

Competence framework of the adults

January 2025



Comitato per la programmazione
e il coordinamento delle attività
di educazione finanziaria

Competence framework of the adults

Premise

Financial literacy is an **active citizenship tool** that takes the form of a continuous learning process. It also may involve the acquisition not only of theoretical knowledge, but also of the ability to translate notions into everyday concrete actions, such as budgeting for forecasting and monitoring one's income and expenditure, or the use of measures to avoid fraud and manipulation. Activities aimed at educating and raising the level of financial literacy should not only aim at transmitting information, but also creating virtuous behaviours in the management of personal finances that can be sustained in the medium to long term, favouring conscious choices consistent with personal and family needs.

This document identifies a set of **skills indispensable** for making financial decisions in any context and economic scenario and being more resilient – and therefore less vulnerable to economic shocks. Indeed, financial skills become particularly important in times of crisis. At such times, it becomes even more crucial to be able to manage limited resources, protect oneself from risks and have the ability to deal with the unexpected.

More specifically, this document:

- provides a **framework** for stakeholders – associations, institutions, companies, intermediaries, universities, research centres, foundations, public administrations and any organisation wishing to engage in the field of financial education – that intend to implement a high-quality financial-, insurance- and social security-related education programme (or even a single initiative) dedicated to the adult population;
- define a **competence framework**, i.e., contents useful to make important, conscious and careful economic decisions at different moments in life.

It is crucial that individuals recognise the **value of financial knowledge** and the contribution it can make to their well-being, as it helps them make **informed financial decisions** based on sound and well-structured decision-making.

The boxes below contain a brief illustration of the skills that are considered useful to develop for the financial education of adults.

The competence framework

Knowing how to manage liquidity and payment instruments

- Currency and the value of goods
- Inflation and the macroeconomic context
- Payment instruments

Knowing how to manage the household budget and planning

- Sources of income
- Managing the household budget
- Financial planning

Knowing how to save

- Saving
- Sustainable consumption

Knowing how to invest

- Investments
- Financial markets, services and investment instruments

Knowing how to apply for a loan and manage one's debts

- Applying for a loan
- Managing one's debts
- Creditworthiness

Knowing how to deal with retirement using social security instruments

- The social security system
- Planning for retirement savings
- Forms of supplementary pension provision

Recognising life's risks and insuring oneself

- Identifying lifetime risks and insurance
- The essential features of an insurance contract
- The market for insurance products and the rules to follow

Knowing how to be informed

- Properly documenting oneself prior to signing a contract
- Consulting experts
- Saver and consumer protection

Knowing how to use technology and new digital tools (FinTech, DigiTech, InsurTech)

- Digital banking and financial instruments
- Cyber risk
- Digital insurance instruments (InsurTech)

Knowing how to spot a scam and how to defend oneself

- Financial scams and abuses
- Insurance scams
- Data protection and other regulatory obligations

Detailed competence framework

In the following framework, each topic of the different skills areas is assigned a level according to the following taxonomy:

- column A contains the basic topics considered indispensable;
- column B contains the complementary or otherwise related topics to the previous ones, which can also be acquired at a later stage;
- column C contains in-depth studies on important topics, complementary or otherwise related to the previous ones, but more complex.

SKILLS CONTENT	1. Knowing how to manage liquidity and payment instruments		
	Levels of insights		
	A	B	C
Currency and the value of goods	<p>Knowing the concepts of legal tender and bank money.</p> <p>Understanding how the value of an asset is determined.</p> <p>Knowing how to compare the value of goods and services.</p>	<p>Understanding what the exchange rate is between different currencies and being able to compare prices expressed in different currencies.</p> <p>Understanding the law of supply-demand for the pricing of goods and services. Knowing that prices can vary significantly in space (e.g., between points and sales channels) and in time (e.g., seasonal effects and inflation).</p> <p>Knowing how to compare prices in relation to the quantitative and qualitative characteristics of goods and services (in time and space).</p> <p>Understanding that the price we are willing to pay for a good depends also on both subjective and social factors.</p>	<p>Understanding the characteristics of virtual currencies.</p> <p>Understanding the risks and possible advantages of virtual currencies.</p> <p>Being aware of the link between the work of a central bank (acting through monetary policy instruments) and the value of the currency.</p>

<p>Inflation and the macroeconomic context</p>	<p>Understanding the concepts of inflation and deflation and the impact on purchase power. Knowing how to consider, in making economic-financial choices, changes in the purchase power of the currency. Understanding the concept of a price basket (ISTAT CPI).</p>	<p>Knowing the effects of inflation and deflation on purchasing power, savings and interest rates (difference between nominal and real interest rate), and on the economy as a whole.</p>	<p>Understanding the main macroeconomic indicators for interpreting the economic and financial situation of a Country (GDP, GDP per capita, public debt, public debt/GDP ratio, public deficit, ECB rate, employment and unemployment rate, etc.). Knowing what types of contracts (e.g., a lease) or obligations of individuals are partly indexed to inflation and knowing where one can find official inflation data in Italy, which can be used for contracts with revaluation mechanisms.</p>
<p>Payment instruments</p>	<p>Understanding the functions of payment accounts and account cards. Understanding the characteristics of the main payment instruments (debit, credit and prepaid cards, credit transfers and direct debits) and the different ways of using them.</p>	<p>Understanding the main contractual aspects of accounts and related reporting documentation. Knowing how to choose specific payment instruments with appropriate weighting of risks, costs and benefits. Understanding possible limitations, general or personal, on the use of payment instruments, including the role of databases (such as CAI – Centrale di Allarme Interbancaria, Central interbank warning system) and thresholds on the use of cash.</p>	<p>Understanding the difference between payment and banking money (deposits in current accounts). Understanding the structure of the payment system. Knowing how to safely use the electronic online payment instruments.</p>

SKILLS CONTENT	2. Knowing how to manage the household budget and planning		
	Levels of insights		
	A	B	C
Sources of income	<p>Identifying the sources of income and the main factors determining it.</p> <p>Understanding that the level of education is positively correlated with the wages and that education, including in financial knowledge, is an investment in skills that will help to better cope with any economic scenario.</p>	<p>Understanding the importance of and differences between income, wealth/assets.</p> <p>Knowing sources of income other than labour income (e.g., financial income and rent). Consciously planning one's training (investment in human capital) and career (including entrepreneurial) choices according to one's character throughout the life cycle.</p> <p>Broadly recognising the basic elements of a pay slip (including severance pay).</p> <p>Understanding the existence of taxation (levies) and in particular income tax.</p>	<p>Understanding the role of the state in income redistribution.</p> <p>Understanding the purpose of levies (taxes, fees and contributions) and how public debt originates and is financed.</p> <p>Understanding the characteristics of different welfare state systems.</p> <p>Understanding tax deductions and allowances.</p>

<p>Managing the household budget</p>	<p>Defining one's hierarchy of needs and desires and appropriately weighing consumption and savings choices.</p> <p>Being able to assess available resources and, depending on the life stage, deciding whether to postpone minor expenses or take out a loan.</p> <p>Being aware that an income and expenditure plan helps to know when certain purchases will be made and not to be unprepared (without resources) for unforeseen events.</p> <p>Learning to prepare a household budget forecast at least monthly by identifying certain and uncertain income, certain and non-avoidable expenses, and discretionary expenses.</p> <p>Planning current expenditure in relation to income (short- and long-term) and one's own needs, also considering those that may arise over time.</p> <p>Learning how to prepare a budget forecast with even a minimum savings target on a monthly basis.</p> <p>Monitoring actual current income and expenditure and assessing their sustainability for possible rescheduling.</p> <p>Learning to keep track of monthly income and expenditure retrospectively, classifying them by main categories and identifying possible room for improvement in the household budget for the future.</p>	<p>Weighing up consumption choices in both the short- and medium-to-long-term based on multiple factors (personal utility, family needs, contingencies, income and wealth).</p> <p>Understanding that income changes over the life cycle.</p> <p>Planning and monitoring short and medium-to-long-term income and expenditure based on multiple factors (personal and family needs, unforeseen events, income). Knowing how to draw up a personal and household budget forecast, monitoring it on a monthly basis, and analysing it afterwards.</p>	<p>Knowing how financial instruments work to redistribute consumption over time.</p>
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<p>Financial planning</p>	<p>Understanding the benefits of financial planning in the medium-to-long-term and identifying in good time the milestones that may require planning. Learning how to identify possible major expenses that might occur in the medium term, and which one must prepare for in time. Understanding the need to regularly compare forecasts and actual trends in income and expenditure; forecasts can turn out to be wrong, either because of the occurrence of unforeseen events or because of a subjective tendency to overestimate revenue forecasts and underestimate future expenditure. Therefore, realising that, in financial planning, caution must be exercised and deviations from forecasts must be checked frequently. Providing for a buffer for unforeseen expenses. Periodically carrying out an assessment of the risks one is exposed to, as well as the opportunity of insurance coverage, including the related cost.</p>	<p>Recognising the importance of holding liquid resources and not fully utilising available resources so as to be able to meet any unforeseen needs. Knowing the difference between durable and non-durable assets and to be able to take into account their impact when planning income and expenditure. Comparing the economic consequences on the available resources of self-insurance compared to those of a policy for each risk to which one is exposed.</p>	<p>Understanding the concept of scarcity and that age, income and circumstances affect financial choices.</p>
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SKILLS CONTENT	3. Knowing how to save		
	Levels of insights		
	A	B	C
<p>Saving</p>	<p>Understanding the importance of saving, in terms of giving up current consumption in favour of future consumption. Being able to distinguish between:</p> <ul style="list-style-type: none"> • saving for precautionary purposes: understanding that the availability of savings makes it possible to meet unforeseen expenses related to negative events; • saving for investment purposes: understanding that investing one's savings properly increases future consumption. <p>Knowing the relationship between saving and life cycle: understanding that saving serves to limit fluctuations in consumption over one's lifetime. For example, one saves when young in order to ensure a not too low income when old. Savings and changes in purchasing power: understanding the difference between nominal and real interest rates. Understanding that not all typically used forms of investment protect against the effects of inflation.</p>	<p>Understanding that saving comes from the choices of how one's income is used, which is partly set aside for future consumption. Being aware of the advantages, costs and risks of depositing money with a bank. Knowing that there are many types of bank accounts with different costs and services associated with them and each of which is suited to the depositor's particular needs. Knowing the conditions and limits within which bank deposits are insured.</p>	<p>Assessing the resilience to financial crises that savings can provide. Knowing how different forms of savings are taxed.</p>

<p>Sustainable consumption</p>	<p>Understanding the link between savings and sustainable consumption understood as consumption choices that are environmentally friendly (less CO2 emissions, recycling, careful use of scarce resources, etc.) and which indirectly create savings.</p> <p>Knowing how to make conscious consumption choices in relation to the entire life cycle.</p> <p>Knowing that virtuous consumption behaviour (e.g., recycling, use of scarce resources, etc.) has implications for personal and collective well-being.</p>	<p>Understanding that our consumption choices produce effects on the community in terms of environmental protection, reduction of pollution also through recycling and reuse of goods (in line with Agenda 2030).</p> <p>Understanding the need for acquiring information on the origin, production condition, environmental and social impact of the production and distribution of a good or service.</p>	<p>Understanding the relationship between externalities and collective well-being.</p> <p>Understanding the relationship between individual financial choices and sustainable development.</p>
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SKILLS CONTENT	4. Knowing how to invest		
	Levels of insights		
	A	B	C
Investments	<p>Being aware of the functions of financial planning and knowing that one has to assess one's future financial needs after having questioned one's life goals and priorities.</p> <p>Understanding the difference between saving and investment.</p> <p>Knowing the importance of time in financial choices and understanding the concept of an investment time horizon.</p> <p>Knowing that there are various forms of using savings, with different risks and rewards, and understanding that there is generally a positive relationship between expected return and risk.</p> <p>Being aware of the basic information to be acquired and evaluated when comparing different investment options.</p> <p>Being aware of the need to acquire information on investment costs. Understanding a concept of diversification, simple and compound interest and knowing how to calculate a principal and interest.</p>	<p>Understanding the characteristics of various forms of investment: financial instruments, real assets, safe haven assets, human capital.</p> <p>Knowing that one can invest in order to have an income or to increase one's assets becomes a store of value.</p>	<p>Knowing the concept of present value, net present value and internal rate of return. Knowing the difference between immediate value and expected value at maturity.</p> <p>Learning about the different tax treatment of financial instruments, stamp duty on securities deposits and capital gains, and other forms of taxation on investments. Knowing how to plan one's investments also in consideration of the tax effects i.e., income and wealth taxes.</p> <p>Knowing how to assess the intergenerational transfer of family wealth.</p>

<p>Financial markets, services and investment instruments</p>	<p>Knowing the main financial instruments (shares, bonds, Government bonds, mutual funds, SICAVs, ETFs, etc.) and the main markets where they are traded.</p> <p>Knowing the importance and the role played by financial markets in the allocation of savings and in the country's economic growth.</p> <p>Knowing the concept of return and financial risk.</p> <p>Being aware of the positive relationship between risk and return and being able to understand the hierarchy in terms of expected return and risk between simple products such as a current account, a single bond or a single share.</p> <p>Knowing about the existence of market volatility, uncertainty and possible negative effects on one's investments. Understanding which financial products represent diversified portfolios.</p> <p>Being aware of the risks involved in buying particularly complex or risky financial instruments.</p> <p>Knowing that diversification reduces the overall risk of the investment portfolio.</p> <p>Being aware of the existence of socially sustainable investment products and of the risk of greenwashing/social washing, etc..</p> <p>Being aware that, in using investment services, it is necessary to refer to professionals authorised to provide the service itself, and of the risk of greenwashing/social washing, etc.</p> <p>Being aware that, in using investment services, it is necessary to refer to professionals authorised to provide the service itself.</p>	<p>Knowing how the value of government bonds, stocks and bonds is determined.</p> <p>Being aware of the main risk factors that may characterise a financial investment. Knowing the difference between individual and collective forms of investment of savings.</p> <p>Knowing how to compare different financial instruments (in terms of risk, return, cost, tax treatment) and knowing how to choose between them. Knowing the role played by the different investment instruments in supporting the real economy. Being aware that the past performance of an investment does not predict future performance and that the value of an investment can be affected by various factors (e.g., macroeconomic factors and investment-specific factors).</p> <p>Being aware of the complexity and volatility of different cryptocurrencies used as a form of investment.</p> <p>Knowing how to understand the different cost components of forms of collective investment of savings (e.g., management fees, entry/exit fees, performance fees).</p> <p>Being aware of the need to assess one's investment time horizon, objectives, financial capacity to sustain losses and emotional ability to bear investment risks.</p> <p>Being aware of the effects of the time horizon in relation to the risk one can take (e.g., analysing frequency and magnitude of negative performance on equity investment over short time horizons - 2 years - and long-time horizons - 10, 15 years).</p> <p>Being aware of the main errors of assessment and behaviour that can be made when investing and of the risks of overestimating one's own skills or trying to predict market trends in the short term, especially in the absence of professional expertise.</p> <p>Knowing how to recognise the difference between certain losses and potential losses that are only realised when disinvesting.</p> <p>Knowing how to deal with volatility, changes in the value of one's investments and one's own emotionality.</p>	<p>Understanding the relationship between the efficiency of financial markets and the impact on the overall economic system, e.g., in terms of the level of output and the employment rate.</p> <p>Knowing the characteristics of the main financial services and the safeguards that the legal system puts in place to protect investors (MiFID and IDD regulations, client profiling, the questionnaire MIFID appropriateness and suitability assessment).</p> <p>Knowing in greater detail the characteristics of the main investment instruments.</p> <p>Knowing in detail the risks of cryptocurrencies as a form of investment.</p> <p>Knowing the concept of strategic and tactical asset allocation.</p> <p>Having financial knowledge of the concepts of volatility and duration.</p> <p>Knowing what summary information documents are provided for each investment product (so-called key information documents). Knowing the main categories of complex financial instruments (derivative products and unit-linked policies) and particularly risky ones (contract for difference, rolling spot forex and binary options).</p> <p>Knowing how to recognise a sustainable investment product from one that is not sustainable.</p>
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SKILLS CONTENT	5. Knowing how to apply for a loan and manage one's debts		
	Levels of insights		
	A	B	C
Applying for a loan	<p>Understanding the desirability of taking out a loan, when income constraints exist, to be able to anticipate major purchases or investments.</p> <p>Understanding the correct relationship between the duration of financing and the type of expenditure (purchase or investment).</p> <p>Knowing the main forms of financing: loan, mortgage, consumer credit, salary-backed loans, etc.</p> <p>Understanding that indebtedness is linked to consumption choices, multi-year (house, car) and otherwise (travel, medical expenses), extraordinary and ordinary.</p> <p>Understanding the importance of seeking financing from authorised intermediaries.</p>	<p>Understanding the difference between short-, medium- and long-term financing. Understanding the effect of longer maturities, for the same amount of debt incurred, on the amount of the instalment and the total interest paid.</p> <p>Understanding the difference between fixed and variable interest rates and the implications when assessing the sustainability of current and prospective debt for the household budget.</p> <p>Understanding the principle of the amortisation plan (series of payments, interest and principal, that repay an initial payment).</p> <p>Identifying and correctly interpreting the cost of a loan (implicit interest, Nominal and Effective Interest Rate). Properly assessing the overall cost of a loan, also from a forward-looking perspective, taking into account ancillary costs and interest rate trends over time.</p> <p>Understanding that financing is offered on a competitive market and it is necessary to gather information and compare different offers, both at the time of taking out the loan and during the course of the relationship in order to assess possible renegotiations.</p>	<p>Knowing the features of the main credit products, including repayment plans and amortisation schedules.</p> <p>'Hidden' loans: understanding that a loan is embedded in the commercial offer of many products (e.g., car, TV, mobile phone), as well as in some payment instruments (instalment credit cards, revolving cards).</p> <p>Knowing that a loan can be renegotiated when market conditions change. Knowing the possibility of mortgage portability through subrogation (transferring from one bank to another).</p> <p>Learning about the tax deductibility of interest on loans.</p>

<p>Managing one's debts</p>	<p>Understanding that the amount of debts incurred must have a specific purpose (e.g., car purchase, buying a home, children's education, etc.) and that they must be constantly monitored.</p> <p>Understanding that debt must on the whole be sustainable over time, i.e., always consistent with one's income and assets.</p> <p>Understanding the importance of verifying, also through a household budget, the size of the periodic debt repayments that are sustainable for the household, also considering possible unforeseen future expenses.</p>	<p>Knowing the main consequences of paying late or not repaying one's debts. Understanding what over-indebtedness means and the risks involved.</p>	
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<p>Creditworthiness</p>	<p>Understanding that the bank or other financial intermediary is granting the credit by considering how likely it is to repossess the sums granted. Understanding who to turn to and what documentation to produce in order to obtain financing. Understanding that it is more difficult to obtain a loan if past non-payments are detected.</p>	<p>Understanding that the bank or other financial intermediary takes two aspects into account when deciding whether to grant credit: the likelihood that the loan repayment will be regular (function of future income, income and expenditure management, links with other positions, overall asset and debt situation) and the possibility of recourse against assets or other parties (understanding the differences between real and personal collateral). Knowing the role of the Central Risk Centre – and other Credit Information Systems (CISs) – in reducing asymmetries about a person's overall indebtedness.</p>	<p>Understanding that the interest rate at which the bank or other financial intermediary grants credit depends, among other things, on the risk profile of the applicant. Knowing that in order to know one's debt position reported in the system (even in the case of erroneous reporting) in the CR or CIS, one must contact Bank of Italy or the CIS (also online).</p>
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SKILLS CONTENT	6. Knowing how to deal with retirement using social security instruments		
	Levels of insights		
	A	B	C
The social security system	<p>Understanding longevity risk and the effect of longer life expectancy (higher for women) on personal savings choices.</p> <p>Knowing that the basic pension system is managed by INPS for the employed, the self-employed and some forms of atypical work and by various privatised funds for the different categories of self-employed people.</p> <p>Knowing that the pension from employment depends on the amount of contributions paid, the length of working life, but also on the economic growth of Italy.</p> <p>Understanding the financing system in basic versus supplementary pensions.</p> <p>Understanding the concept of replacement rate (the ratio between the first instalment to be collected at retirement and the last earned income) and the existence of a gap to be filled at the end of working life.</p> <p>Understanding that investing in pension products can allow one to 'hedge' longevity risk.</p>	<p>Understanding the factors that may affect the balance of the basic pension system (e.g., ageing population, possibility of early retirement).</p> <p>Understanding the effects of major pension reforms (e.g., the extension of working life and the revision of the pension calculation system) on pension levels.</p> <p>Knowing that pension funds exist and that they aim to supplement the basic compulsory pension.</p> <p>Knowing how one can estimate what pension one will receive on retirement from the compulsory and supplementary pension systems.</p>	<p>Understanding the concept of 'pension gap'.</p> <p>Understanding the implications of the changing economic and financial environment on pension provision.</p>

<p>Planning for retirement savings</p>	<p>Understanding the importance of planning early to set aside adequate savings for oneself and one's family members for retirement purposes. Understanding that the time factor plays in one's favour and that even modest investments made early in one's working life can have a significant impact due to the effect of the compound interest. Knowing what the severance pay fund is and that one must make a choice concerning its destination when entering the labour market. Knowing that retirement savings choices are often 'procrastinated'.</p>	<p>Estimating impact the compulsory pension that one will receive (using the INPS simulator or by consulting patronages, CAFs or professional funds). Estimating the ratio between the first instalment one will receive on retirement and one's last earned income (replacement rate). Deciding if and how much savings should be put aside for the future or specific purposes. Knowing the main reasons that bring one to put off pension planning choices (pension biases).</p>	<p>Understanding how to choose a pension suitable for one's personal and family needs. Understanding the importance of monitoring the pension investment carried out over time. Understanding the effect of inflation over the long-term.</p> <p>Understanding that pension planning needs to be reviewed periodically, in relation to changes over time of one's personal and family needs. Understanding the effect of pension bias on pension savings.</p>
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<p style="text-align: center;">Forms of supplementary pension provision</p>	<p>Knowing what pension funds (financial instruments for retirement purposes) are and how they work. Understanding that the benefits one will receive at retirement will depend on the contributions made, the time of participation and the returns realised over time. Knowing the advantages of these instruments compared to other financial instruments (e.g., the possibility of receiving an employer's contribution, the existence of tax benefits, the possibility of requesting some advances, etc.). Knowing that savings set aside in pension funds are invested on the financial markets according to rules of prudence and under the control of COVIP and that they can support and encourage economic growth.</p>	<p>Knowing that pension funds are authorised and supervised by COVIP. Understanding that the Register of Pension Funds is published on the COVIP website. Understanding how to choose a pension form suited to one's needs. Understanding how to compare the cost of different pension forms and where information on costs can be found. Knowing the main tax advantages of supplementary pension schemes to the tax treatment of other financial products. Knowing that one can choose how one wants to invest one's retirement savings. Understanding the importance of carefully choosing the investment line that best suits one's needs among those offered by the pension fund. Knowing that investment lines can be traced back to 4 types, each characterised by a different combination of risk and return. Knowing that savings accumulated before retirement can be accessed in case of personal and family difficulties. At the same time, understanding the long-term purpose of one's retirement savings that should be maintained and preserved until the time one retires.</p>	<p>Understanding which variables to take into consideration when choosing the investment line offered by the pension fund (in terms of equity exposure or the presence of a guarantee) that suits your needs (including the years remaining until retirement and your risk appetite). Understanding which benefits you can claim at retirement and which is best suited to your needs. Understanding how to define the amount to be set aside bearing in mind the effect on the final benefit of the employer's contribution and tax benefits.</p>
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SKILLS CONTENT	7. Recognising life's risks and insuring oneself		
	Levels of insights		
	A	B	C
Identifying lifetime risks and insurance	<p>Being aware that human activity is characterised by uncertainty and that many future and uncertain (but nevertheless predictable) events may have negative consequences on health, property and loved ones.</p> <p>Being able to understand the concept of 'insurance risk' and distinguish it from financial risk.</p> <p>Understanding that insurance is an important instrument for protecting against risks and understanding its social function.</p> <p>Understanding the purpose of insurance, the mechanism for the transfer of risk and the concept of mutuality.</p> <p>Being aware of the existence of non-life insurances (providing compensation/indemnity) and life insurances with different purposes (protection, investment and savings).</p> <p>Knowing that before taking out a policy it is necessary to be aware of one's coverage needs.</p>	<p>Knowing the main insurance products protecting health, property, civil liability, life, savings and insurance instruments with financial content.</p> <p>Knowing, in detail, that there are insurances against accidents, for hospitalisation and medical expenses, against fire, water damage, and for liability towards third parties.</p> <p>Being aware as to what can be insured in order to be able to choose.</p> <p>Understanding that it is important to compare insurance products in order to choose the one that suits one's needs and to know how to ask for a personalised cost estimate.</p> <p>Knowing how to make a comparative assessment between products of the same type not only based on price but also on quality.</p> <p>Being aware that it is possible to contact an insurance intermediary (e.g., agent, broker, bank, Poste Italiane, etc.) to be assisted in selecting the insurance product best suited to one's needs.</p> <p>Knowing the main questions to ask an intermediary to ensure that the insurance proposal is sound.</p>	<p>Being able to distinguish a financial-insurance instrument from a pure financial instrument insurance and understanding its features.</p> <p>Understanding the specific feature of the insurance contract that is linked to the production cycle inversion mechanism (advance payment of premium i.e., the cost of insurance and payment/liquidation of the subsequent benefit, etc.).</p> <p>Being aware that insurance companies contribute to the economy both by insuring the risks of individuals and enterprises and as institutional investors.</p> <p>Knowing the characteristics and types of insurance investment products (separate management, unit-linked policies, multi-branch policies), to be able to assess the riskiness and to know the questions to be asked in order to understand the main characteristics (especially in terms of costs and reimbursements) and the risks.</p> <p>Being aware of what 'dormant' life insurance policies are. Being aware of the existence of products that cover against the risk of loss of self-sufficiency (LTC policies) and of the more specialised products such the policies as cyber-risk, legal protection, products to protect professional activities.</p> <p>Knowing the tax benefits, as well as the legal and inheritance regulations of insurance products for savings and investment purposes.</p>

<p>The essential features of an insurance contract</p>	<p>Knowing that the transfer of risk is the core element of the insurance contract. Being aware that events that have already occurred or manifested are not insurable. Understanding which obligations are assumed by the insurer in an insurance contract (performance) and which are borne by the insured (premium, truthful and correct declarations). Understanding why it is essential for the policyholder to provide true and correct information when signing the contract. Knowing the cost of the transfer of risk (premium) and the factors that contribute to its determination. Knowing how the premium may be paid and knowing the difference between a single premium and a periodic premium. Understanding the notion of claim, policy limit and the grounds for exclusion and recourse, as well as deductible.</p>	<p>Knowing that insurance contracts contain deductibles, co-payments, contractual waiting periods and grace periods. Being aware of how and when the right of withdrawal can be exercised. Knowing how and when to request surrender, reduction, reactivation and settlement of a life insurance policy. Being aware of the existence of individual and group policies with different underwriting methods. Knowing the different figures that may be involved, in addition to the insurer, in insurance contracts (policyholder, beneficiary and insured). Being able to identify the main cost components of the most relevant insurance contracts.</p>	<p>Knowing the prescription periods of insurance claims and how to interrupt them. Knowing the nullity and voidability causes of an insurance contract as well as the causes of its termination and distinguishing their effects. Knowing the rules for decreasing and increasing risk during a contract. Knowing the effects of the cessation of risk during the term of a contract.</p>
<p>The market for insurance products and the rules to follow</p>	<p>Being familiar with the main sales channels for insurance products (direct sales, internet, intermediaries, banks, Poste Italiane or stock brokerage firms). Knowing what the Pre-contractual Information Document and the Information Set are and when they have to be delivered. Being able to verify whether the undertaking actually exists by accessing the companies' register and to identify the qualification of intermediary by accessing the Single Register of Intermediaries (Registro Unico Intermediari, RUI).</p>	<p>Knowing the main rules of conduct that the insurer or insurance intermediary must follow in order to properly sell a product. Knowing how to request, in the case of advised sales, a performance compliant with the regulations, in particular an explicit reasoned recommendation by the intermediary.</p>	<p>Knowing that there are legal differences between Italian, EU and non-EU insurance intermediaries and insurance undertakings. Knowing that insurance undertakings are required to identify for each product the categories of customers to whom it may be sold. Knowing one's rights with regard to complaints.</p>

SKILLS CONTENT	8. Knowing how to be informed		
	Levels of insights		
	A	B	C
<p>Properly documenting oneself prior to signing a contract</p>	<p>Being aware of what information to provide and what to acquire before signing a contract. Knowing how to critically evaluate the information on the contractual proposal conveyed through social media. Understanding the importance of consulting information sheets, prospectuses (e.g., the key prospectus for the investor, the so-called KID), explanatory notes, etc.. Reading carefully and understanding the main features of a contract, inspecting it before signing it. Being aware that it is important to always think before signing a contract and that in case of doubt it is better to avoid signing. Being aware of the rights and obligations involved, e.g., when the phone contract includes a commitment period so as to not incur penalties. Being aware that when making a financial decision, one must understand the obligations involved and what it entails not to comply with them (e.g., in the event of non-repayment of a loan). Knowing that contractual documentation (in written form) must always be obtained and stored. Knowing that usually a financial intermediary is not obliged to accept a loan applicant as a client (e.g., no entitlement to receive credit), but that there may be exceptions (e.g., as in the case of signing a third-party liability insurance for motor vehicles contract where there is a legal obligation to provide a coverage). Understanding that some intermediaries may be obliged to offer certain products, such as the basic current account.</p>	<p>Recognising the difference between what one believed to be buying and what one bought and being able to complain when a difference is found. Knowing that even when being very careful, wrong assessments can be made. Recognising when it is appropriate to seek help and the importance of knowing from whom to seek it. Being aware of one's comprehension and numeracy skills and behaving accordingly. Recognising unpredictable factors that may affect the outcome and acting accordingly. Making one's choices taking into account the likelihood of negative events. Understanding that not all financial choices are made rationally and that behavioural errors occur. Knowing that cognitive and behavioural errors can multiply in the digital ecosystem. Being aware of the most common cognitive limits and behavioural flaws and acting accordingly. Knowing how to use reliable online comparison tools, which compare price, quality, terms and conditions of sale of goods and services. Being aware of the risks involved in the spread of digital engagement practices, dark commercial patterns and gamification tools.</p>	<p>Recognising the difference between institutional and informal or friendly sources of information (e.g., blogs, web, etc.). Recognising advertising information and understanding how it may affect one's final decision, evaluating it carefully. Being aware that your digital footprint is used by companies (including through AI-based tools) to create tailored online advertising. Being able to always critically and independently evaluate advertising information and information disseminated through digital channels (social media, fin-influencers, etc.). Knowing how to always consult official sources for reliable information. Being aware that it is important to consult experts or financial advisers to understand the main features of financial instruments and the content of the contract.</p>

<p>Consulting experts</p>	<p>Knowing that, before purchasing a banking, financial, insurance product or service, it is advisable to seek clarification from an operator, a financial adviser or a professional and/or expert registered in the registers allowing him/her to carry out the reserved activity.</p> <p>Being aware that patronages can be contacted to understand the basic pension position, which is important for organising retirement savings.</p> <p>Understanding how important it is to exchange information between the individual/consumer and the intermediary.</p> <p>Knowing how to recognise the difference in terms of knowledge and skills of an expert and/or professional compared to figures such as fin-influencers.</p> <p>Recognising the importance of acquiring as much useful information and advice as possible.</p> <p>Knowing that it is in one's interest to talk constantly with experts but also to monitor one's accounts, cards, savings and investments on a regular basis as well as to understand the importance and function of the reporting documentation that each intermediary sends periodically to its clients.</p> <p>Being aware that one should not sign blank forms.</p>	<p>Understanding the role of intermediaries, employees of banks and post offices, other financial intermediaries and advisers and knowing what functions they have.</p> <p>Being aware of the existence of possible conflicts of interest when coming into contact with financial intermediaries, in particular when signing an advisory contract.</p> <p>Being aware of the need, when investing, to provide one's advisor with information required by the Mifid questionnaire regarding: investment experience and knowledge, financial situation (including ability to bear losses), investment objectives (including investment horizon, risk profile and investment purpose), one's sustainability preferences.</p> <p>Being aware of one's emotional capacity to bear investment risks and of the importance of assessing in advance the risk one is willing to take, including with regard to the investment time horizon.</p>	<p>Knowing which independent financial advisers and financial advisers authorised to offer their services via indirect sales channels and financial advisory firms (financial advisers) are registered in the Single Register of Financial Advisers allowing them to carry out the reserved activity.</p> <p>Being familiar with the main features of the activity carried out by: banks, stock brokerage firms, community investment companies, consultancy firms, asset management companies (Società di Gestione del Risparmio, SGR), equity crowdfunding platforms.</p> <p>Being able to combine financial, insurance and pension planning with tax planning by using, if possible, different specialised and qualified experts.</p> <p>Understanding the consequences of a 'do-it-yourself' investment choice or one led by fin-influencers, versus an expert-led one.</p>
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<p>Saver and consumer protection</p>	<p>Knowing that every individual is a customer and a consumer with rights and obligations. Knowing the importance of transparency in relations between individuals and banking and financial intermediaries. Knowing which authorities supervise the banking, financial, insurance and social security sectors (Bank of Italy, CONSOB, IVASS, COVIP and AGCM) to protect savers, investors, policyholders and consumers in general. Being familiar with the functions of supervision and of keeping of the Single Register of Financial Advisers, carried out by OCF (Organismo per la tenuta dell'Albo dei Promotori Finanziari - "Body for the keeping of the Register of Financial Advisers). Being familiar with the functions of the organisations that protect savings, investments and consumption. Knowing who to contact to assert one's rights. Knowing and understanding how the Banking and Financial Ombudsman (Arbitro Bancario Finanziario, ABF), the Financial Dispute Arbitrator (Arbitro per le Controversie Finanziarie, ACF) and the Insurance Arbitrator (Arbitro assicurativo) work, distinguishing them from the reference Authorities (respectively Bank of Italy, CONSOB, IVASS) and from the ordinary Judge.</p>	<p>Knowing that the first step in dealing with irregular or incorrect behaviour of a person in the banking, financial, insurance and social security fields is to file a complaint with them. Being aware that it is subsequently possible to turn to out-of-court dispute resolution systems and knowing how to use them. Being aware of the existence of new digital channels for accessing self-protection tools: for sending complaints and alerts to supervisory authorities and for submitting appeals to out-of-court dispute resolution bodies. Being aware that these safeguards are free of cost.</p>	<p>Being aware of the existence of the Consumer Code. Knowing one's rights as a consumer and being able to assert them, including by formulating complaints and appeals correctly and to the right interlocutor.</p>
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SKILLS CONTENT	9. Knowing how to use technology and new digital tools (FinTech, DigiTech, InsurTech)		
	Levels of insights		
	A	B	C
Digital banking and financial instruments	<p>Being aware of the increasing use of technology in payments and purchases.</p> <p>Knowing the functions and features of home banking.</p> <p>Knowing the functions and features of payment cards, POS (Point Of Sale) machines or ATMs (Automated Teller Machines).</p> <p>Understanding the role and use of e-commerce and the importance of security in online transactions.</p> <p>Being aware of the spread of digital applications (Apps) and mobile banking for mobile phones.</p> <p>Being aware of the risks involved in self-investment and online trading. Being aware of the operational risks involved in possible malfunctions of digital platforms.</p>	<p>Knowing the main features of digital payment services, digitised investment services (such as robo-advising or crowdfunding) and financing services (credit algorithms, and peer-to-peer lending).</p> <p>Understanding how new technologies are used in the sale of financial-, pension- and insurance-related instruments.</p> <p>Knowing that digital contracts are widespread and being familiar with their characteristics.</p> <p>Being aware that a digital contract carries the same obligations as a contract signed in person and provides a series of safeguards for the subscriber.</p>	<p>Broadly understanding the mechanism underlying distributed ledger technology (DLT).</p> <p>Broadly understanding the differences between legal tender, cryptocurrency and stable coins and the main characteristics of various types of digital tokens.</p>

<p>Cyber risk</p>	<p>Being aware that the development of digitisation must go hand in hand with the adoption of appropriate measures to protect against cyber risks (use of anti-malware software and other measures such as passwords and accounts management).</p> <p>Being aware that the use of anti-malware software protects one's devices from known cyber-attacks, but does not completely eliminate any such risks with possible harmful consequences on operations, confidentiality and data integrity.</p> <p>Being aware that insurance policies against the harmful consequences of cyber risks are becoming increasingly widespread on the market.</p>	<p>Being able to assess the quality of a cyber risk policy in relation to the intended scope of application.</p>	
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<p style="text-align: center;">Digitised insurance instruments (InsurTech)</p>	<p>Being aware that digital innovation also has a strong impact on the provision of insurance products.</p> <p>Being aware that products protecting the 'person', the 'home' and the 'car' can be offered with a smart device component (i.e., interactive portable electronic devices connected to a computer network, e.g., handheld computers, smartphones, so-called Internet of Things).</p> <p>Being aware that in the field of third-party liability insurance for motor vehicles, it is possible to monitor driving conduct and accidents thus being able to personalise the insurance contract.</p>	<p>Being aware that in the field of health insurance, there is a growing diffusion of policies (digital health insurance) which, through the use of portable digital devices (e.g., electronic bracelets), provide the insurer with more accurate information on the health condition and behaviour of clients, while at the same time encouraging healthier lifestyles through discounts.</p> <p>Being aware of the privacy protection profiles that must accompany the use of these new tools.</p> <p>Being aware that even in the 'home' insurance sector, due to the diffusion of smart home speakers (smart voice assistants), there are offers integrated with assistance insurance services that can be activated via smartphones. Knowing the consequences in terms of privacy related to the use of such devices.</p> <p>Knowing the remote claims management services and how to access them (e.g., help in filling out the accident report, roadside assistance, automatic distress calls, etc.).</p>	<p>Being aware that so-called 'instant insurances' are low-cost products found on digital platforms that, with just a few clicks, on smartphones or web portals, allow one to obtain cover only for the time needed (a few days, a week or more, a month).</p> <p>Knowing that in the process of purchasing goods and services online, it is possible that embedded insurance (integrated insurance or built-in insurance) is offered, i.e., an insurance policy that can be purchased in combination with the products to be insured, thus carrying out a single transaction.</p> <p>Knowing the available ways of purchasing insurance products remotely (mobile, app-based, push, etc.) and being able to evaluate the methods of assistance during the life of the contract and at the time of the claim.</p> <p>Knowing how to activate the tools to protect one's privacy according to the European regulation (e.g., deletion of data) and how to enforce compliance by operators.</p>
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SKILLS CONTENT	10. Knowing how to spot a scam and how to defend oneself		
	Levels of insights		
	A	B	C
Financial scams and abuses	<p>Knowing that one must exercise extreme caution (especially the elderly, the most vulnerable and the least digitised) when using electronic and digital devices and/or products and services marketed through digital channels.</p> <p>Being aware that there are subjects authorised to perform intermediation activities for banks, insurance brokerage companies (Società di intermediazione mobiliare, SIM), asset management companies (Società di gestione del risparmio, SGR), open-end investment companies (Società di investimento a capitale variabile, SICAV), closed-ended investment companies (Società di investimento a capitale fisso, SICAF), payment institutions, electronic money institutions, and financial advisers.</p> <p>Being aware of where to find the right information on the enrolment of intermediaries and operators in specific registers.</p> <p>Being aware that only authorised entities may offer investment services.</p> <p>Knowing what to do to prevent possible fraud and who to turn to.</p> <p>Knowing who are the fraudsters.</p> <p>Know how to recognise the main strategies used by fraudsters and scammers.</p>	<p>Recognising the most common fraud mechanisms when using payment and/or financing services (e.g., misleading calls, sending of false text messages, identity theft, card cloning, etc.) and in the financial field (phishing and pyramid schemes).</p> <p>Knowing the psychological levers used by fraudsters and the weak points in one's decision-making processes.</p> <p>Knowing how to react if faced with fraudulent practices and if already a victim of such practices.</p>	

<p>Insurance scams</p>	<p>Knowing how to recognise a fraudulent insurance provider and where to find information to avoid scams. Being aware that in the case of third-party liability insurance for motor vehicles it is also possible to check the validity of the policy by logging on to the website 'Il portale dell'automobilista' (The driver's portal). Knowing which payment instruments can be used to pay insurance premiums. Being aware that premium payments made to rechargeable or prepaid credit cards are irregular, as are payments made to persons or companies not enrolled in the registers kept by IVASS.</p>	<p>Being aware of the existence of fraudulent operators who offer counterfeit policies or present themselves using the name of duly authorised insurance undertakings or intermediaries. Being aware that it may happen that counterfeit policies are marketed by duly authorised operators who, after collecting the premium, do not activate the cover with the undertaking.</p>	<p>Knowing that in order not to run into insurance scams, it is important to pay attention to details and to check the company data in the policy, including headers and footers, and to pay particular attention to corrections and small differences.</p>
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<p>Data protection and other regulatory obligations</p>	<p>Consciously share all required information and personal data. Protecting one's own data and credentials (password and account) especially when accessing and using home banking services, securities accounts, insurances, online electronic payments, mobile phones, applications (apps), etc.. Being aware of the risks associated with sharing personal data online. Being able to apply basic online security procedures (e.g., keeping personal data and passwords safe, using strong and different passwords, regularly updating passwords and refraining from sharing them, etc.).</p>	<p>Being aware of the existence of national authorities for data protection and of their role. Understanding why financial service providers use personal data (e.g., for personalising financial offers, monitoring behaviour, etc.).</p>	<p>Understanding the implications of the application of privacy, anti-money laundering and anti-terrorism laws and the obligation to identify the beneficial owner.</p>
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