

CONTENTS

1	Financial Risk Tolerance: Where Does It All Start From?	1
1	<i>A Crossroad: Why Looking at Risk Tolerance?</i>	2
1.1	<i>The Economists' View</i>	2
1.2	<i>The Macroeconomic Perspective</i>	3
1.3	<i>The Regulator's View</i>	5
2	<i>Trends in Financial Risk Tolerance</i>	9
2.1	<i>Definitions of Risk Tolerance</i>	10
2.2	<i>Risk Tolerance Determinants</i>	11
2.3	<i>Measurement Tools</i>	20
3	<i>Conclusions and Roadmap of the Book</i>	30
	<i>References</i>	31
2	Risk Tolerance Tools: From Academia to Regulation and Back	39
1	<i>The Market in Financial Instruments Directive (MiFID) and its Impact on Risk Tolerance Measurement</i>	40
1.1	<i>Introducing MiFID</i>	40
1.2	<i>MiFID and the Suitability Questionnaire</i>	43
2	<i>The Academic Debate After MiFID</i>	49
2.1	<i>Socio-Demographic Variables</i>	51
2.2	<i>Life Events</i>	53
2.3	<i>Behavioral and Personality Factors</i>	53
2.4	<i>Risk Tolerance: Stable Trait or Adaptive Feature?</i>	54

3	<i>The Market in Financial Instruments Directive 2 (MiFID2)</i>	55
3.1	<i>MiFID2, Context and Content</i>	55
3.2	<i>Suitability and MiFID2</i>	56
3.3	<i>Implementing the Directive: Empirical Evidence and Practitioners' Views</i>	57
4	<i>The Academic Debate After MiFID2</i>	60
4.1	<i>Socio-Demographic Factors</i>	60
4.2	<i>Life Events</i>	66
4.3	<i>Behavioral and Personality Factors</i>	67
4.4	<i>Risk Tolerance: Stable Trait or Adaptive Feature?</i>	68
5	<i>Taking Stock and Looking at the Challenges Ahead</i>	72
	<i>References</i>	73
3	Challenges and Opportunities in the Regulation of Financial Instruments Post-MiFID2—Sustainable Finance	79
1	<i>Sustainable Finance in a Sustainable Union</i>	79
1.1	<i>Sustainable Development in the European Union Legislation</i>	79
1.2	<i>From Theory to Action: The EU Action Plan on Sustainable Development</i>	80
1.3	<i>Setting the Plan into Action</i>	82
1.4	<i>The Action Plan and Investor Protection: Taking Stock and Moving Forward</i>	94
2	<i>Investing in Sustainability—Investor Preferences, Risk Tolerance, and Investment Behavior</i>	95
2.1	<i>Sustainability Investment—Where Does Europe Stand?</i>	95
2.2	<i>Sustainable Investors—Who Are They and Why Do They Choose Sustainable Products?</i>	97
2.3	<i>Are Sustainable Investors Biased?</i>	107
3	<i>Implications for Financial Risk Tolerance and Investment Choices</i>	112
	<i>References</i>	113
4	The Digital Challenge: How Are New Technologies Shaping the Financial Industry?	119
1	<i>The Technological Revolution of the Financial Services Industry</i>	120

1.1	<i>The Digitalization and Open Challenges</i>	120
2	<i>Fintech</i>	121
2.1	<i>A Definition</i>	121
2.2	<i>Fintech Users</i>	122
2.3	<i>Fintech Services</i>	122
2.4	<i>The Academic Point of View on Fintech</i>	124
3	<i>Open Banking and Open Finance</i>	127
3.1	<i>A Definition of Open Banking</i>	127
3.2	<i>The Evolution of Open Banking: Toward Open Finance</i>	129
3.3	<i>The Academic Point of View on Open Banking</i>	129
4	<i>Robo Advisory</i>	132
4.1	<i>A Definition of Robo-Advisory Services</i>	132
4.2	<i>Business Models for Robo Advisory</i>	134
4.3	<i>The Academic Point of View on Robo Advisory</i>	135
5	<i>The Regulatory Framework</i>	142
5.1	<i>The Payment Services Directive (PSD2)</i>	142
5.2	<i>The Revised Guidelines on Suitability by ESMA (2018)</i>	144
6	<i>Conclusions</i>	147
	<i>References</i>	147
5	Challenges and Opportunities for the Future Investor: A Practitioner's Guide	153
1	<i>The Survey</i>	154
1.1	<i>Some Reasons Why</i>	154
1.2	<i>Survey Structure and Participant Pool</i>	154
2	<i>Survey Results</i>	158
2.1	<i>Participants Overview</i>	158
2.2	<i>Sustainable Finance</i>	159
2.3	<i>Robo Advisory and Open Finance</i>	162
3	<i>Final Discussion and Conclusions</i>	170
	<i>Appendix: The Questionnaire</i>	171
	Index	179