**Technology and innovation: new ways to do well-known things?**

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*Post-Millennials and Financial Markets: rethinking Financial Literacy in the post-pandemic era.*

It has been noted that the rules that make up the so-called financial markets law are ever more numerous, more and more heterogeneous, more and more full of technicalities and more and more changing over time; in some specific areas, soft law rules are added to the law to stimulate the best behavior of operators.

Stability over time, as a characteristic requirement of traditional law that gives security to legal relationships on the basis of a presumable and reasonable stability of the rules, is radically compromised: in the financial markets the law provides for the present, and not for the future.

Territoriality, another characteristic requirement of traditional law, is radically compromised: there is a strong need for "harmonized" rules beyond the European level, while it is increasingly difficult to identify where financial transactions take place, and consequently which rules apply.

For the retail investor (and even more for the retail-consumer investor) it is impossible to follow the evolution of the rules, know all the rules, acquire all the "relevant" information necessary to make aware investments, even when he is a diligent and discreetly shrewd investor, and he suffer from information overload.

The legislative system based on transparency, on the communication to the public of sensitive and relevant information, on a complex set of rules of conduct, has achieved the goal of providing retail investors with complete financial information in terms of quality and quantity (often overabundant) while the objective of guiding them in investment choices and preserving their trust has failed.

The product governance model that MiFID II inaugurated meets numerous criticisms, and in a strongly managerial and almost paternalistic perspective selects financial products ex ante of a given customer-target of reference, with the dual objective of preventing the retail investor from choosing financial instruments that are unsuitable for their financial assets, their investment objectives and their profile risk, and inhibiting the distribution of certain financial products to retail customers.

In the search for the deep reasons for this apparent failure of regulation, little attention has been paid to the total absence of financial education and culture in retail customers: no rules of conduct and no pre-contractual information, even the most complete, can compensate for the client's financial illiteracy, and bridge *cultural asymmetries* between the contractual parties.

Although the obligations imposed on intermediaries and professional operators are diversified for professional customers and for retail customers in terms of quality, quantity and frequency of the information (in compliance with the general “appropriateness” and “adequacy” rule), the retail customer is normally unable to understand the information that is intended for him.

Therefore, the lawmakers should pursue the objective of increasing the financial education of the adult population, given the *functional illiteracy* that characterizes large sections of the active population, similarly to how in the “consumer code” they have programmatically chosen to pursue the objective of consumer education and to train consumers aware of their interests.

Attention should be focused in particular on "Generation Z", that of *Post Millennials* or digital natives, those born between 1995 and 2010 who are currently between 10 and 25 years of age.

For this even more than for the previous generations financial education must aspire to the goal of training economically-financially conscious adults as an essential aspect of existence.

Financial education can be an instrument of social equality and reduction of inequalities, a formidable vehicle for promoting a renewed propensity to the virtuous accumulation of value; it can instil a renewed risk-aware culture. This is more true than ever today that the health crisis decreed by the Covid-19 pandemic first led to a structural economic crisis (due to the long-term blocks to production activity we are experiencing a collapse in the supply of certain products and services), and to a global financial crisis.

However, there is a direct relationship between education, financial literacy and the recognition of the importance of investing in education in general: students who perform well in financial education are more likely to undertake training university; the same students are more likely to carry out a highly qualified professional activity around the age of thirty.

However, the official data reveal a very low level of financial literacy of the new generations. The results of the OECD statistical survey called “PISA 2015” show that some 12% of students across OECD countries and economies are top performers in financial literacy. These students can analyze complex financial products and solve non-routine financial problems. They show an understanding of the wider financial landscape, such as the implications of income-tax brackets, and can explain the financial advantages of different types of investments .

The same survey shows that 15-year-old Italian students exhibit, in terms of financial literacy, data below the average of the ten countries examined, and that they perform worse in financial education than students from other countries who obtain similar results in mathematics and reading.

Therefore, the data are not comforting: about 20% of students in Italy (compared to 22% on average in the OECD countries and economies participating in the survey) fail to reach the reference level for financial skills, and is unable to distinguish one financial product from another.

This happens precisely in an era in which they have to choose from a growing and changing variety of tools for the enhancement and valorization of savings, which require knowledge far superior to that which was enough for previous generations.

Post-millennials, which are the retail customers of the present and of the future, should be architects of their own financial education and "(...) participate in the information production process", also because a renewed financial culture can correct the well-known propensity of the retail investor to overconfidence.

At the same time, it is necessary for the new generation of investors to develop greater awareness of their financial capacity and their propensity for risk (awareness that most of the time was lacking in previous generations).

Everything happens when a general process of digital transition of education crosses all fields of knowledge: "education systems are increasingly incorporating digital (reading) literacy into their programs of instruction", and specifically in the financial markets we live an authentic revolution.

The digitizalition of financial and investment services could play a favorable role in achieving these goals: "as globalization and digital technologies have made financial services more widely accessible and challenging, and as financial decisions are increasingly common in the lives of young people, everyone needs to be financially literate ".

Therefore, the challenge that awaits the law is very complex. The urgency of promoting an adequate *digital financial literacy* is particularly evident if we consider the exponential growth that the process of disintermediation of financial services has had since 2008. There is an exponential growth in the possibilities of accessing disintermediated and unconventional finance, apparently not subject to the supervision of public authorities and compliance with prudential rules, internal organization and risk management rules, for which very hardly the current regulations are being adapted.

Thus, for example, if algorithmic trading and in particular high frequency trading could in the future offer solutions capable of making the current economic and financial system more efficient (or, according to the most optimists, of radically transforming it), it is necessary that this process is accompanied by an adequate financial education.

Otherwise, the phenomenon could seriously danger public savings, raising fears similar to those caused by the birth of cryptocurrencies and, more generally, distributed ledger technology.