



Università San Raffaele

**23**  
**Settembre**  
**2021**

Consulting on an independent basis,  
between reputational business and  
professionalisation needs

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Prof Lucio  
Lamberti



- ✓ **Rediscovering counselling as a systemic service to be protected**
  - ✓ **A protected and regulated sector reserved for authorised actors. Reputation as a discriminating aspect**
- ✓ **Independent advice**
- ✓ **The value of advice for families and behavioural obstacles: mistrust and low financial knowledge**
- ✓ **The value of consultancy for the country system: efficiency, enhancement of human resources, sustainability**

# 1. Rediscovering counselling as a systemic service to be protected

Stability

Efficiency

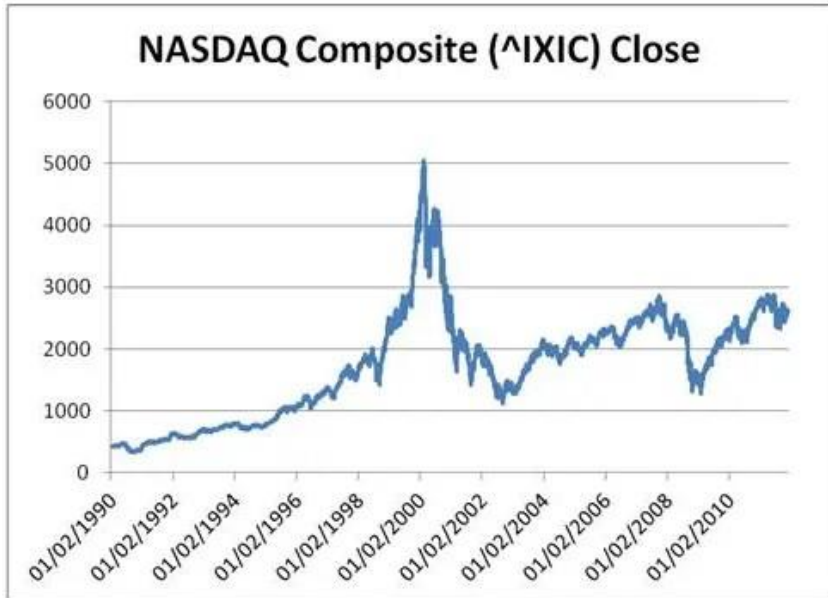




**Financial crises  
of the 2000s**

**Pandemic crisis  
and the need for  
economic  
recovery**





**Opacity and fragility of financial markets**

**Underestimation of risks**

**Inefficient risk allocation**

prevention

A hand in a white lab coat is holding a blue pen. A blue arrow starts from the word 'prevention' and points to the tip of the pen. The background is a blurred white lab coat with a stethoscope.



Bruxelles, 24.9.2020  
COM(2020) 590 final

COMUNICAZIONE DELLA COMMISSIONE AL PARLAMENTO EUROPEO,  
AL CONSIGLIO, AL COMITATO ECONOMICO E SOCIALE EUROPEO E  
AL COMITATO DELLE REGIONI

Un'Unione dei mercati dei capitali per le persone e le imprese: nuovo piano di azione

.... I consulenti finanziari  
svolgono un ruolo  
fondamentale come  
guardiani del sistema

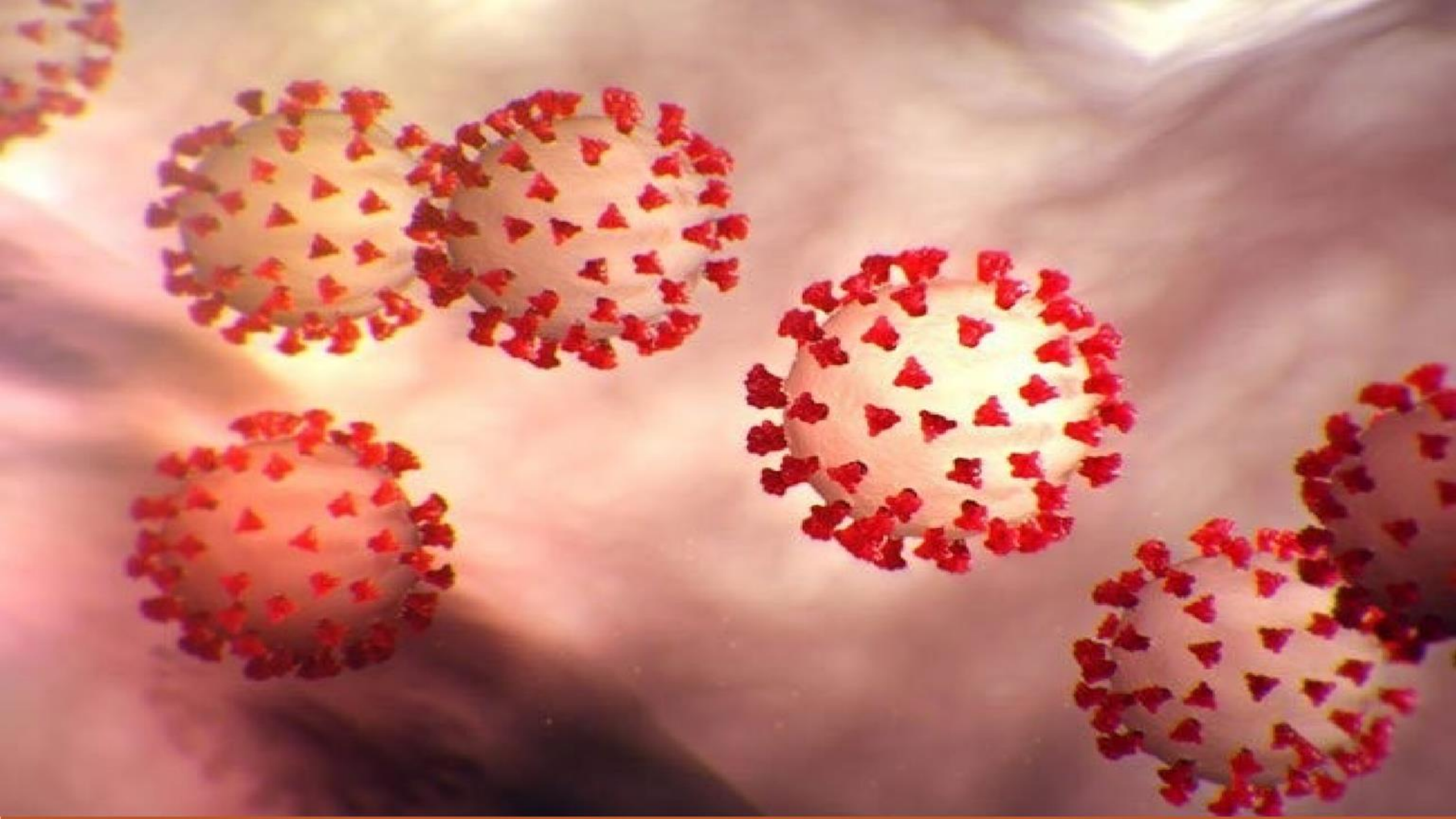


CONTROLLING

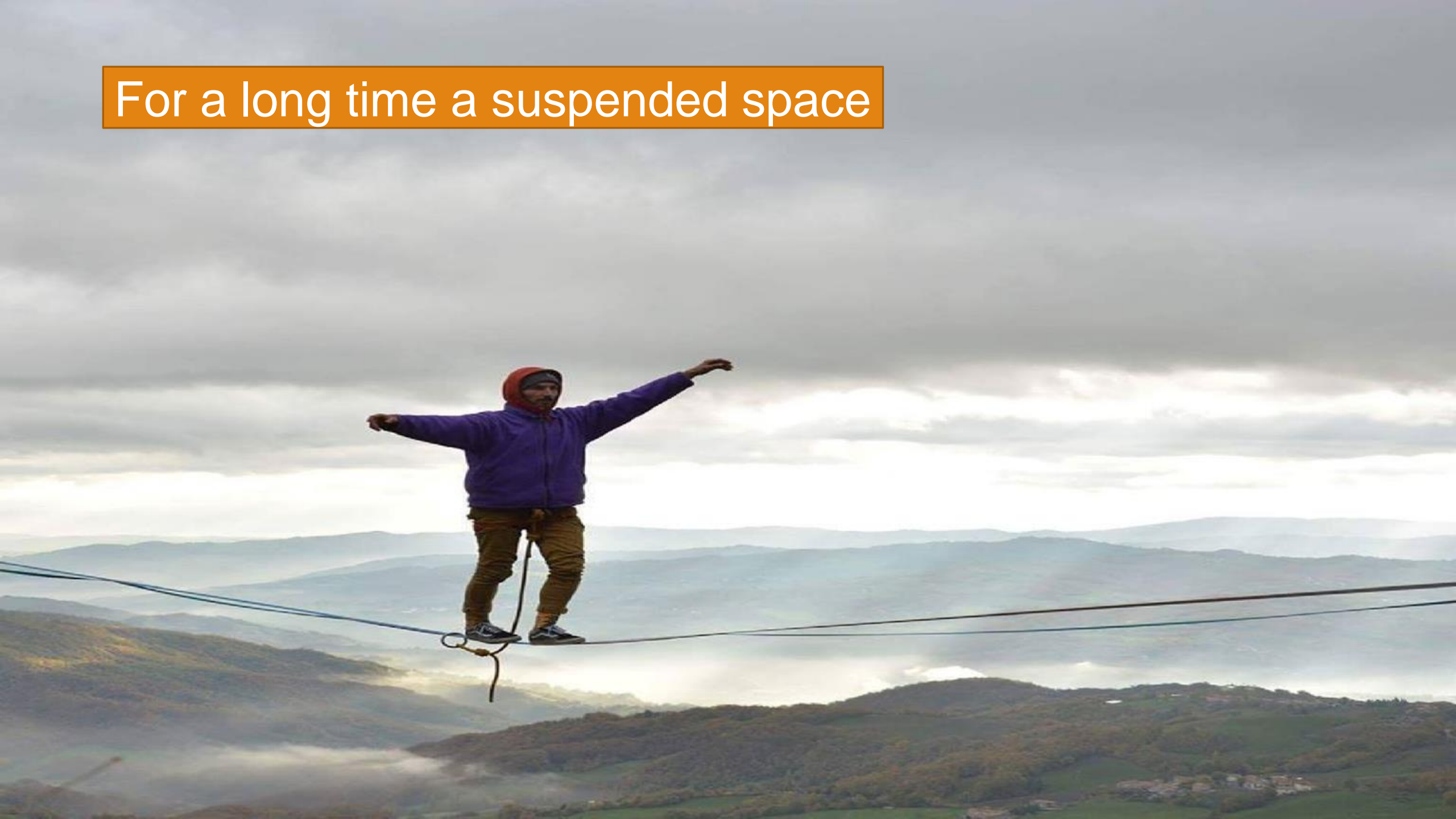
In the United States, the profession was first regulated after the Great Crisis of 1929.







For a long time a suspended space









SORRY WE'RE  
**CLOSED**  
BUT STILL AWESOME



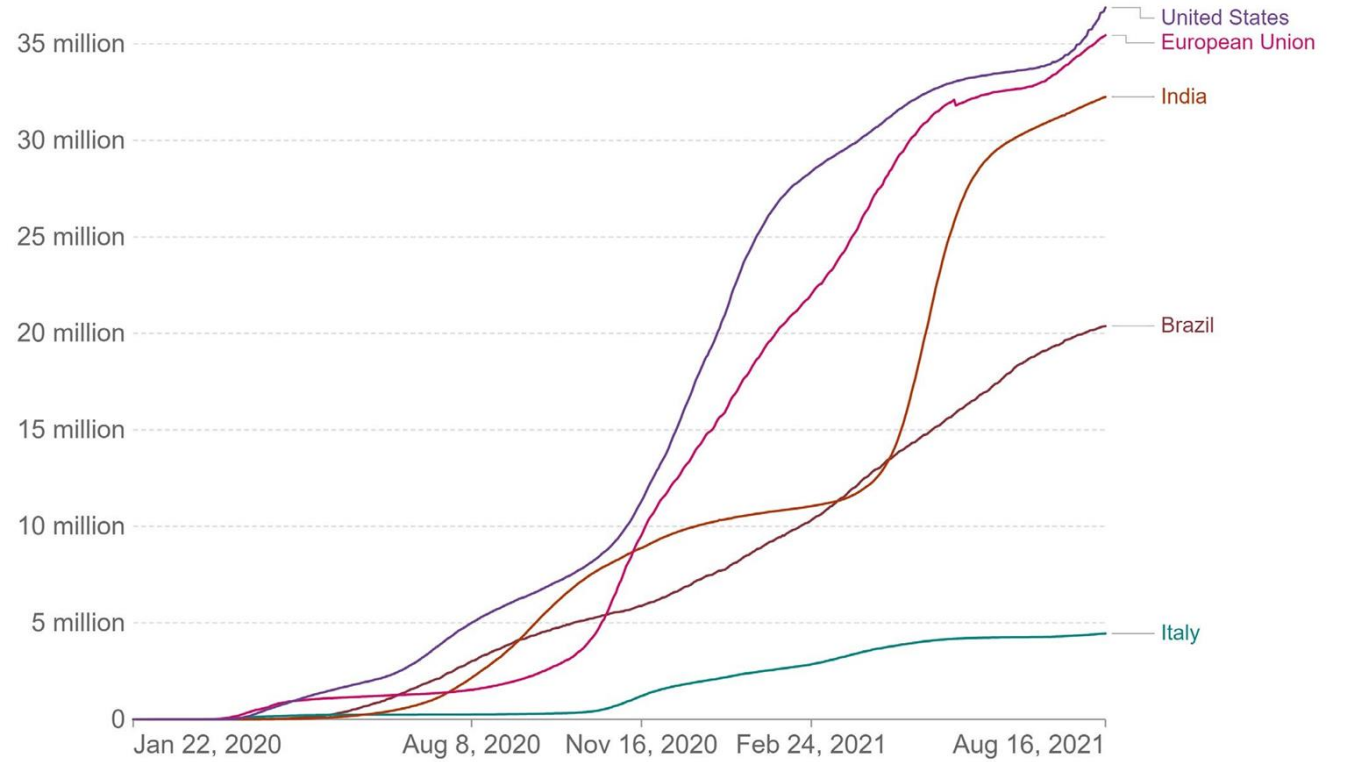




## Cumulative confirmed COVID-19 cases

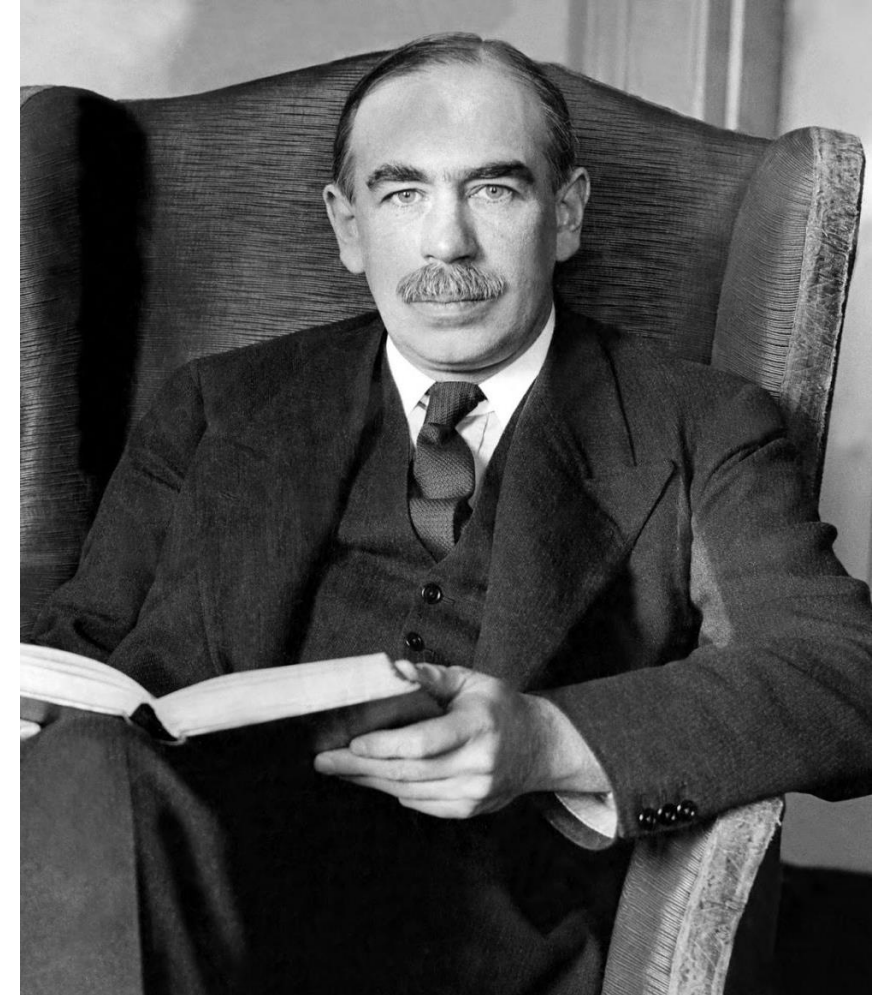
The number of confirmed cases is lower than the number of actual cases; the main reason for that is limited testing.

Our World  
in Data



Source: Johns Hopkins University CSSE COVID-19 Data

CC BY



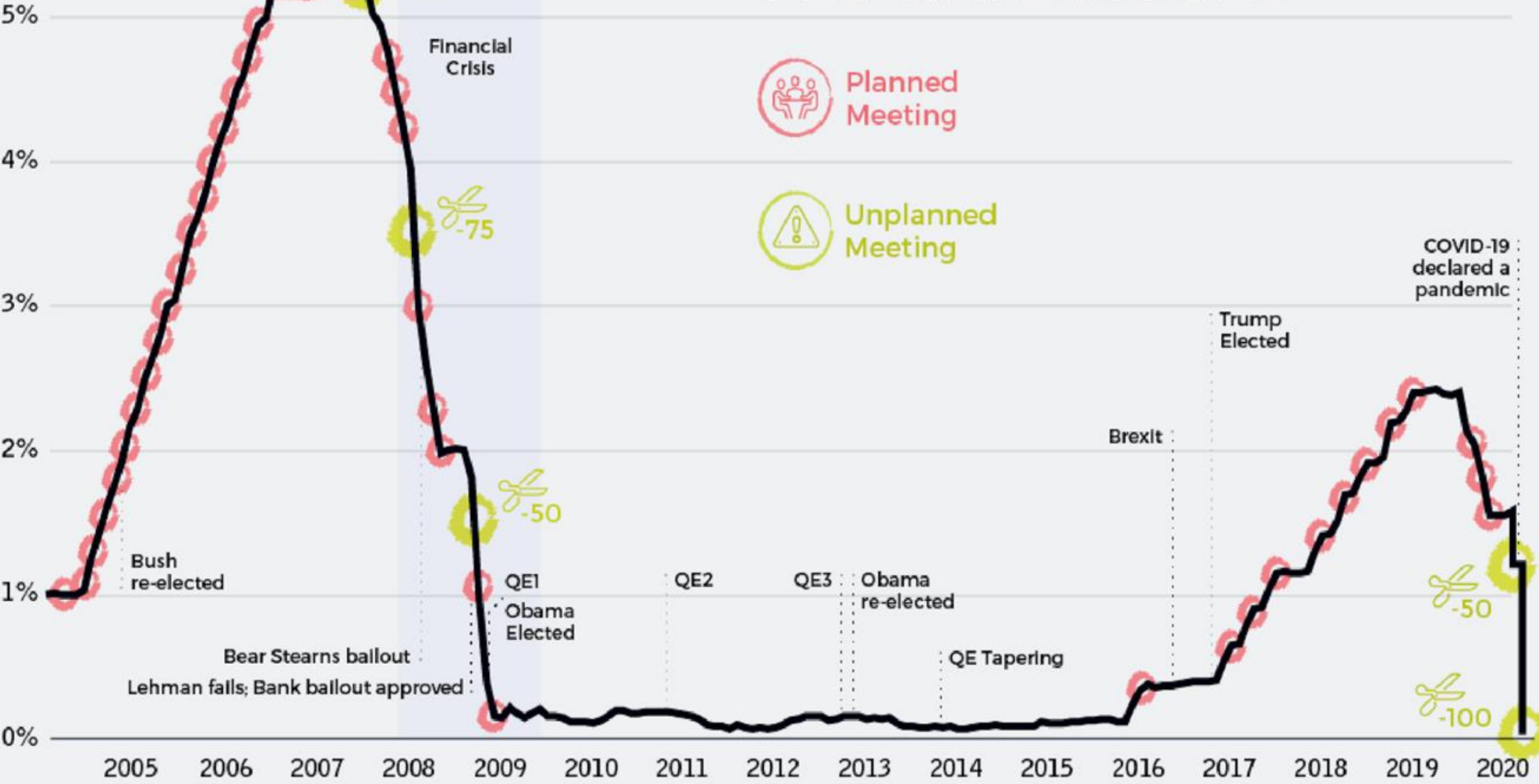
The return of the

public



# FED RATE MOVES

Effective Federal Funds Rate



Planned Meeting

Unplanned Meeting

Bush re-elected

Bear Stearns bailout  
Lehman falls; Bank bailout approved

QE1  
Obama Elected

QE2

QE3  
Obama re-elected

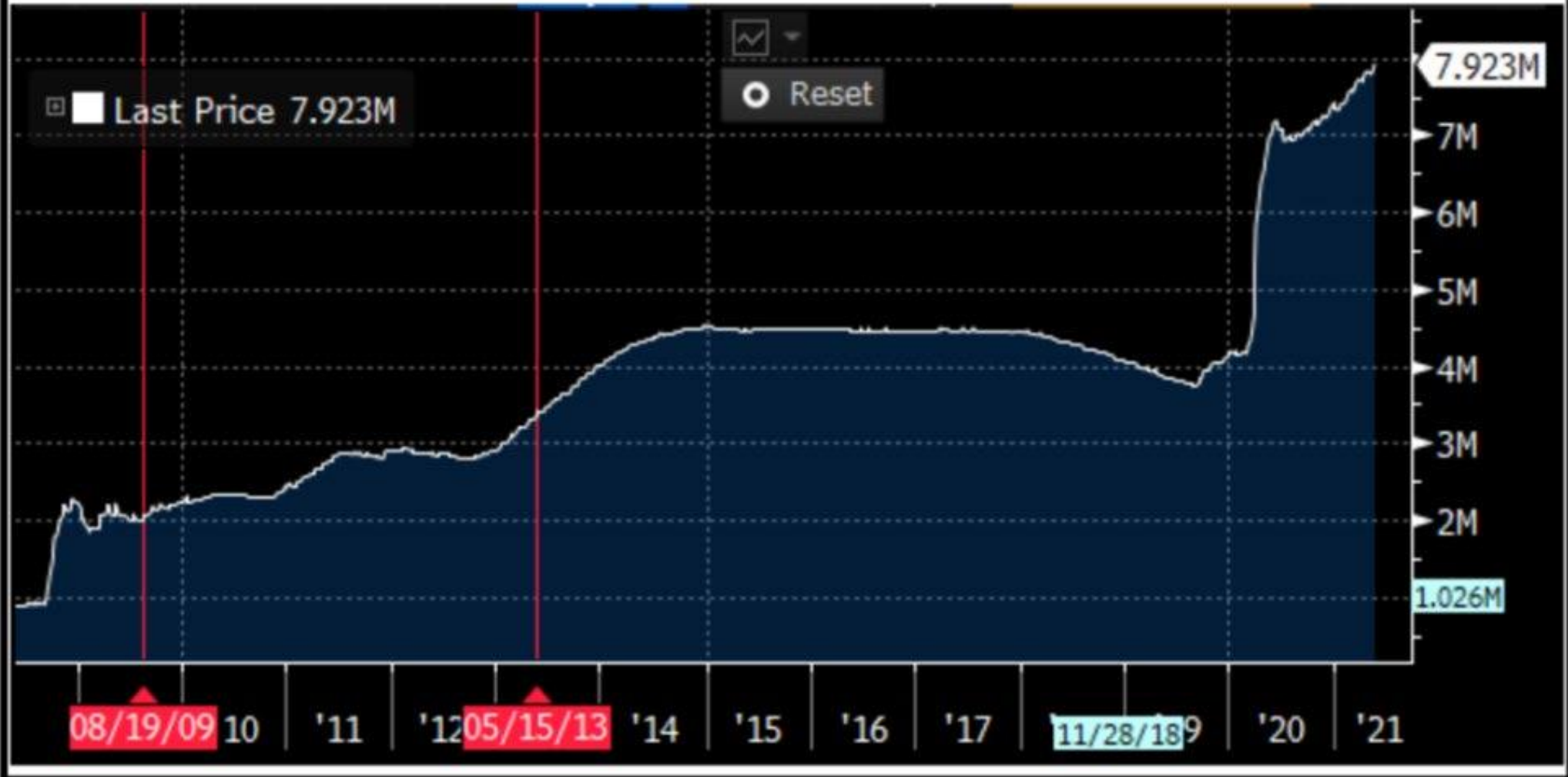
QE Tapering

Brexit

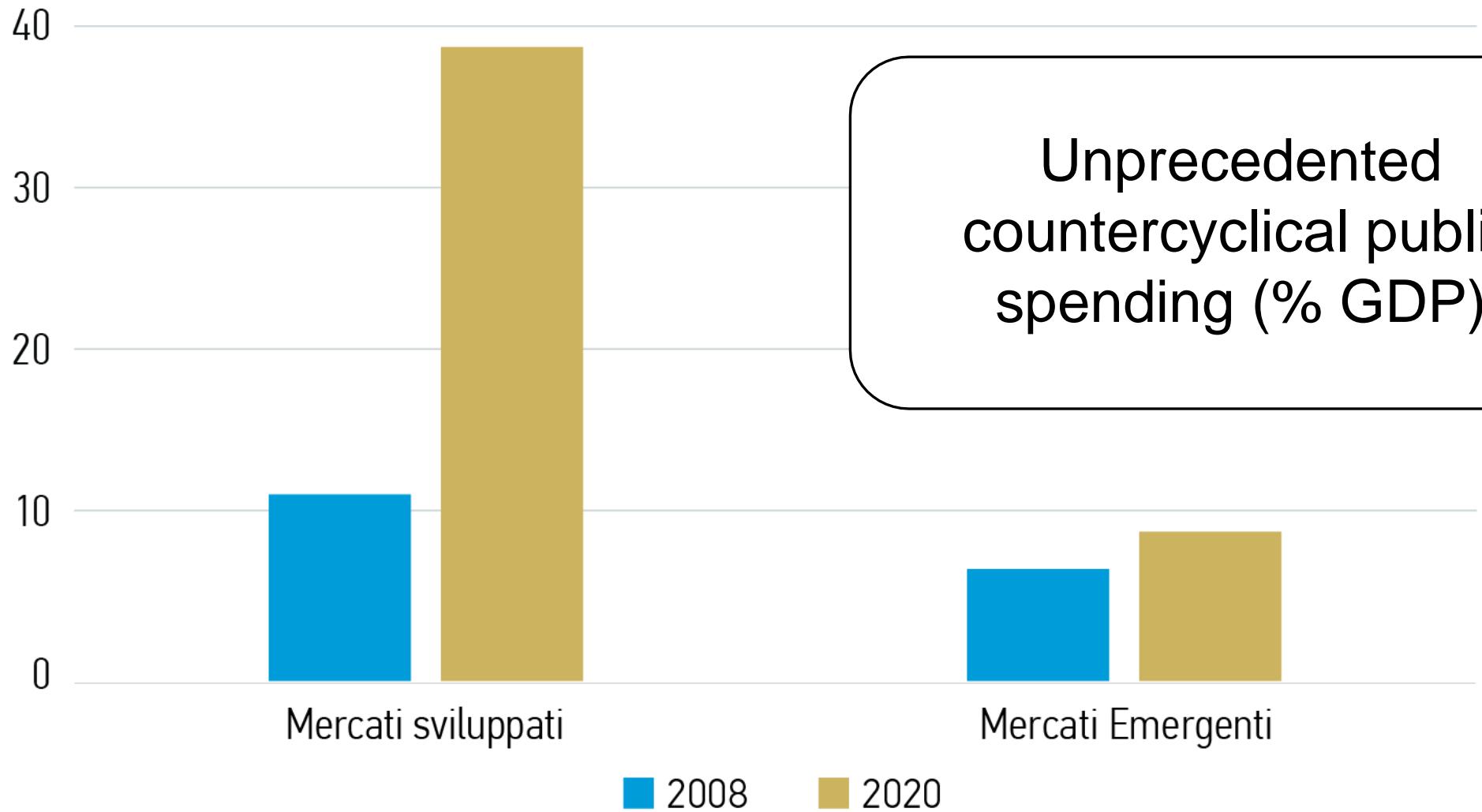
Trump Elected

COVID-19 declared a pandemic

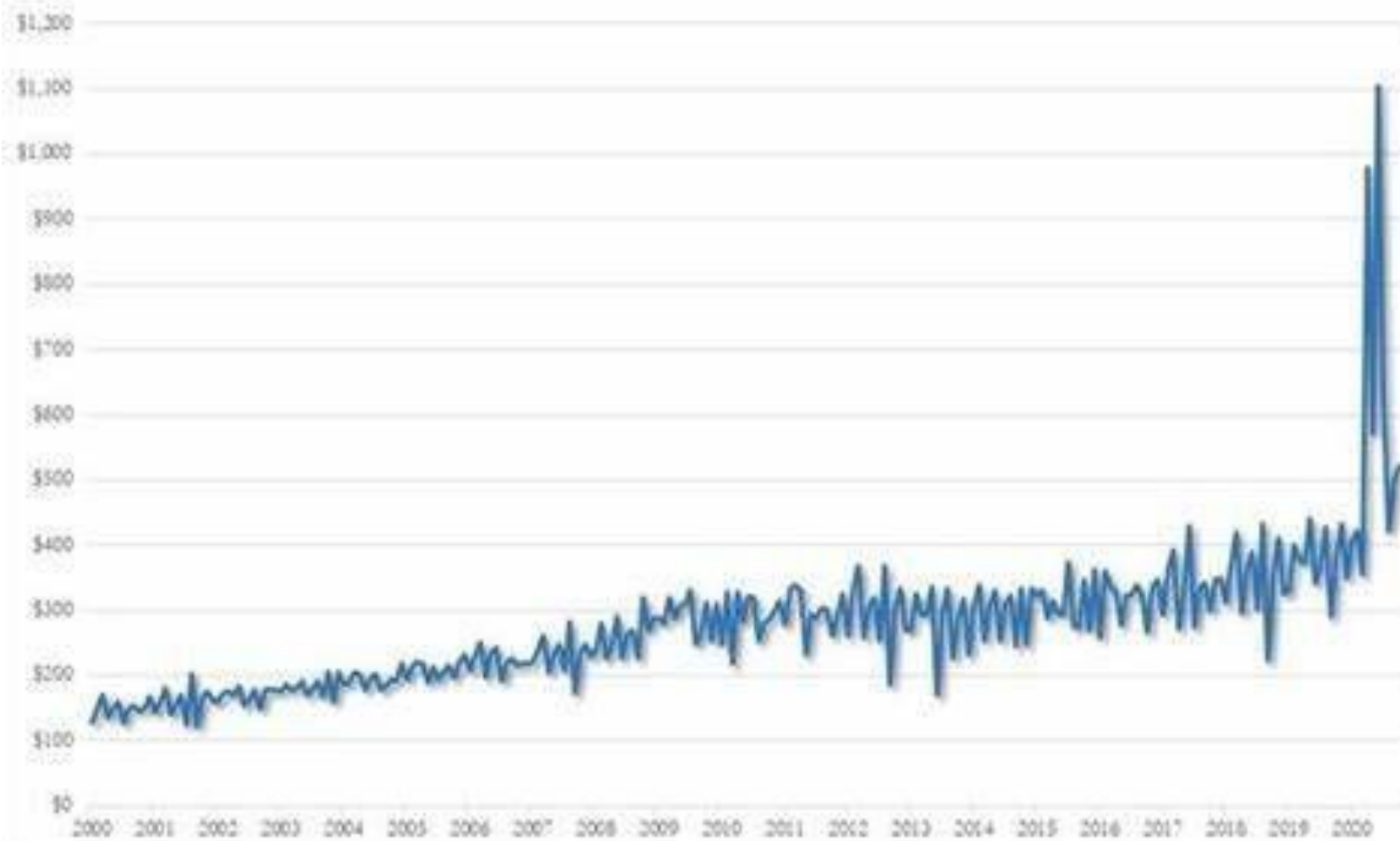
# FED Balance Sheet







## Federal Government Spending (\$BN)







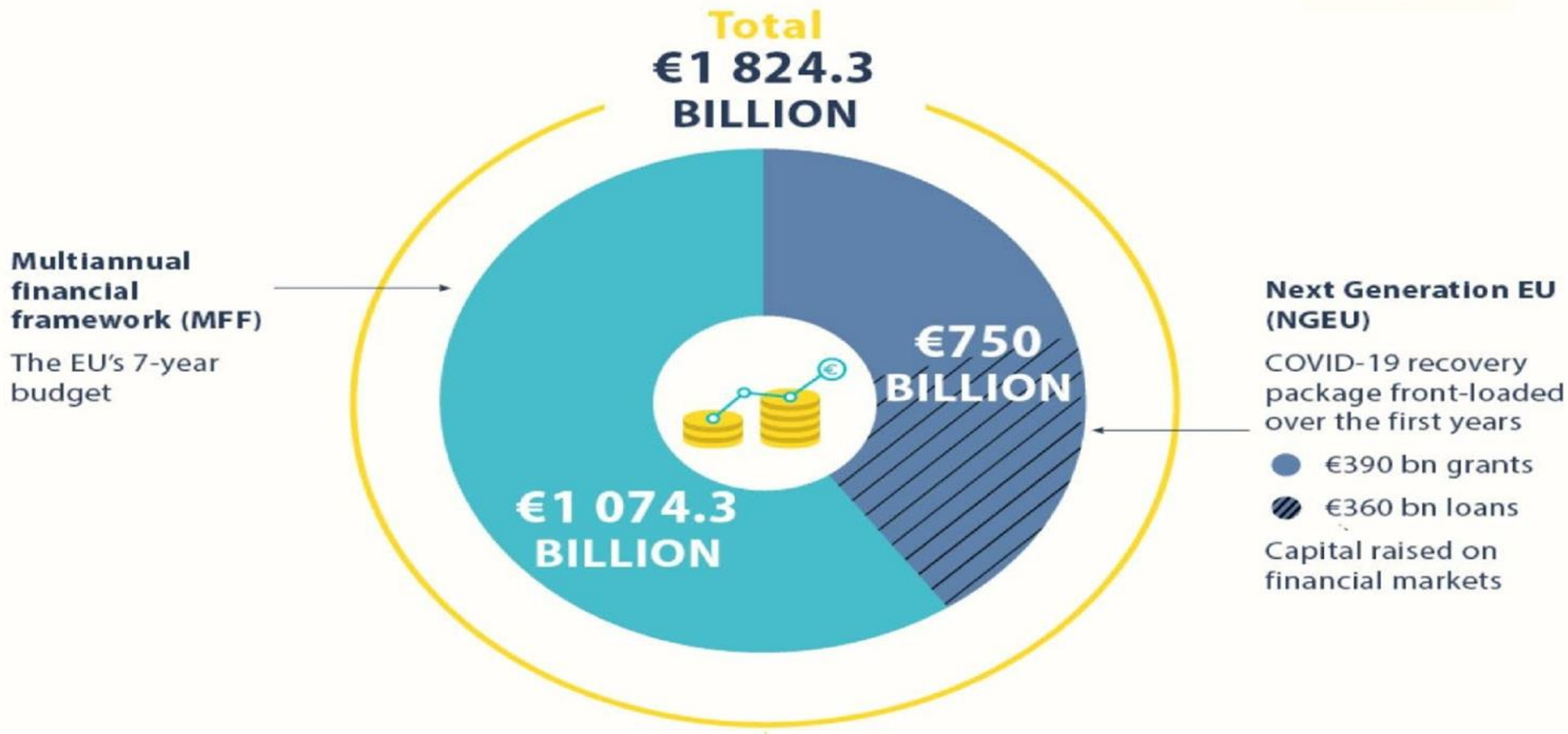
# Next Generation EU

**#NextGenerationEU**  
**#EUBudget**



European  
Commission |

# Overall budget 2021-2027









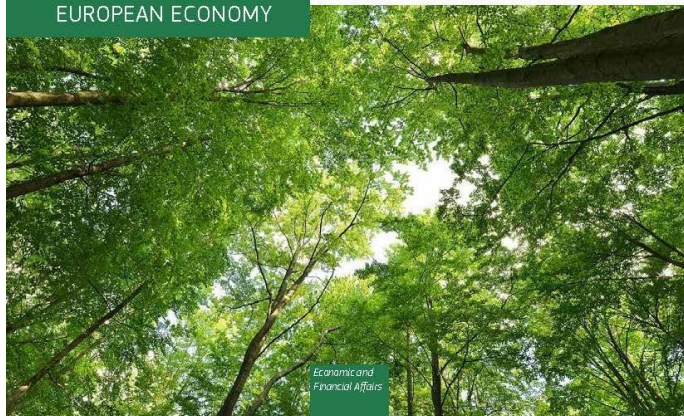
ISSN 2445-0114 (online)

## European Economic Forecast

Summer 2021

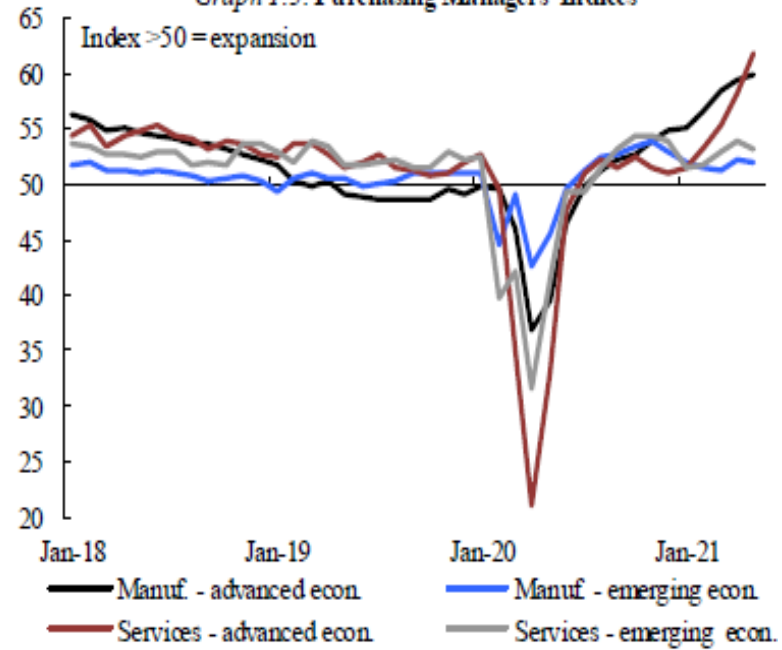
INSTITUTIONAL PAPER 156 | JULY 2021

### EUROPEAN ECONOMY



Economic and Financial Affairs

Graph 1.3: Purchasing Managers' Indices



+5,9  
%

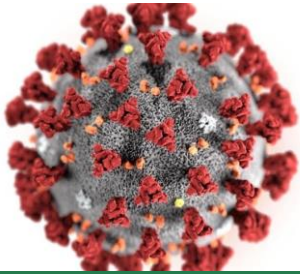
Table 1.1:

### International environment

(Annual percentage change)

				Summer 2021 interim forecast			Spring 2021 forecast		
	2017	2018	2019	2020	2021	2022	2020	2021	2022
Real GDP growth									
World (excl.EU)	3.9	3.9	2.9	-2.9	5.9	4.2	-2.9	5.9	4.2
Trade volumes									
World (excl.EU) exports of goods and services	5.1	3.6	0.0	-8.4	8.1	5.4	-8.4	8.1	5.4
World (excl.EU) imports of goods and services	5.8	4.3	-0.7	-9.3	9.0	5.7	-9.3	9.0	5.7



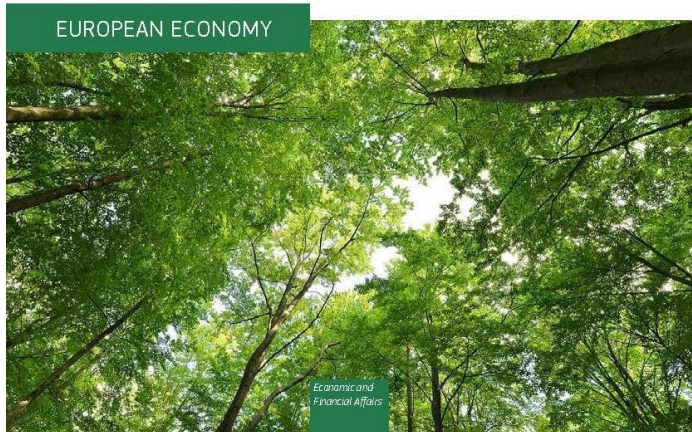


ISSN 2445-0014 (online)

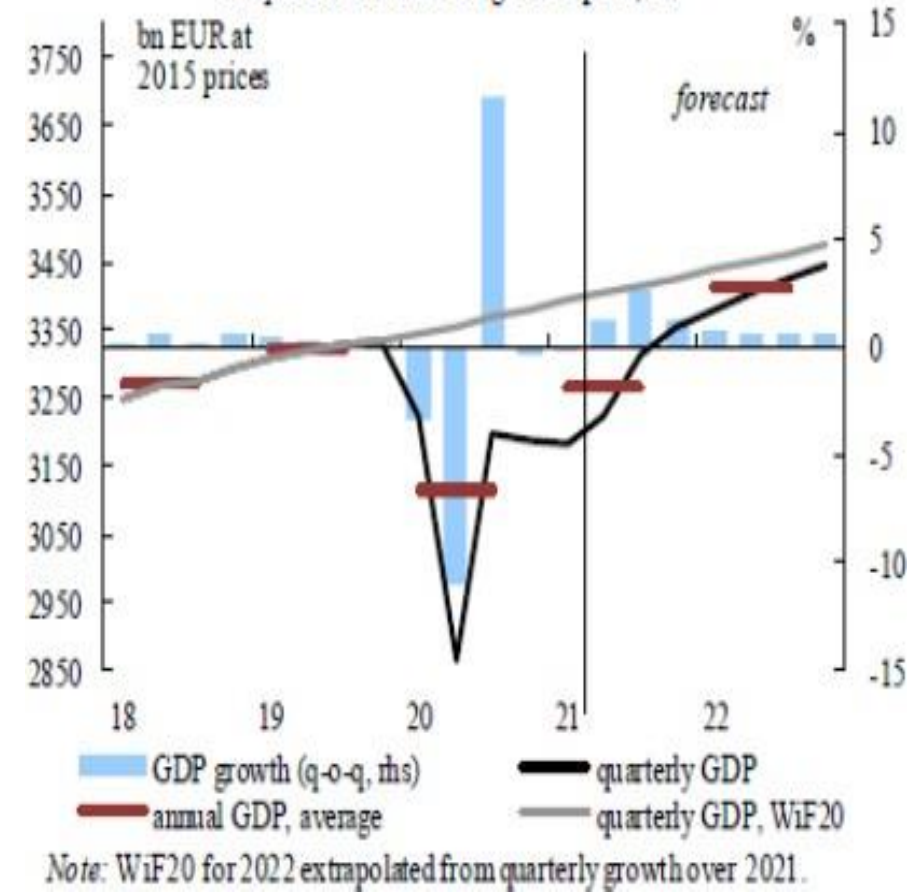
# European Economic Forecast

Summer 2021

INSTITUTIONAL PAPER 156 | JULY 2021



Graph 1.10: Real GDP growth path, EU



+4,3  
%

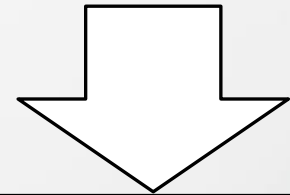
Table 1:  
Overview - the Summer 2021 interim forecast

	Real GDP growth						Inflation					
	Summer 2021 interim forecast			Spring 2021 forecast			Summer 2021 interim forecast			Spring 2021 forecast		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Euro area	-6.5	4.8	4.5	-6.6	4.3	4.4	0.3	1.9	1.4	0.3	1.7	1.3
EU	-6.0	4.8	4.5	-6.1	4.2	4.4	0.7	2.2	1.6	0.7	1.9	1.5



Public resources are 'activators' of the system

Promoting the stable flow of private capital to productive uses



Incentives and efficient market

## **EFFICIENCY OF FINANCIAL MARKETS**

**ALLOCATIVE EFFICIENCY** ability to allocate available resources among applicants for funds on a priority scale based on risk-return characteristics

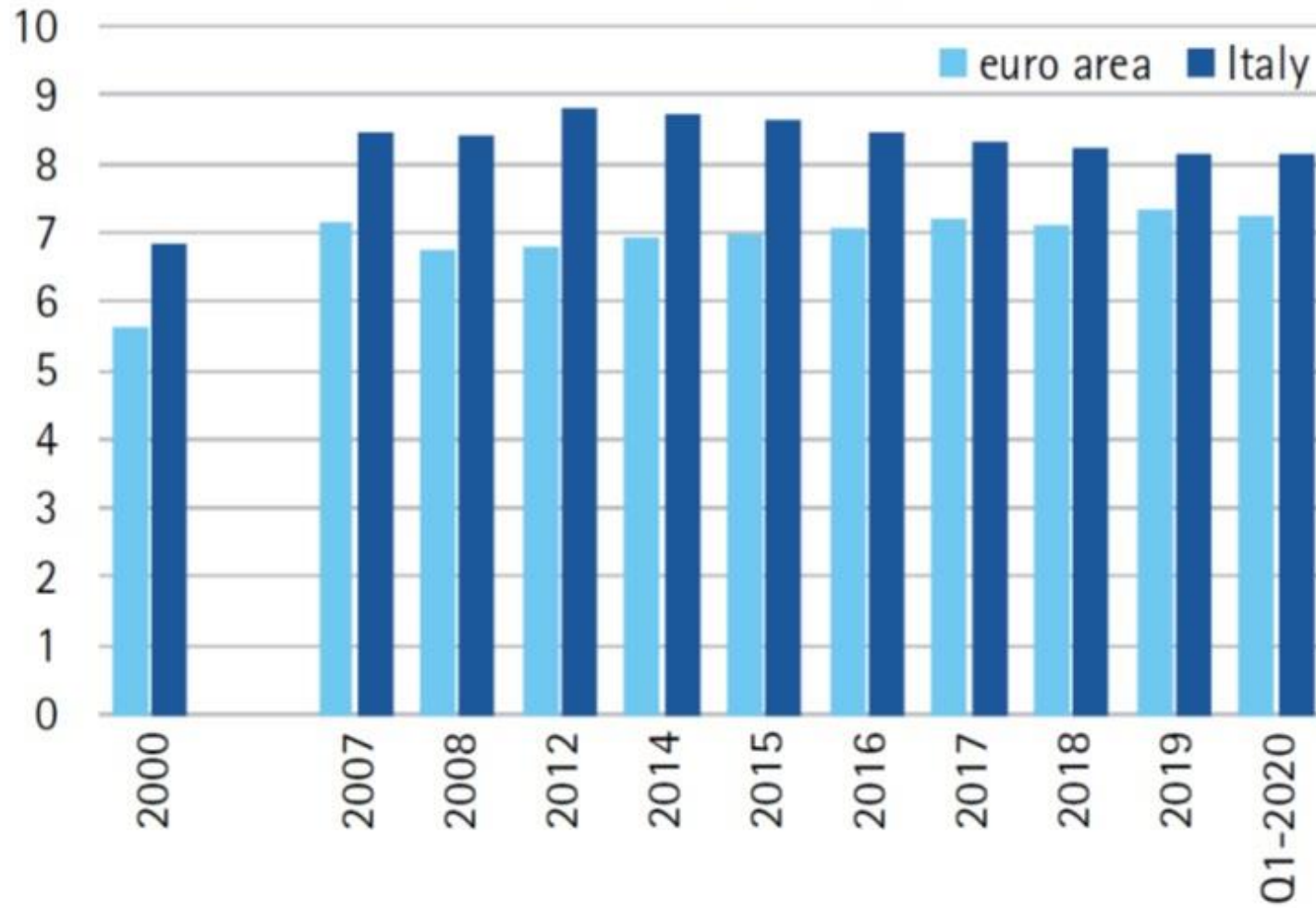
**OPERATIONAL EFFICIENCY** Generating operational conditions necessary to minimise transaction costs and maximise supply-demand matching conditions.

**INFORMATIVE EFFICIENCY** All relevant information in price formation is known to all





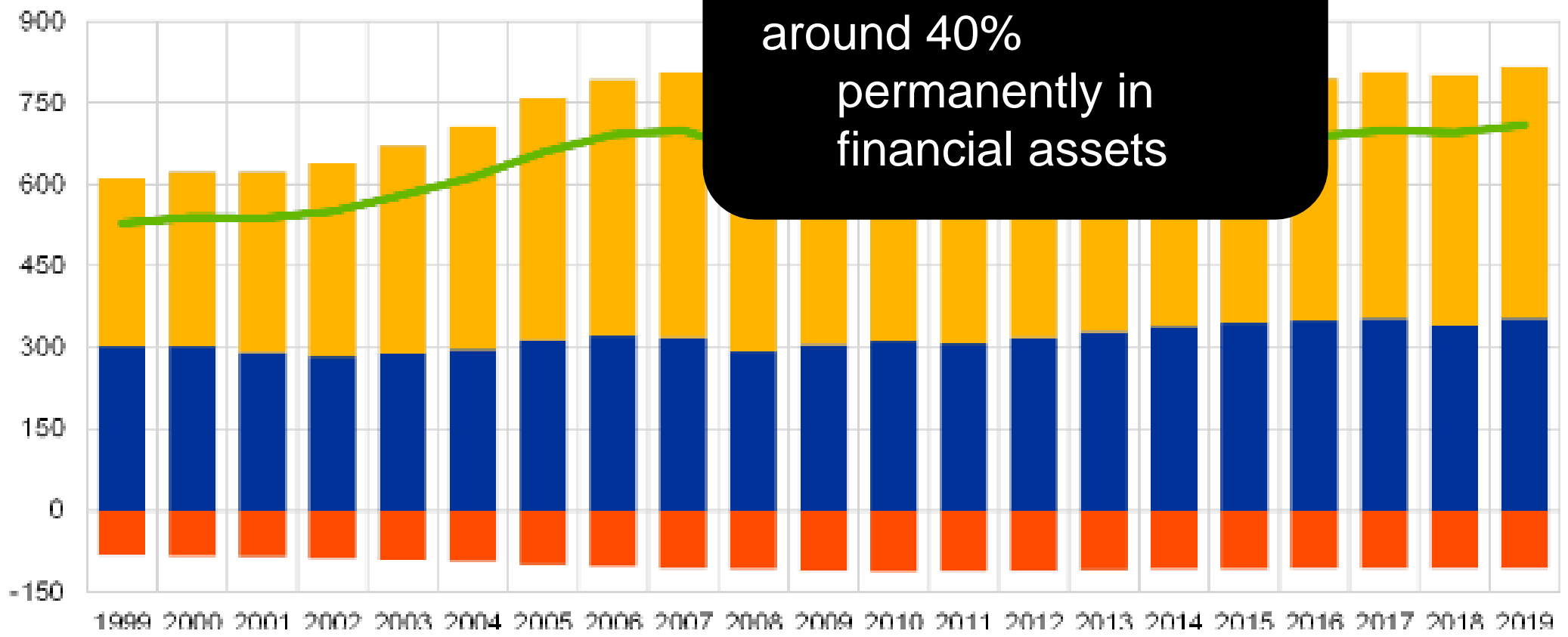
ratio of household net wealth to gross disposable income



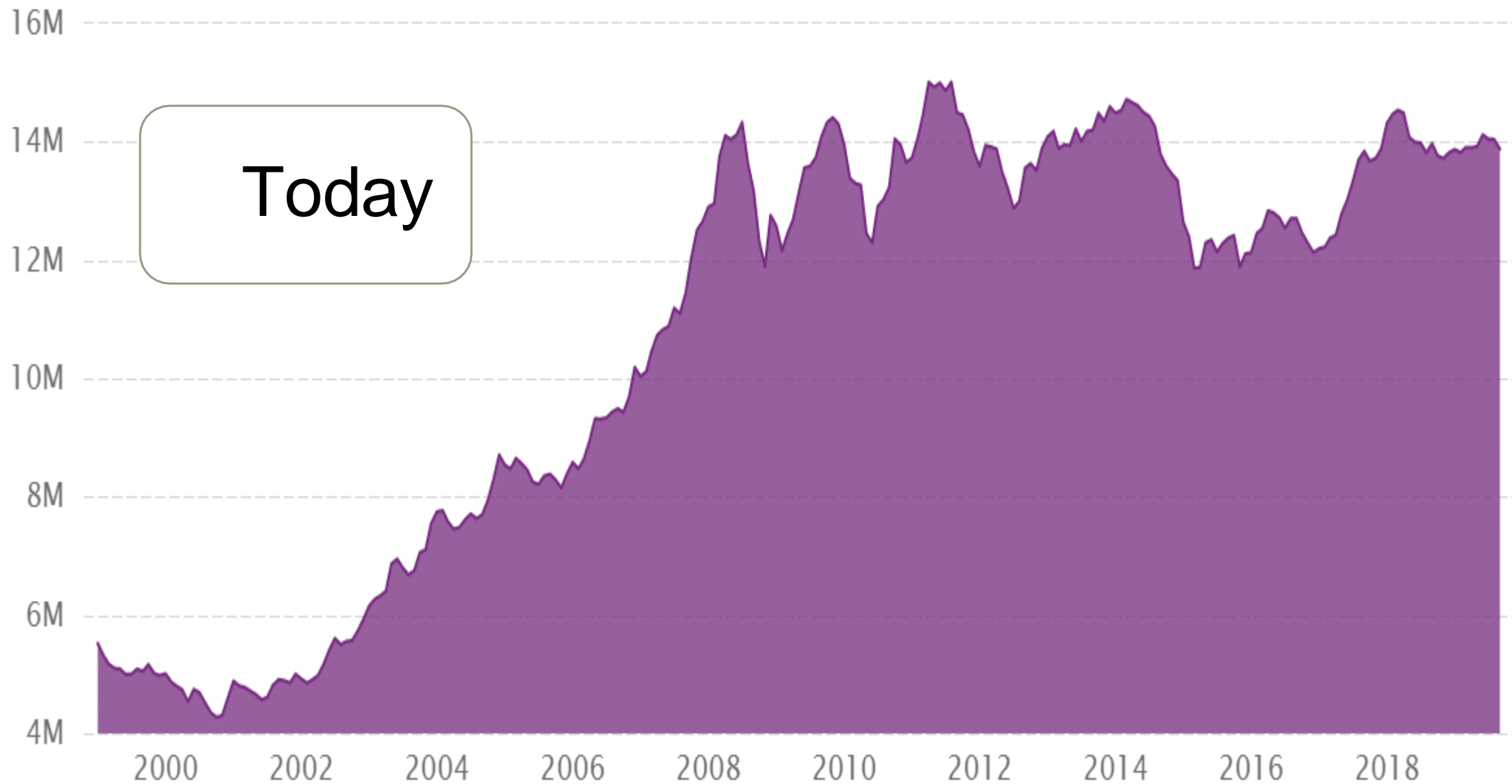
8 times  
disposable  
income



- Financial wealth
- Housing wealth
- Debt liabilities
- Net worth



around 40% permanently in financial assets



■ Total Deposits: USD mn: Monthly: Euro Area



# Surge in deposits at eurozone banks

Annual growth rate (%)



Source: European Central Bank  
© FT

High levels of liquidity in the system that are not transformed into credits or participations in the productive system



**Allocation inefficiency for households**

**Waste of resources for the system**



National Accounts of OECD Countries

OECD Volume 2021/1

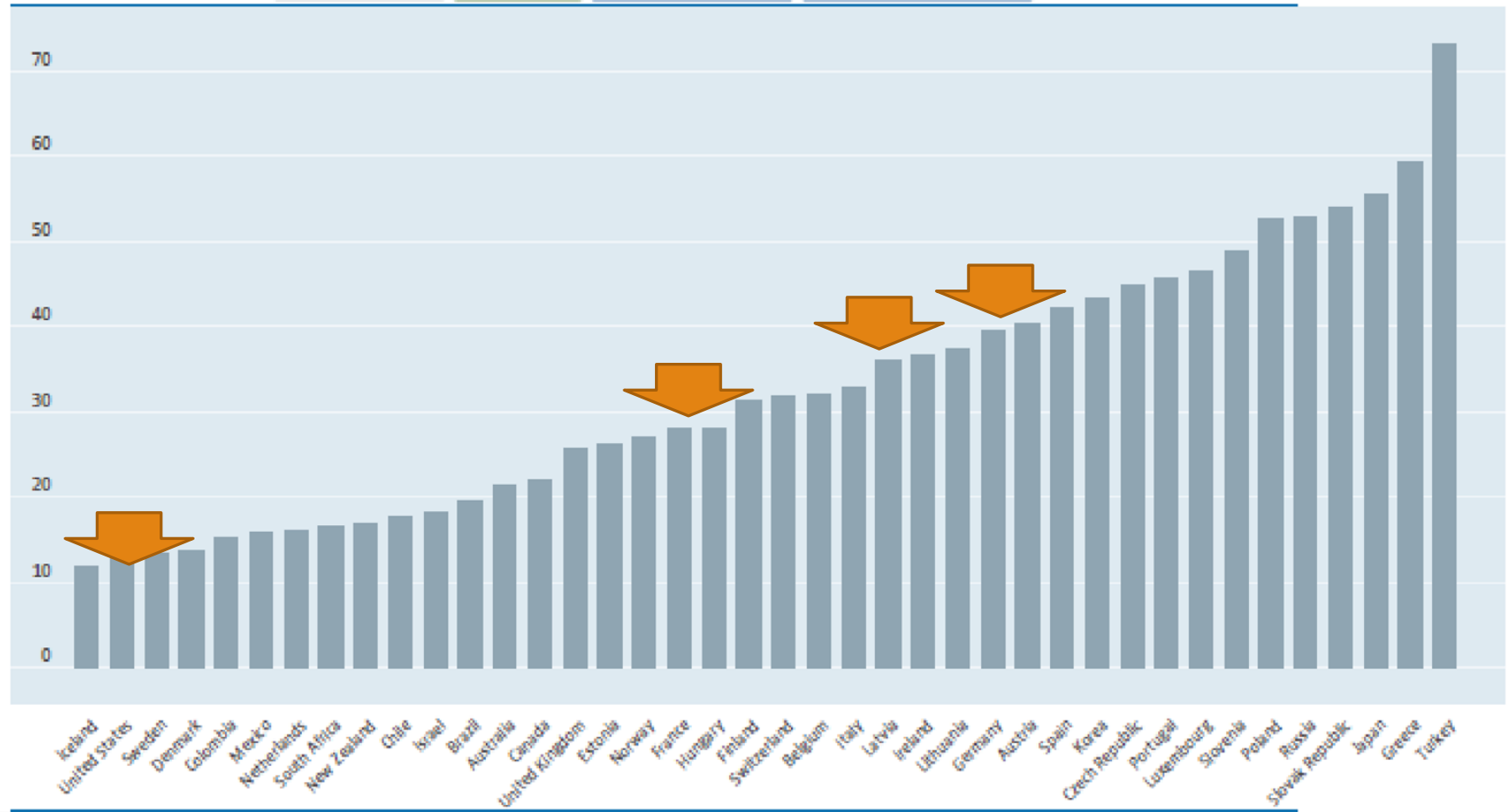
# Household financial assets

Currency and deposits, % of total financial assets, 2020 or latest available

Source: National Accounts at a Glance

Chart () Map () Table ()

Fullscreen () Share () Download () My pinboard ()





Uncertainty,  
anxiety,  
mistrust....



Consulting..

.







COMMISSIONE EUROPEA

Bruxelles, 24.9.2020  
COM(2020) 590 final

COMUNICAZIONE DELLA COMMISSIONE AL PARLAMENTO EUROPEO,  
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Un'Unione dei mercati dei capitali per le persone e le imprese: nuovo piano di azione

Information and consultancy

... Action 8: The Commission will assess the applicable rules in the area of incentives and disclosure and, where necessary, propose amendments to the existing legal framework to ensure that retail investors receive fair advice and clear and comparable product information.

so that retail investors receive fair advice and clear and comparable product information...





## 2. Counselling as a protected and confidential service of the Union

The Community Dimension

Advice and non-information



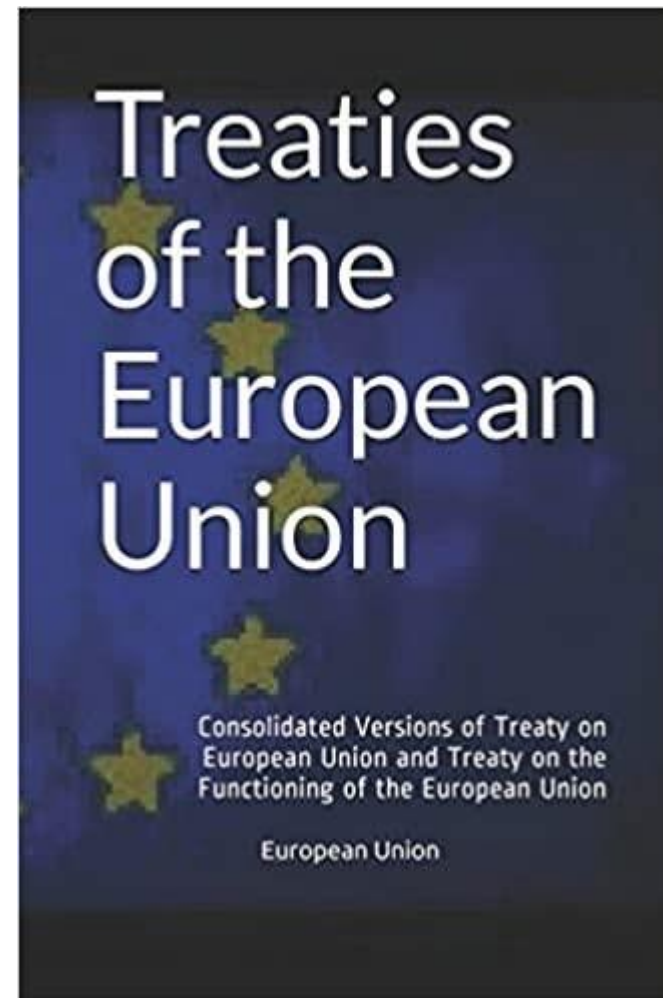
The regulation of counselling in many EU countries is in line with constitutional principles.

In Italy  
Protection of savings  
Addressing private economic activity  
private economic activity for social purposes and economic development

Art.41 e 47

However, the national dimensions are overtaken by the Community dimension.





Single financial market, payment space, monetary union and banking union



Harmonization, market efficiency and savings protection



Who can offer  
the service



1990s  
Ancillary activity  
open to all

Directive  
93/22/EEC of 10  
May 1993 on  
investment  
services in the  
securities field

## SECTION

### **Additional services**

Safekeeping and administration in relation to one or more instruments referred to in Section B.

Rental of safe deposit boxes.

Granting credits or loans to investors to enable them to carry out a transaction

in relation to one or more instruments referred to in Section B, a transaction in which the firm granting the credit or loan is involved.  
credit or loan.

Advice to undertakings on financial structure, industrial strategy and related matters, as well as advice and services concerning

Advice to undertakings on financial structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings.

Services related to underwriting.

**Investment advice concerning one or more of the instruments listed in Section B.** Exchange service where service is related to the provision of investment services.

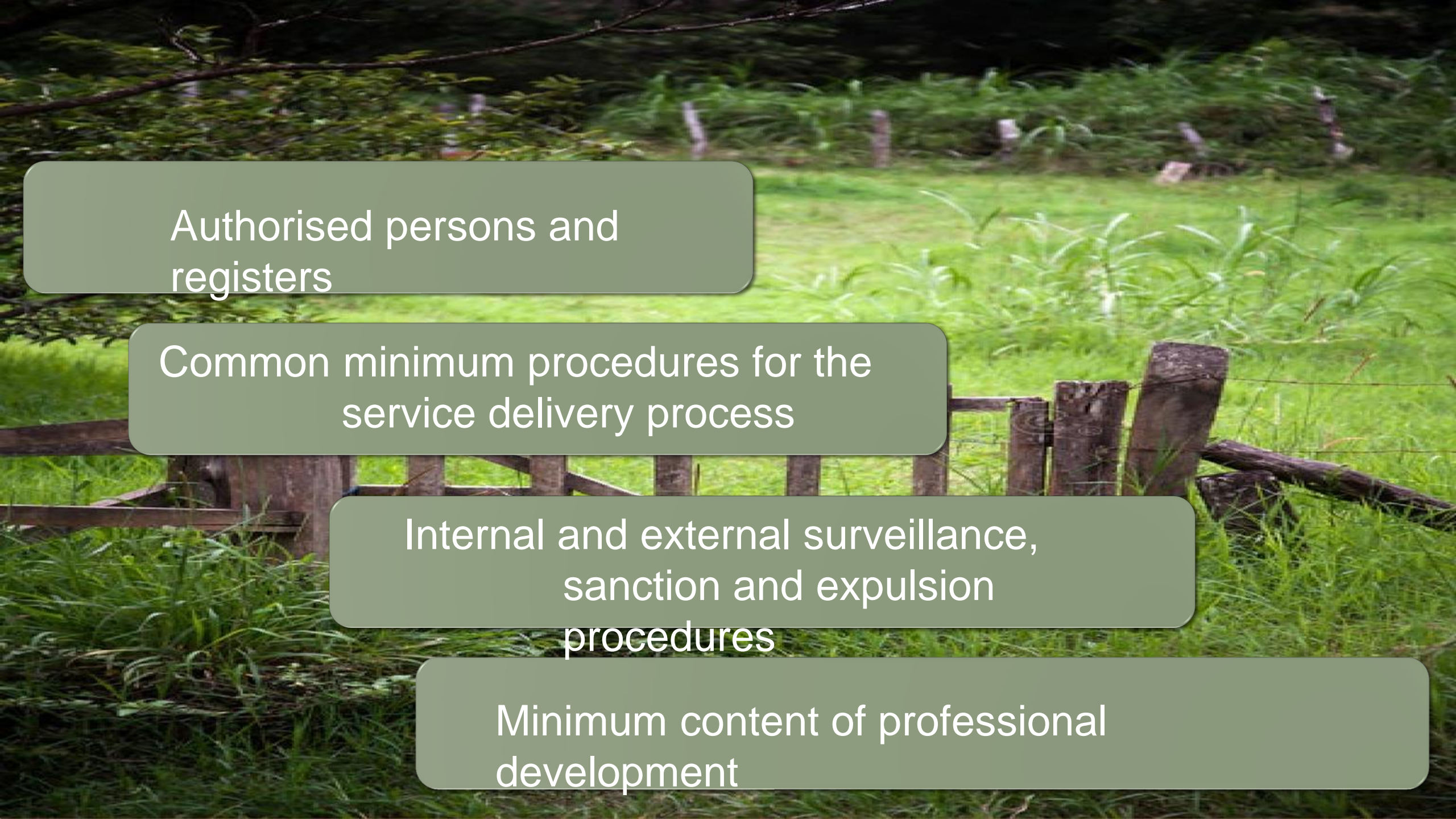




Today a protected  
and typical activity  
only offered by authorised  
persons







Authorised persons and registers

Common minimum procedures for the service delivery process

Internal and external surveillance, sanction and expulsion procedures

Minimum content of professional development





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## Trained staff

Financial firms must ensure and demonstrate to supervisors that they provide their services through staff with appropriate skills and knowledge of the products offered.



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Different protection for different clients Segmentation by type (retail or professional)



Bruxelles, 24.9.2020  
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Un'Unione dei mercati dei capitali per le persone e le imprese: nuovo piano di azione

## Action 8

European  
reputation and  
recognition

..... Finally, it will seek to improve the level of professional qualifications for advisors in the EU and assess the feasibility of establishing an EU-wide label for



European  
Register of  
Financial  
Advisers?

Process  
certification?



What advice?





Customisation

Reference to  
specific financial  
instruments

Negotiabilit

y

Professionalis

m

For consideration

### 3 The definition of independent advice






We always talk  
about financial  
advice

The legislation  
identifies an advisory  
service  
which has objective  
characteristics of  
independence in terms  
of organisation




A businessman in a dark suit and blue striped tie is shown from the chest up, holding a blue pen. The background features a world map and a bar chart with six bars of increasing height, each with diagonal hatching. A green arrow points upwards from the bottom left towards the top right, passing through the bars. On the left side, there are some hand-drawn diagrams in yellow and green, including a leaf-like shape and a triangle with the number '257' next to it, and the number '15' below it.

Focus on organisational  
aspects that enable real  
choice

Breadth of reference  
universe in selection



A man in a dark suit and blue striped tie is pointing with his right hand towards a bar chart. The chart features five vertical bars of increasing height, each filled with diagonal hatching. A bright green arrow starts from the bottom left and points diagonally upwards towards the top right, passing over the bars. In the background, there are faint sketches of pie charts with percentages like '15%' and '25%'.

Focus on remuneration aspects that give a presumption of independence

**Fee  
Only**



Legal entity authorised to  
provide advice

financial advisor authorised  
to offer outside his  
office

Self-employed financial  
advisor

Financial advisory companies

The rule does not define  
any authorisation limits for  
the provision of  
independent advice.  
Any authorised person  
may offer this service

Legal entity authorised to  
provide advice

financial advisor authorised  
to offer outside his  
office

Self-employed financial  
advisor

Financial advisory companies

The focus is on  
transparency:

Declaring what kind of  
consultancy is offered and  
having a coherent process  
organisation

Legal entity authorised to provide advice

financial advisor authorised to offer outside his office

Self-employed financial advisor

Financial advisory companies

in  
the  
future

If the focus is on process independence, credibility and professionalism of the service, the mode of remuneration is probably 'not' a binding element. (transparency is).



The clear identification of independent advisory services is, however, the main way to accustom households to wealth and financial planning.



## 4. The value of advice for families and behavioural barriers: mistrust and low financial knowledge





The financial decision to invest is perceived as one of the most difficult decisions



The use of advisory services should be a normal habit of the investor.



# 1. Financial optimisation value

Enabling the use of  
information,  
methodologies and  
products



Financial  
optimisation  
Time, tools,  
expertise



## 2. Optimisation value in behaviour



Overcoming cognitive barriers and penalising instinctive behaviours



Behavioural finance



### 3. Planning value



Overcoming mistrust and inertia towards estate planning



Identification of needs and allocation gaps





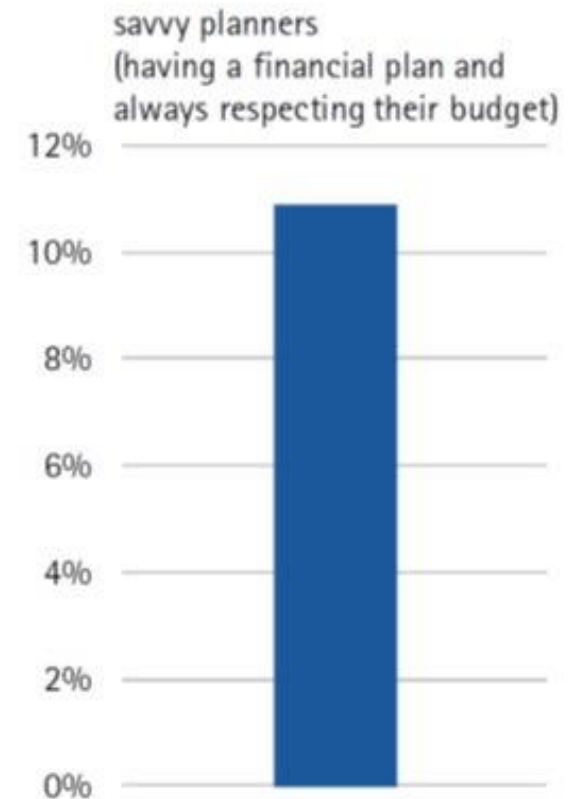
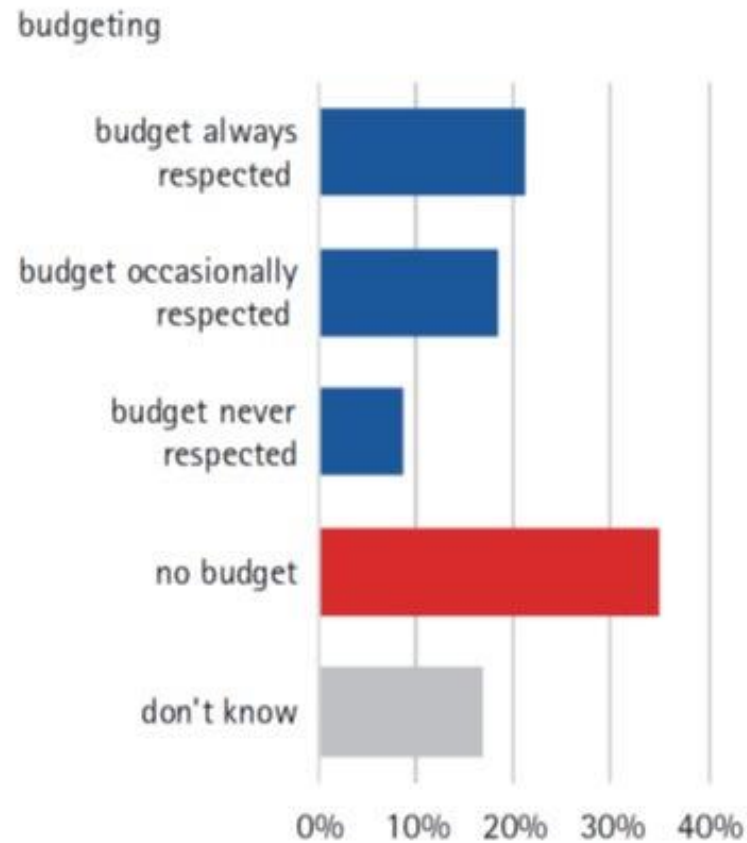
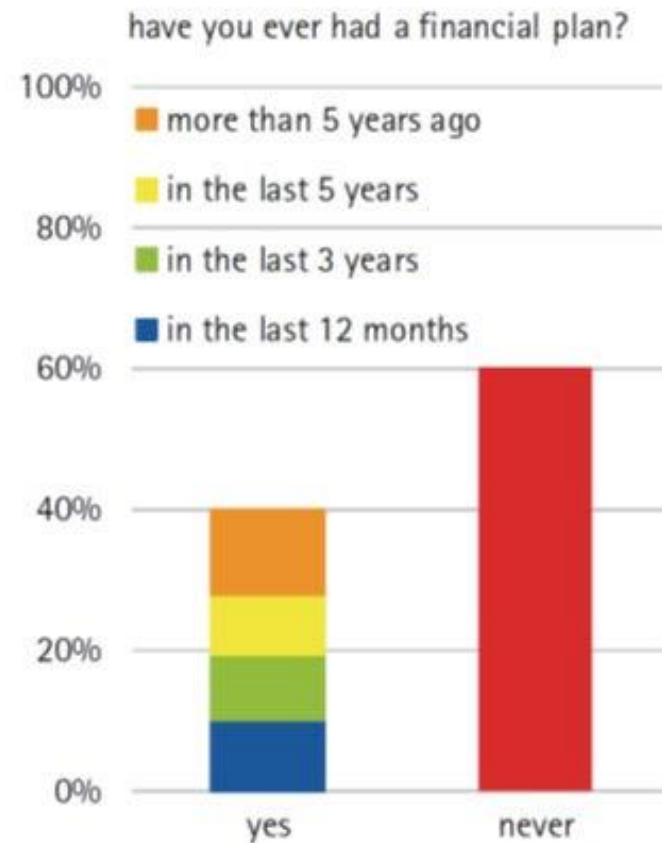


To date, counselling is not customary ... because of a sense of distance.



## Limited planning

Fig. 5.1 – Experience in financial planning and budgeting

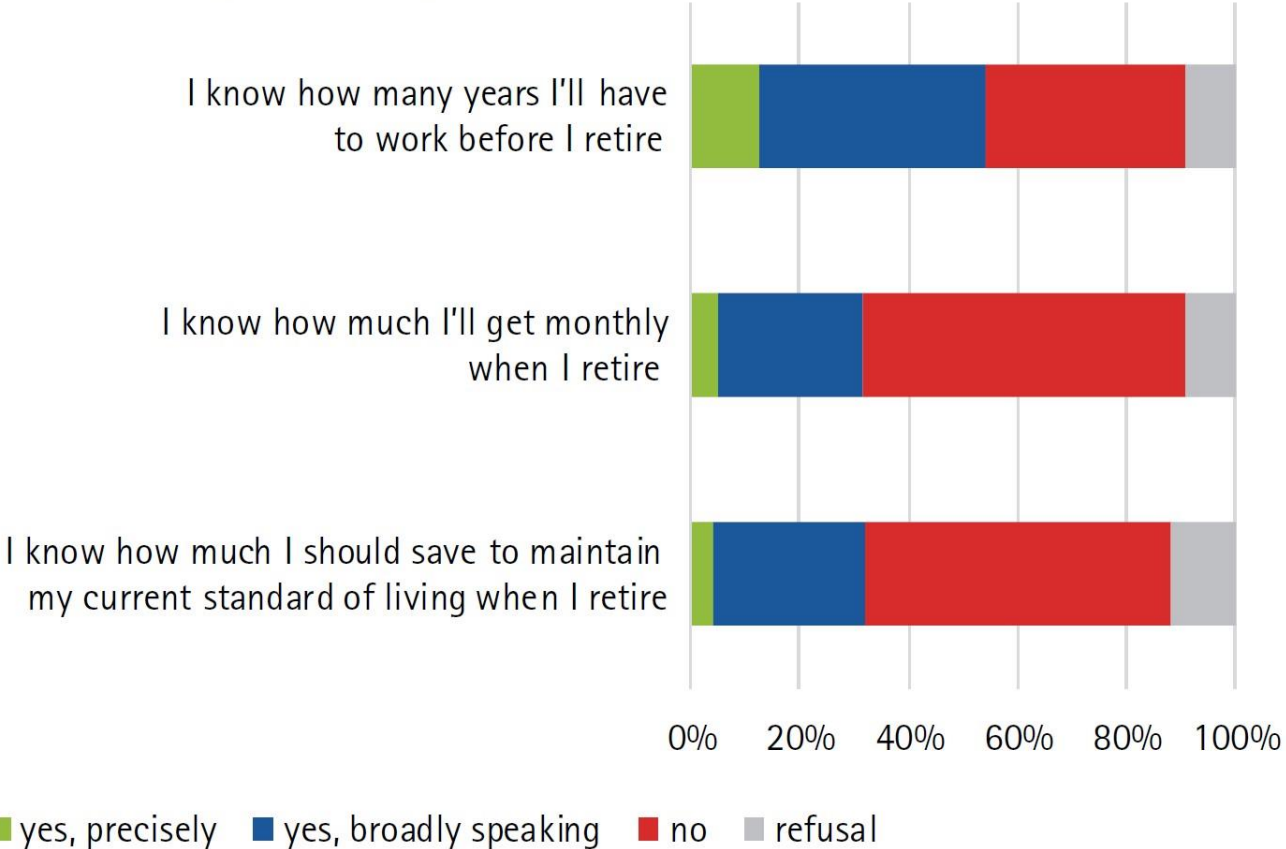




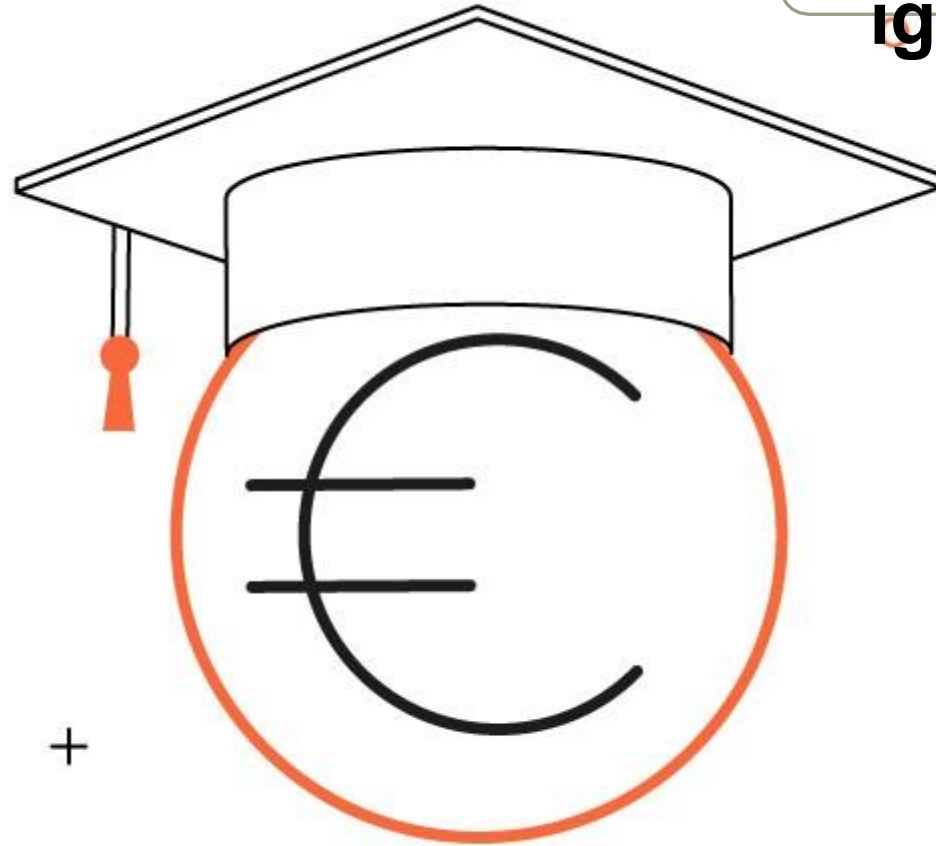
**Fig. 5.3 – Awareness about retirement**

Ignorance of financial needs

agreement on the following  
(non-retired respondents only)



# Financial ignorance





7 -The value of advice for the country system:

the efficiency of financial markets

the valorisation of human resources the sustainability of the sector



The Community  
legislator is  
interested in

**Stability of the  
system**

**Efficiency of the  
system**

**Social  
sustainability**

**Social orientation**

**Stability of the system**

**Efficiency of the system**

**Information**

**Understanding needs and opportunities**

**Informed decision**

**Monitoring**



**Servizi di  
consulenza  
finanziaria**

Impatti di una consulenza  
finanziaria corretta su psicologia e  
comportamenti

Reduce  
stress

get used to  
diversificatio  
n

Extend the  
investment  
horizon

Reduce  
perceived  
value of market  
timing

get used to  
planning

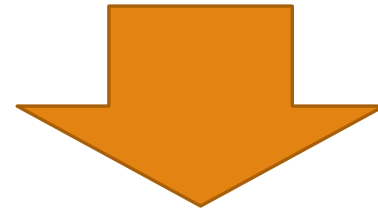
Change asset  
allocation mix  
in favour of  
real  
investments





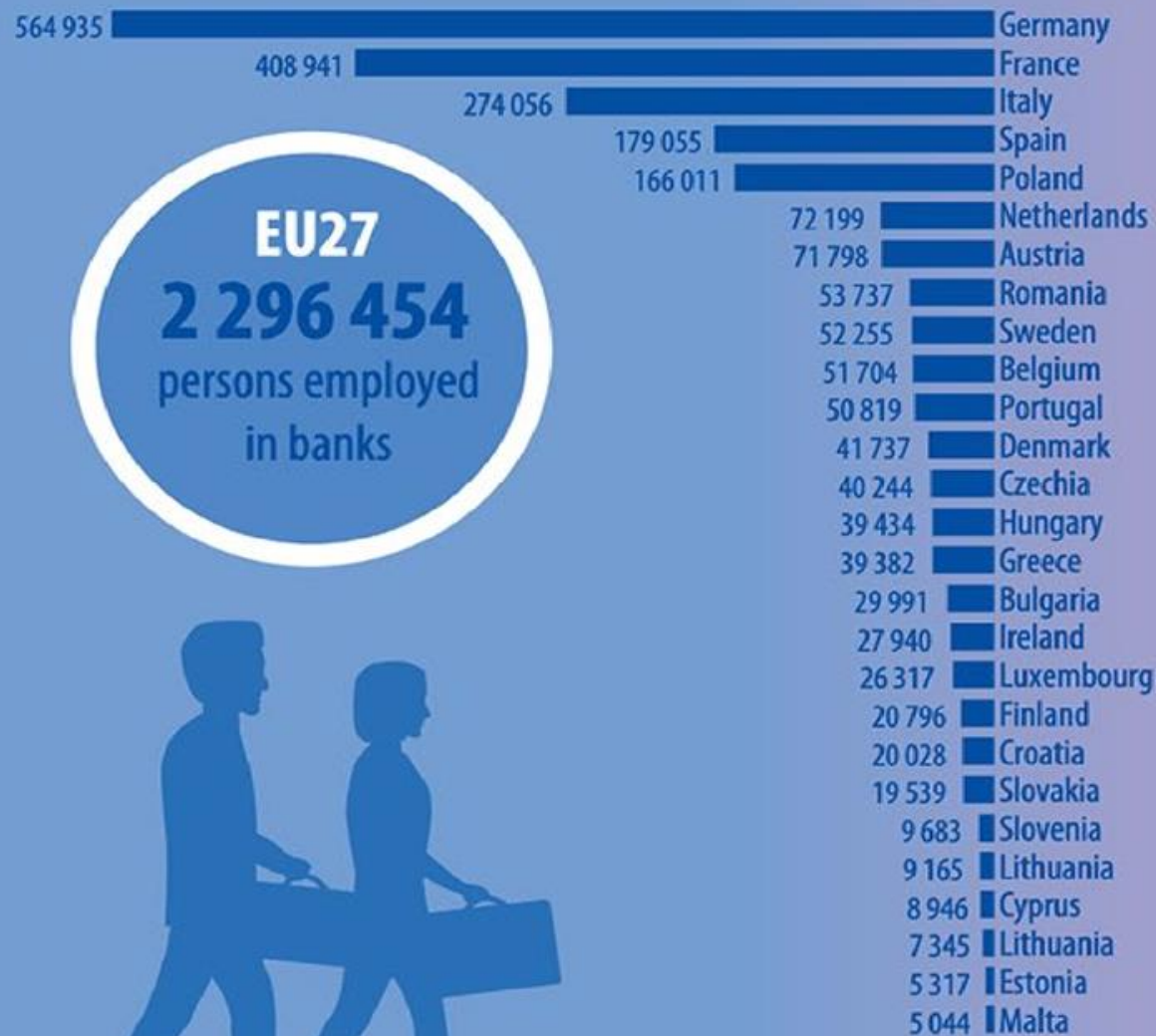
**Social  
sustainability**

**Social orientation  
of economic**

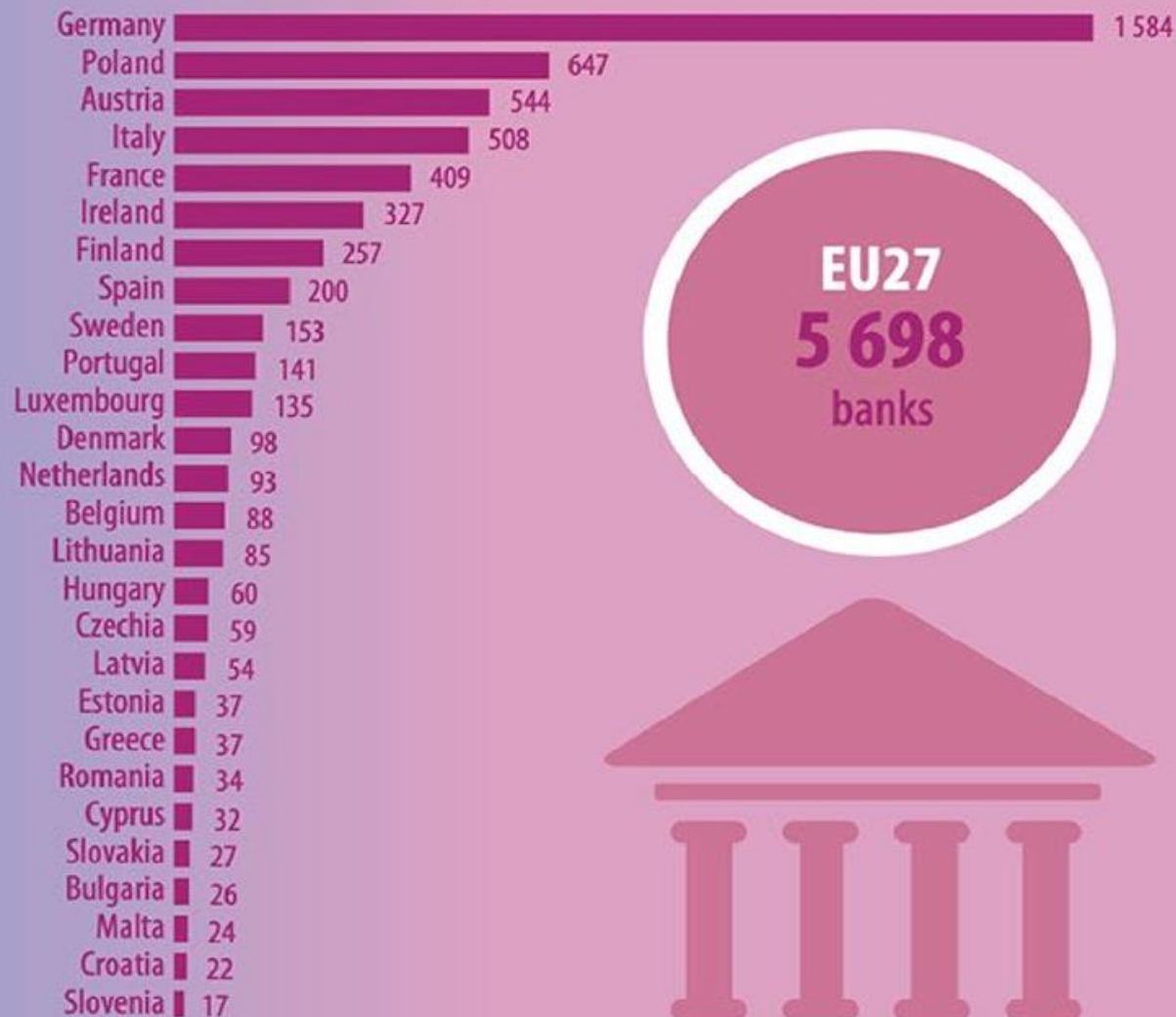


**How not to waste a  
wealth of knowledge and  
human resources**

## PERSONS EMPLOYED IN BANKS



## NUMBER OF BANKS



Data refer to 2018.  
Source: European Banking Federation

Today the business model  
is changing rapidly





**Focus**

**Changing the  
distribution**

**Expulsion of labour force**

**Abandonment of the territory**

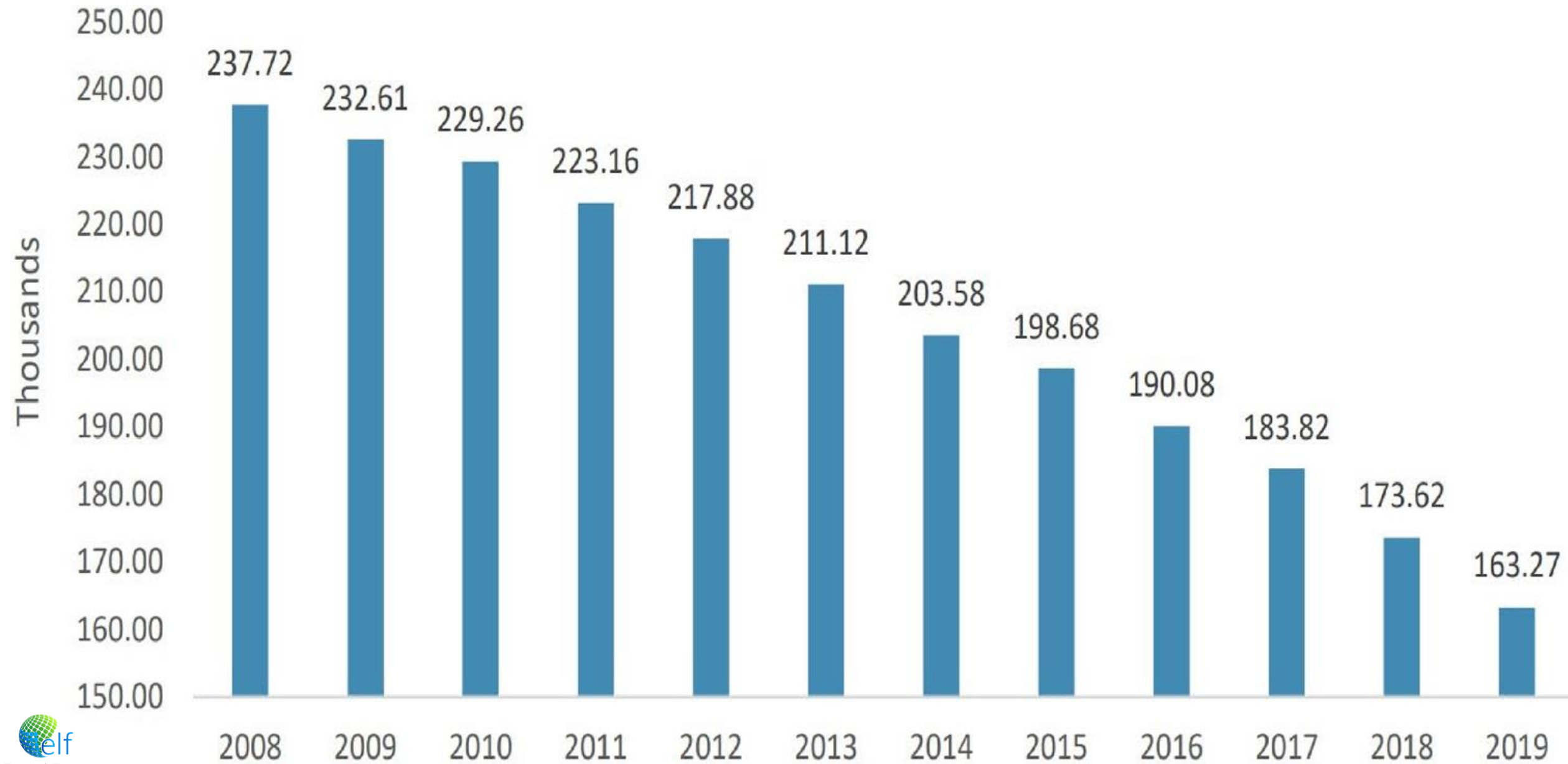
**Risks of financial**

# Number of individuals employed by credit institutions in Europe (EU28) from 2009 to 2018

(in millions)

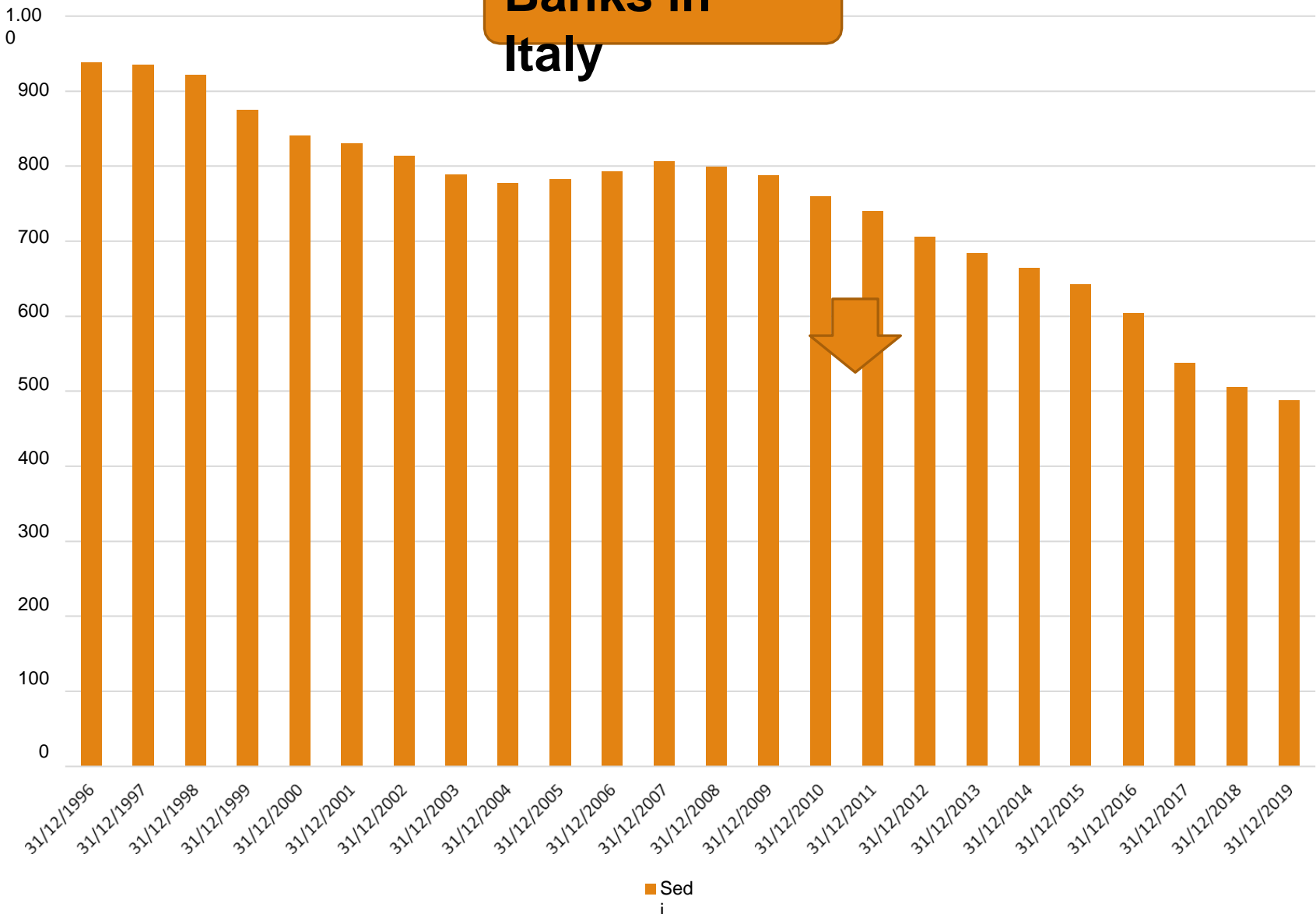


# Number of domestic branches



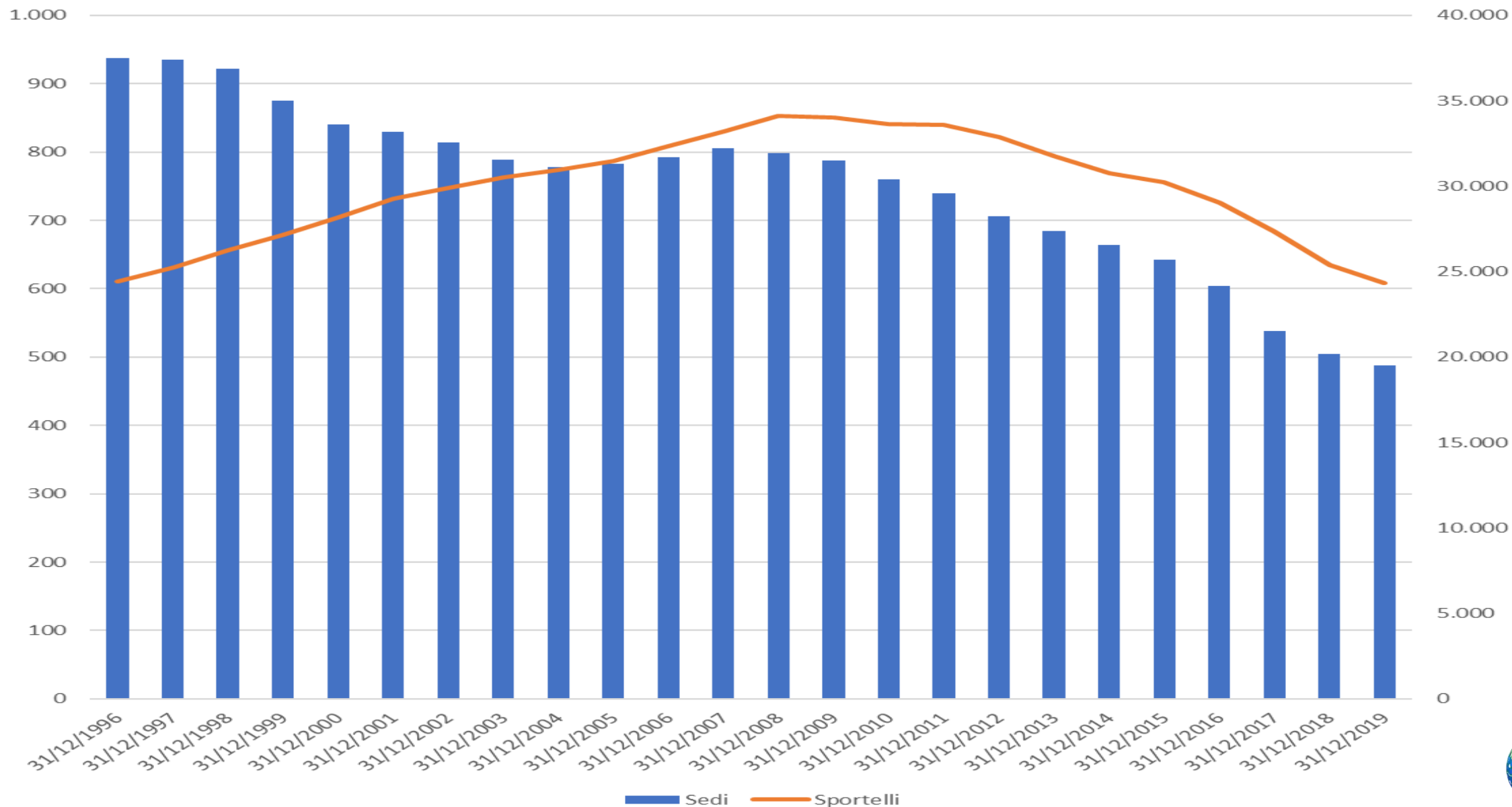


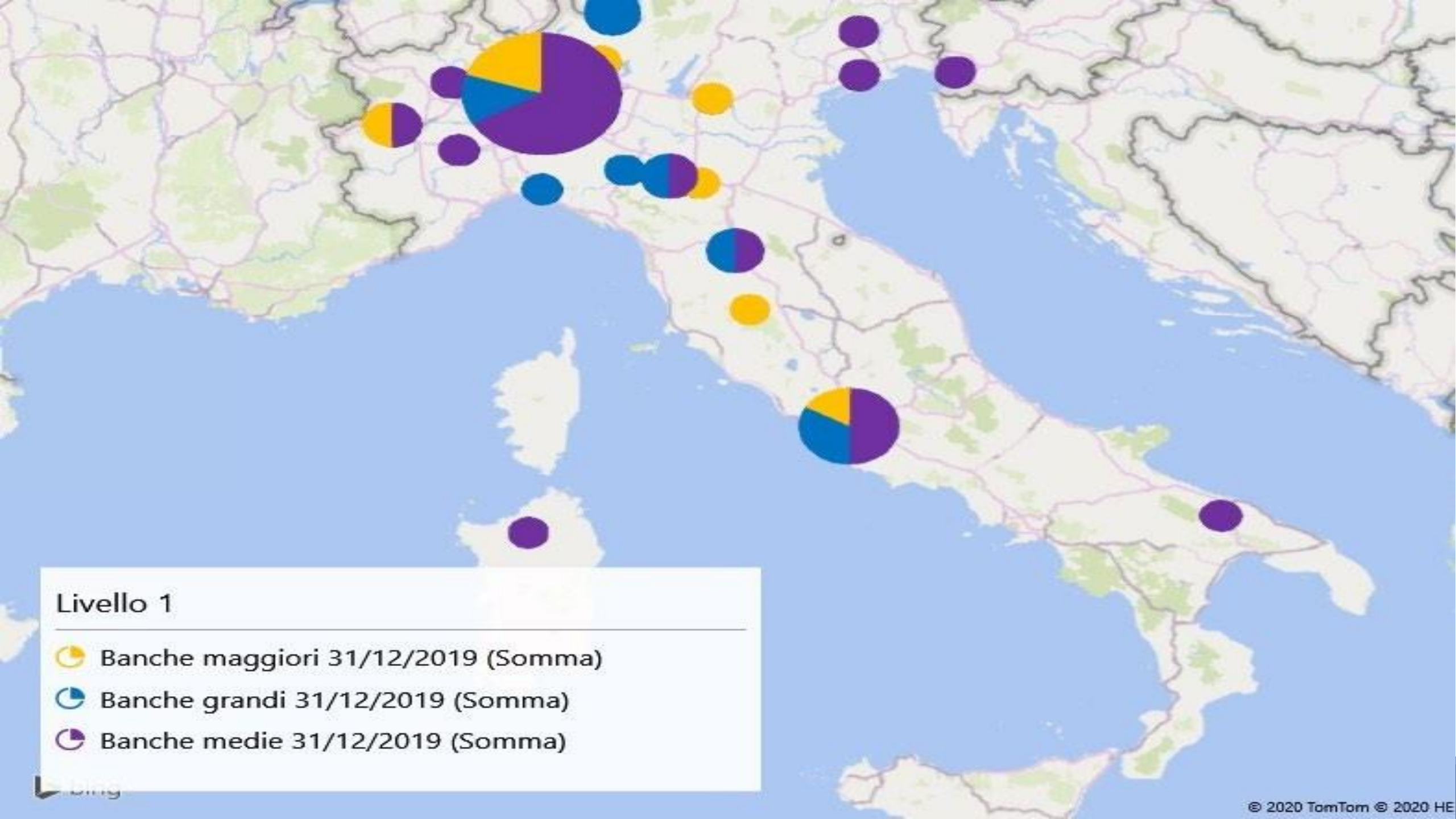
# Banks in Italy






Anno	Numero di banche	
		di cui: BCC
1990 .....	1.156	715
1991 .....	1.108	708
1992 .....	1.073	700
1993 .....	1.037	671
1994 .....	994	643
1995 .....	970	619
1996 .....	937	591
1997 .....	935	583
1998 .....	921	562
1999 .....	876	531
2000 .....	841	499
<b>Totale (3) .....</b>	-	-

# L'abbandono del territorio





### Livello 1

-  Banche maggiori 31/12/2019 (Somma)
-  Banche grandi 31/12/2019 (Somma)
-  Banche medie 31/12/2019 (Somma)



EXPERT

SUPPORT

KNOW

CONSULT

SERVIC



Redevelopment

Conversion of skills to  
recognisable, high value-added  
jobs



VALUE



Recognition  
and greater  
independence  
of the worker

Non-Taylorist view  
of work.

Labour is not a  
factor of  
production but a  
subject of  
production.





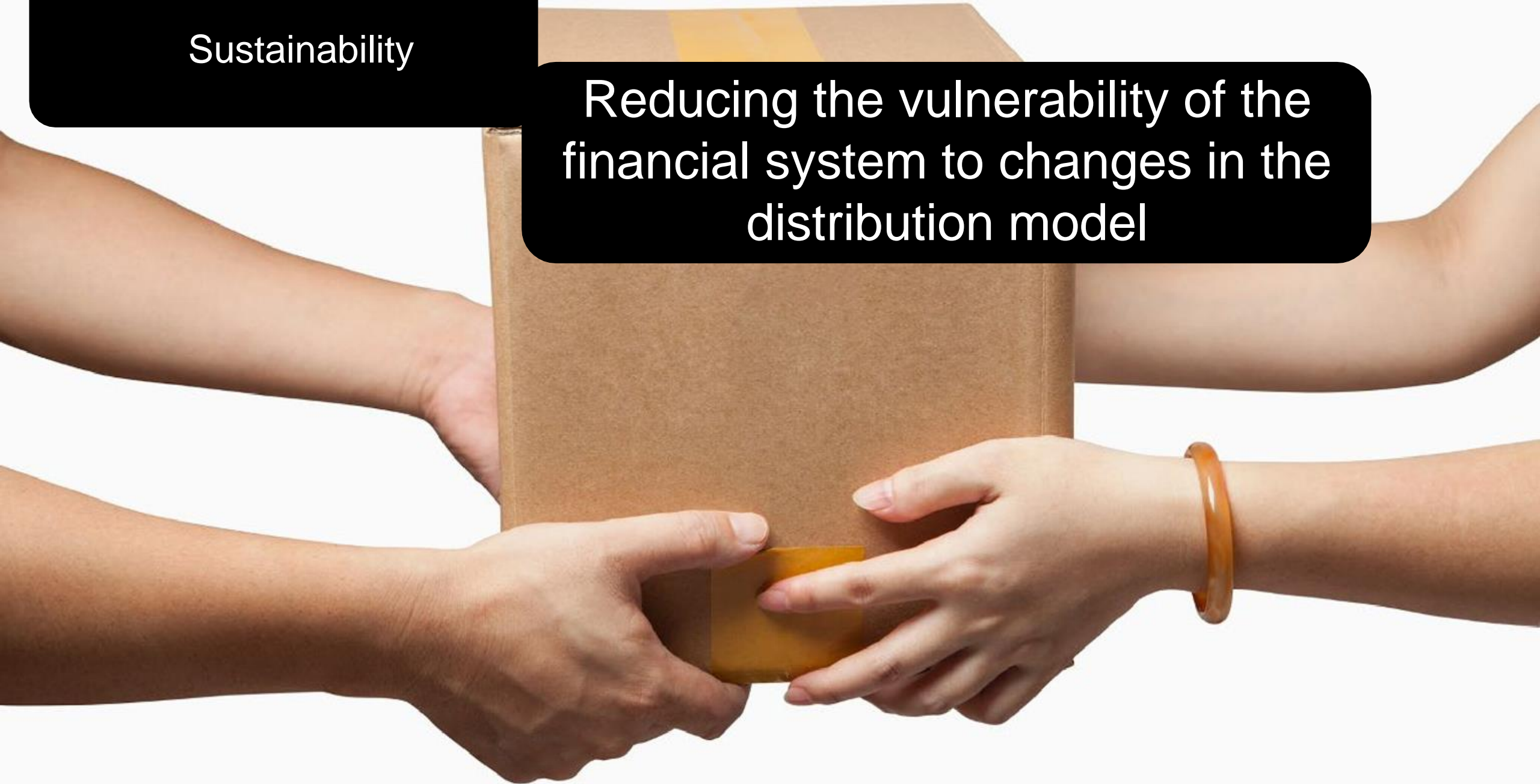
Link with the  
territory

Stable presence of expertise on  
the ground

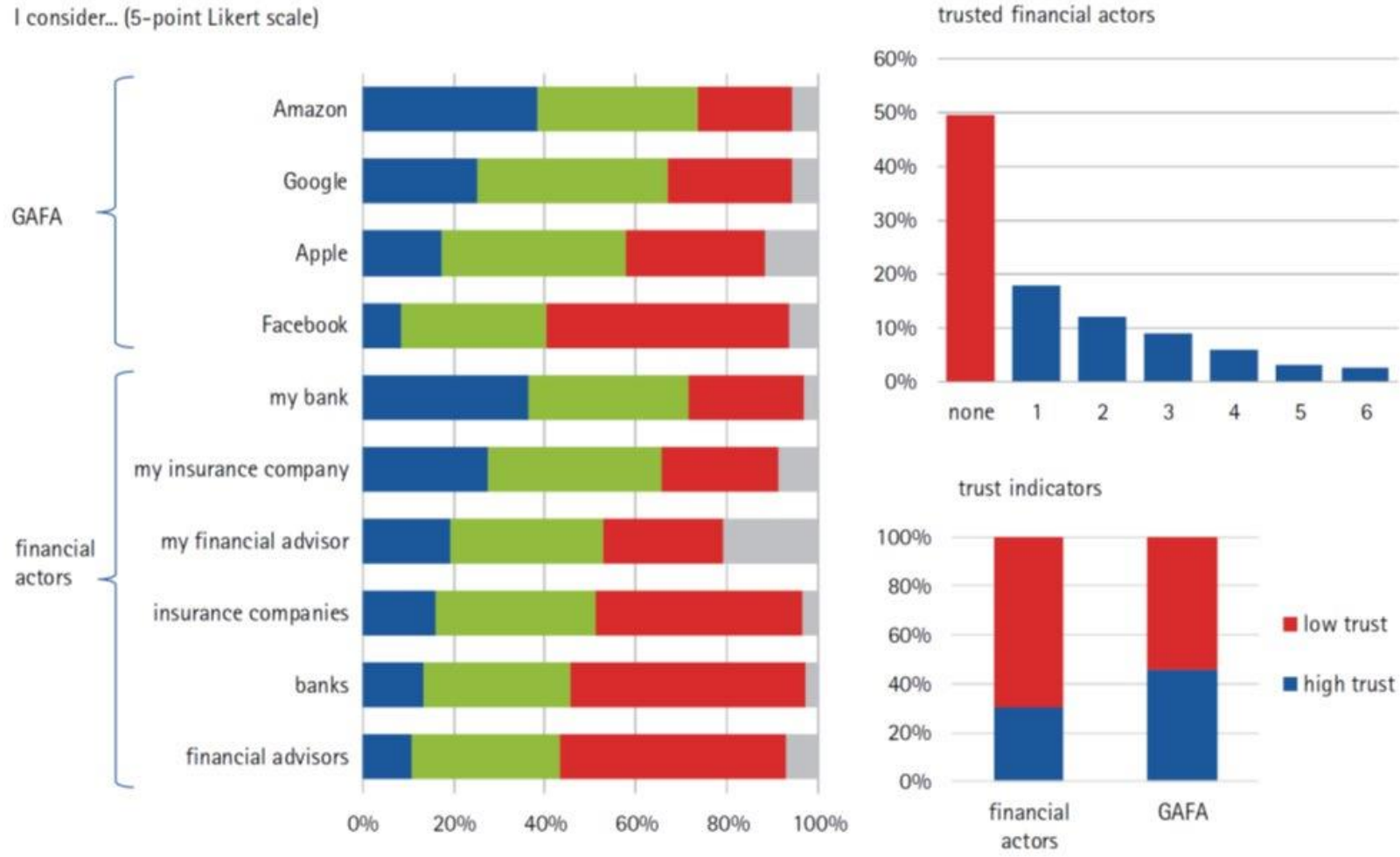


Sustainability

Reducing the vulnerability of the financial system to changes in the distribution model



**Fig. 3.9 – Trust**





**So why not think  
about a uniform  
EU system of  
incentives?**

**Offerin  
g**

**Dedicated labour  
cost relief**

**Relief on staff  
retraining costs and  
dedicated  
investments**

**So why not think  
about a uniform  
EU system of  
incentives?**

**Question**

**Taxation of services**

**Deductibility**

**Link with system-  
incentivised  
products**

**So why not think  
about a uniform  
EU system of  
incentives?**

**Infrastructu  
res**

**Service  
recognisabil  
ity**

**Harmonisatio  
n**

**Financial  
education**



