective way of preventing crises and bankruptcies, the fallout from which inevitably affects other businesses as well.

II. Non-Profit Organisations

1. Debt Advisors

Debt advice services are not common, in either public social services, or non-profit organisations and associations. Sporadic initiatives do exist, and they are very useful in their range of activity. However, due to the limited areas they cover, they are rarely visible to the outsider.

Moreover, because of their informal organisational structures, it is not easy to generalise about how they operate in providing services and advice. For the same reason, we cannot be sure of their impact on the area in which they operate or about its social context.

Worthy of note, however, is the very recent activity of Anti-usury Foundations in contact with people who need help. Some major existing initiatives took this new institutional form and other sporadic initiatives – which in the past were dependent on the activity of a single promoter – have developed and grown stronger under this new umbrella.

There are about forty Anti-usury Foundations and Associations in Italy. They are mostly located in Central and Southern Italy; some of them are bigger, with more than one contact point for the public, and these serve a wider geographical area.

They help to prevent usury in two ways. One is through financial support (i.e. lending activity) to people who are in an unstable financial position but deserve help and who might otherwise be forced to borrow from the illegal market on terms of usury. In addition, they provide very basic financial education on family budgeting techniques as well as how to control spending in relation to income.

Advertising about this kind of initiative and type of intervention is made at different levels.

At the institutional level, the web site of the Internal Affairs Ministry lists - on its home page - “Racket and Usury Prevention” amongst its activities.

User-friendly pages have been prepared in order to communicate with all, even those having a very basic cultural background.

The different sections available on the “Usury Prevention” pages provide an immediate idea of the approach:

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31 As examples, we can mention the role played by volunteers (banking employees or pensioners) who act within social centres in churches, trade unions, or other non-profit organisations.
- Who exactly is the loan shark?
- For a responsible use of money
- What is usury?
- How to detect if the interest rate is usurious?
- How to come out from isolation and loneliness?
- The Decalogue of the Commissioner (“How to avoid usury practices”)
- Joint forces to fight usury practices
- Report the loan shark. It’s better for you
- The Solidarity Fund for Usury Victims
- The usured person: a victim
- The Fund for the prevention of usury
- Are you in financial trouble? Here is what to do!

The above-mentioned Decalogue “How to avoid usury practices” is worthy of note. It says:

1. If you need a loan, only use banks and authorised financial companies;32
2. If a bank or a financial company has refused to grant you a loan:
   - If you are a business (such as a trader, a skilled tradesman, a small businessman or a professional man/woman) ask a Confidi (a consortium made up of small enterprises for issuing collective guarantees). They can offer guarantees to banks in order to help you to obtain a loan. They can do this, as they are backed by the Fund for usury prevention set up at the Treasury Ministry;
   - If you are a private household, ask an association or Foundation for Usury Prevention. They are registered by the Treasury and, backed by the same Fund, they can give guarantees and allow you to obtain credit from banks or financial companies.”

In recent years, the Ministry for Internal Affairs has carried out a big information campaign, using a range of different mass media (TV, newspaper and advertising). The slogan was “Report the loan shark. It’s better for you”33.

The web site is also a way of helping people to find the appropriate agency themselves and, by means of a clickable map, it is possible to enter into the web pages of each local administrative office of the Internal Ministry (Prefecture)34.

In fact, reading the information provided on the web site of The Ministry for Internal Affairs we can well understand the role played by this local administrative structure: “The Prefecture represents one of the main institutional organisations to which racket and usury victims can turn in order to solve his/her problems. Each Prefecture has a person who is specialised in these problems. He will provide all the information one may need and give any useful help in order to make the correct application for financial help from the Fund”

At a local level, the web sites of each Prefecture continue to give more information regarding the risks that usury involves, how to avoid it, and how to get out if it has already occurred.

If we look at the statistics of the toll free number of the Office of Commissioner for antiracket and usury, we can see just how effective the above-mentioned initiatives have been, with more than 21,000 calls in one month alone.

32 There is clear indication on where to check the status of “bank” or of “authorised financial company”.
33 This campaign has been combined with that against Racketing, whose slogan was “Report the racketeer. It’s better” See http://www.interno.it/sezioni/usura/index_usura.html
34 As examples, we can mention the initiatives taken by the Prefettura di Livorno, ....
However, the cases of established usury and of intervention from the Fund are far lower, and are in fact very few.

We can give two interpretations.

On one hand, it is difficult to demonstrate the real nature of economic and financial transactions (which sometimes are a combination of an illegal practice and of fiscal or accounting irregularities, not really very serious when compared to the overall situation – but nevertheless against the law). On the other hand, it is possible that the usured condition is sometimes put forward as a pretext (sometimes also in good faith) in an attempt to avoid bankruptcy.

In contrast, the Prevention Fund has intervened on a very large number of occasions.

Returning to the issue of information, at an institutional level we can cite the web site of The Financial Police (Guardia di Finanza) where again information about the risk of usury practices is provided and useful links are available to the above-mentioned initiatives that give information and help to people in trouble.35

Then many local governmental bodies (Regional and Provincial Councils, City Councils and their departments) have created initiatives in this field. The main ones are:

- Usury Consultation Points promoted by the Provincial Council of Naples. They also published a brochure - downloadable from the web site - entitled “Brief guide book for usury prevention”;
- The Regional Council of Piedmont published the booklet “Stories of common usury”;
- The Milan Chamber of Commerce set up a working group on usury practices and economic crimes”.

Other initiatives are those promoted by trade associations and by Anti-usury Foundation themselves, sometimes jointly. The main examples are:

- FAI – SOS Impresa together with Fondazione Adventum: they launched in April 2002 an Information campaign to promote collective action against racket and usury;
- In Tuscany, the “Misericordie alleate” created a campaign to make the public aware of the practice of usury. They established a network and a help line to offer advice and help to victims of usury. The slogan used for the campaign was “Do not fall into the usury trap. If you feel alone in an emergency and you do not know who to turn to, Tuscany Regional Council and the Misericordie will give you the help you need”. This slogan was transmitted for eight consecutive days, eight times a day, on the twelve most popular radio stations in the region. 500,000 leaflets were printed and distributed at about 5,000 contact points. This was organised by the Councillor for Community Affairs and aimed to encourage people to remain within the law;
- Confesercenti (Association of retail traders) held the information campaign “The way out of usury”.

In addition, the journal Vita, a monthly magazines for the non profit sector, has published many articles on the issue with the aim to make workers in the non profit and voluntary sectors aware of the problem and of ways of preventing usury and helping those affected by it.

35 See http://www.gdf.it/compiti/usura.html Lotta all’usura.
2. Private Consulting Organisations

As with the case of debt advisors, private consulting organisations are not common in Italy. Recently, thanks to the work of a consumer association that is also very active in the sector of usury prevention, a proposal has been made for a new approach. Within a wider proposal of a Law concerning “Family overindebtedness and the appointment of a family economic consultant”, it proposes the official establishment of a new profession: the family economic consultant.

In order to simplify the proposal and to adopt a more coherent style of law, the original proposal was split in two parts: one dealt with the management of family overindebtedness and the other with the family economic consultant. The latter is only a proposal at present, and the role, competencies and modus operandi of the family economic consultant have yet to be defined.

Some banks were very positive about the idea and offered courses and other contributions. In Autumn 2002, a course was launched aimed at providing people who want to become “Economic Consultants for the Family” with adequate professional skills. It was financed by the FSE (European Social Fund) and Regione Lombardia.

3. Consumer organisations

The practice of consulting consumer associations in Italy is a recent development. This in fact goes back to the ‘80s and it received a new impetus at the end of the 1990s when the new Consumer Organisation Law passed.

The main organisations working in the field of promotion of the interests of consumers and consumer rights in Italy are:

- ACU (Associazione Consumatori Utenti);
- Adiconsum;
- Adoc;
- Adusbef;
- Altroconsumo;
- Cittadinanza attiva;
- Codacons;
- Confconsumatori;
- Federconsumatori;
- Lega Nazionale dei consumatori;
- Movimento difesa cittadino;
- Movimento dei consumatori;
- Unione Nazionale Consumatori.

These various associations have different institutional styles, and adopt different methods and strategies.

In the financial field, two of the most active are “Adiconsum” and “Movimento dei consumatori”, whose publishing arm is “Altro consumo”.

36 We refer to Adiconsum.
37 See http://www.encu.it
**Adiconsum** is a consumer association created within CISL\(^{39}\). It publishes a series, “Guide”. It describes the “Guides” as containing “useful information and advice for self defence. They provide help when choosing products or services and for a proper use of consumer rights”.

Considering the specific issue of problems relating to banking, among the twenty most recent “Guides” are: “Mutui casa” (Mortgages), “Alle porte dell’Euro” Towards the Euro), “Noi e l’Euro” (We and the Euro), “Per non sovraindebitarsi” (How to avoid overindebtedness) and “Mutui fondiari” (Mortgage loans).

Their magazine “Test – noi consumatori” (an information weekly which deals with consumption, services and the environment) often deals with banks, financial products and services.

**Altroconsumo** is the publishing arm of the Movimento dei Consumatori\(^{40}\) (created within C.G.L.\(^{41}\)). Among its publications are “Quello che lo sportello non dice” (What they do not tell you over the counter)\(^{42}\) and - within the series Dossiers - “Scegliere la carta di credito” (How to choose your credit card) and “Mutui e prestiti personali” (Mortgages and personal loans).

In the series “Le guide pratiche” (Practical guides) of note are “La banca: il supermercato del terzo millennio” (The bank: the supermarket of the 3rd millennium). The explicit aim is to answer the following questions: “How to understand which service is the most adapted to your needs so that you don’t pay for services you will never use?” “How can you decide which bank to choose to handle your money?” and “How can you decide with which bank to deposit your money and its handling?”. Other simple guides giving financial information are: “Guadagnare con il trading on line” (How to win by trading on line), “Una banca su misura” (A tailor made bank) and “Assicurazioni” (Insurance).

The above-mentioned publications are certainly aimed to improve financial literacy among consumers. Although they are very easy reading and clearly targeted towards a non professional public, the distribution channels (by subscription or download) make them most accessible to a certain level of informed public already aware of the issues.

### 4. Trade unions

Trade unions are involved in this kind of issue to the extent that they work on behalf of the consumer association that belongs to the same political affiliation and often shares the same organisational structure as the trade union itself\(^{43}\). They play only an indirect role in general citizen or consumer education.

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\(^{38}\) To be correct we should mention also Adusbef, however it has a smaller associative basis and due to its style of defence of consumer interests it has generally a minor impact.

\(^{39}\) CISL is one of the biggest trade unions in Italy, close to the Christian Democrats.

\(^{40}\) We can mention also their taking a stand about the financial market: in 1999 “L’indebitamento eccessivo o sovraindebitamento” (Too many debts or overindebtedness) and “Euro III – doppia circolazione” (Euro III simultaneous circulation); in 1998 “Euro II” (Euro II) and “Vendita a distanza dei servizi finanziari” (Distance sale of financial services); in 1997 “Euro I – Doppia indicazione dei prezzi” (Euro I – Double prices indication), “Protezione del piccolo risparmiatore: informazioni” (The protection of small savers: information) and “Protezione del piccolo risparmiatori: garanzie” (The protection of small savers: guarantees).

\(^{41}\) CGL is one of the biggest trade unions in Italy, close to the Left wing.

\(^{42}\) See “Soldi e diritti” n° 62, January 2002

\(^{43}\) See Adiconsum linked to the CISL and Movimento dei consumatori linked to CGL.
Trade unions occasionally promote conferences, debates and classes (compulsory training and educational courses are carried out during working hours). However, the theme of financial literacy is far from being the core interest of trade unions.

In any case, these kinds of initiative locally based, and it is difficult to generalise as a result. However, with the introduction of the Euro, there was a whole stream of such initiatives.

5. Welfare organisations

In Italy, social and welfare organisations do not cover this area of activity.

6. Other non-profits

As we analysed in our Special Report “Financial Education for Extra EU Immigrants” initiatives undertaken by not for profit organisations to promote financial literacy among immigrants are sporadic and organised on a local basis, with a focus on facilitating initial contacts with financial institutions. Generally speaking, they consist in the translation of brochures, forms and - more rarely - contracts into the original language of the ethnic groups or in the person being accompanied to the bank when opening a bank account or applying for a loan.

These activities are extremely important for the individual concerned, however, as they establish a sense of confidence and trust.

Not for profit organisations are also involved in Debt Advice; see § 1 of this Section (Debt Advisors).

In summary, the largest and most specialised initiatives have taken on the new institutional framework provided by the Antiusury Foundation or Organisation. On the other hand, the smallest ones, often linked to the activity of single volunteers (sometimes within organisations which work on a wider scale) are often “unique”, passing almost unseen, so it is practically impossible to evaluate their impact and to propose a model of good practice.

III. Educational Activities of the Financial Services Industry

1. Banks

During the 1960 and ’70s, savings banks and mutual banks frequently promoted initiatives to encourage saving. Their target was mainly the lower classes and the young.

This kind of initiative aimed at boosting the idea of saving and at increasing the use of banks (mainly savings banks) savings products. World Savings Day, at the end of October, became the opportunity to launch new initiatives and make the public aware of banking activities. Schools, having just begun the new session, were provided with a range of materials, for instance maps, globes, calendars and educational posters etc - all carrying the logo of the bank. Some banks even gave piggy banks and savings books for children. However, social changes and changes in attitudes during the 1980s, led to the gradual disappearance of these kinds of initiative.

45 Once called “rural and mutual banks”.
Nowadays, banks prefer to sponsor cultural, social and sports events to promote their image. The most active banks are usually local ones and those larger banks, which favour activities in their area of origin. The aim is to communicate a message that connects the bank to the social life of the area.

However, if we ignore all these commercial activities linked to sales or promotion of a commercial image – the approach adopted in this study – it is difficult to discern genuine financial literacy programmes.

Only by looking very closely, can we observe initiatives from the banks themselves. For example:

- initiatives and joint initiatives on the introduction of the Euro notes and coins. Here we must not forget the huge contribution of the Treasury, Trade Associations and Consumer Associations;

- the role of ABI (the Italian Bankers’ Association) in making people aware of the existence and work of the Complaints Department within banks and Banking Ombudsman in the second half of the ‘80s. Later the attention turned to the new transparency rules. In reality these initiatives were often “token gestures” carried out mainly to fulfil a formal obligation rather that out of any true conviction or real desire to spread information about any new resources available.

- a few banking initiatives aimed at unbanked persons, particularly immigrants. As mentioned above, their objectives are mainly commercial.

In addition, through ABI, banks participate in rounds of negotiations with consumer organisations (see 1.4).

Finally, there are also agreements between banks and Antiusury Funds and micro credit initiatives. However, as noted above, often they participate in a “passive” way, with a weak sense of motivation. This is due to the desire not to be seen to refuse: they become involved because their competitors do, and are presented with the opportunity to enhance their image. Consequently, these initiatives often lack a real entrepreneurial spirit and strategic objective.

All too often the entrepreneurial spirit fades after the first phase: at the beginning the director or senior official involved in the project is highly motivated but later the project is not “bought into” to the same extent by the organisation itself.

In other words, there is a risk that these initiatives remain merely showpieces, and do not reach their full potential because of insufficient involvement, and commitment of their own operational resources, by the banks themselves. The proof of this attitude - of being a financial sponsor rather than a strategic partner - is to be found in the lack of knowledge about such initiatives amongst other departments within banks as well as within bank branch and commercial networks.

The lack of provision of simple information brochures or leaflets demonstrates just how little these initiatives are promoted. They run the risk of becoming window dressing or purely commercial initiatives. While it may be that, from a theoretical point of view, the approach is appropriate (for example the collective guarantee) the actual style of management shows no real commitment.

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46 See our Special Report “Immigrants and financial services: literacy, difficulty of access, needs and solutions”.
2. **Finance Companies**

Finance companies generally participate less in social and philanthropic initiatives than banks do. Most of them, especially all the largest ones, are part of larger banking groups and contributions to these types of activities are managed by the parent company.

Through their Association (Assofin), they participate in negotiations with consumer organisations\(^{47}\) and play a very important role moving opposing views towards a common goal.

Here we can also mention the definition of the form of contracts of credit with consumers that goes under the form of words “This contract is the result of an agreement between Assofin and Adiconsum, Adoc, Adusbef, Lega Nazionale Consumatori, Unione Consumatori. These parties agreed on the general content of the contract, economic conditions remaining freely defined within legal limits”.

In addition, finance companies together with Assofin contributed to information campaigns related to the introduction of the Euro (1,2 million copies of a “Euro flier” which gave consumers basic information concerning the Euro transition. 4,5 million copies of the second Euro flier were distributed in 2001.

3. **Insurance**

Traditionally, insurance companies are not involved in social initiatives, though they do sometimes sponsor cultural or sporting events.

Through their association - ANIA - they should be expected to participate in negotiation rounds with consumer associations. However as mentioned above, these are still at a rudimentary stage. Recent sentences and fines against the insurance sector (by the Antitrust Authority and by the Courts) have made the dialogue more difficult.

**IV. Media**

1. **Radio and TV**

As far as television and radio are concerned, we have to remember that the programmes are mostly variety shows, quizzes, films, documentaries or cultural or political debates aimed at a medium-high level of viewer. However, a few programmes deal with economic and financial issues among other subjects.

Television and radio programming does not have an explicit mission regarding education and literacy promotion. This is true of the three channels operated by the State owned company – RAI, the three channels operated by the private company Mediaset, and the small local networks.

Programming consists mainly of entertainment. Cultural programming targets the middle or upper middle classes.

Widespread literacy promotion, adopted during the 1950s and the 60s, has died out. Some may remember the programme “Non è mai troppo tardi” (It’s never too late!) from the 1950s

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\(^{47}\) See §1.4.
the role of which was to spread the Italian language, both written and spoken, among people who lived in rural areas and mostly used dialect.

Now university courses lectures, as part of degree (the Italian “Open University” called Consortium Neptuno), are available to all and are broadcast late at night.

Since the second half of the 1980s there has been a general increase in interest in economic and financial matters, News broadcasts include updates on both Italian and world financial markets and new specialist programmes deal with economic and financial subjects in a more detailed way.

Other programmes, using simple language, are targeted at non-professional audiences, but they are still followed by a more informed category of people.

Other general programming also occasionally deals with financial and economic matters. This has a certain impact and can be quite effective. Examples are:

- “Mi manda Rai tre” (RAI 3 has sent me);
- “Report”, late evening viewing;
- “In famiglia” (In the family), Saturday and Sunday;
- “Italia istruzioni per l’uso” (Italy: instruction for use), very early morning;
- “Uno mattina” (RAI 1 morning), debates on subjects of topical interest, 8 minutes for each issue.

“Radio 24”, a new radio station belonging to “Sole 24 ore”, the Italian financial newspaper, has 2 programmes - “Salvadanaio” (Piggy bank) for a less informed audience. The following titles give an idea of the kinds of issue dealt with: “Fondi obbligazionari: i rischi e le opportunità”; “Strumenti a capitale garantito: pochi vantaggi e molte controindicazioni”; “Conoscere i fondi comuni di investimento: caratteristiche e regole”; “Come stanno cambiando le commissioni dei fondi comuni di investimento”; “Fondi: scegliere l’investimento giusto” “La figura del promotore finanziario”; “Finanza ed etica: chi vigila sulla trasparenza dei mercati”.

2. Press (daily newspaper and magazines)

During the 1990s, the space dedicated to economic and financial issues increased considerably. Even in the non-specialised press (both newspaper and magazines) the number of pages dedicated to banking, insurance and investment has risen. There are several reasons for this, including the privatisation of state controlled companies (which spurred small savers into investing in shares), the fall of Treasury bond yields and the narrowing of the market itself, resulting in the need to invest in more complex and riskier securities, and the spread of insurance investment products and of new pension funds.

In addition to this coverage in the general press, there are the pink financial pages of the high finance newspapers and the financial pages of consumer association magazines. However, the latter are only available through subscription and are therefore only read by a self-selected part of the public and rarely by chance.
Recommendations

It is difficult to make recommendations on financial literacy in the absence of expressed demand and a number of features of the Italian context should be borne in mind:

a) the still low ratio of households’ financial indebtedness compared with those of other leading industrial countries (though there are signs that this is changing quickly);

b) the high percentage of people without bank accounts (principally, but not exclusively, the poor and people living in insecure conditions);

c) the traditional family group and its protective network.

In general, we have to conclude that in Italy financial literacy caters mainly for those who are already professionally literate.

Very little education is available for people who are not technically qualified. Moreover, education for personal growth for the ordinary citizen is also very rare. It would therefore be valuable to start thinking about this area, building on experience already gained by other European countries that are more advanced in this area.

More specifically, and in view of this, we recommend:

- including basic elements of financial mathematics in the primary education curriculum and promote the need for banking in modern society;

- promoting professional training courses for self employment offering an understanding of entrepreneurship and of the need to learn how to deal with financial matters and banking relations positively, not superficially or in order to patch up situations that have already become critical;

- providing social welfare workers with a basic knowledge of financial matters and an awareness of the importance of how to deal with them correctly, especially at times of crisis;

- promoting tailor-made initiatives for immigrants: they need this, and it could be a potential market for the future 48;

- finally, providing incentives for consumer associations to encourage them to widen their traditional range of activity to include literacy activities, including financial literacy aimed at that part of the population which is most at risk and most vulnerable.

As far as banks are concerned, it is clear that they are more interested in commercial advertising and in promoting the use of financial services. Promoting financial literacy or education may appear to conflict with these interests. A more entrepreneurial spirit and better strategic objectives are needed when participating in joint initiatives with non-profit organisations aimed to promote financial inclusion or to solve specific problems of underprivileged people in society.

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48 On this subject see our Special Report “Immigrants and financial services: literacy, difficulty of access, needs and solutions”. 
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