

# Art of money management

**'We need to teach people that finance is like a fast car. You can make good use of it or you can drive it into a wall'**

A senior Italian banker is the evangelist behind a new museum in Turin that aims to restore the public's faith in finance, writes Eric Sylvers

**A**ndrea Beltratti is in an evangelical mood. The chairman of the management board of Intesa Sanpaolo, Italy's largest bank by market value, wants Italians to learn basic financial concepts such as hedging and the difference between real and nominal returns.

His idea is that Italians would then have a better understanding of how financial markets work, would invest their savings more effectively and as a result would learn to respect, appreciate and ultimately love bankers.

To that end, Mr Beltratti, who is also a professor at Milan's Bocconi University and has a PhD from Yale, dreamt up the Savings Museum in Turin. The five rooms filled with videos, texts, movie clips and custom-built video games opened in May in a former branch of Intesa Sanpaolo.

"It will take 10 or 15 years, but I'm sure we can get people to understand what it is banks do and why they're important for society," says Mr Beltratti, walking through the stylish rooms fitted out with modern displays that are a far cry from the more fusty image of a museum.

"To fight the backlash against banks we need to do two things. First, we need to lower the salaries of bankers to bring them closer to what other people are making. Second, we need to explain to people in a way they can understand what it is that banks do and why we need them."

On the first count, he and some of his colleagues at Intesa Sanpaolo have taken a voluntary one-third pay-cut. On the latter he has invested his time, energy and – to a certain extent – his reputation in the museum.

"We need to teach people that finance is like a fast car – you can make good use of it or you can drive it into a wall," says Mr Beltratti, who with his big mop of fluffy hair and unassuming demeanour looks more the friendly professor than the bank-

ing executive. "We want to help people understand that saving does not mean putting money under the mattress."

On a recent afternoon the number of visitors to the museum during three hours after lunch is zero, indicating the challenge facing Mr Beltratti. He remains undeterred by the limited numbers so far – on average about 20 a day, he says, compared with 500 a day in the first two weeks before the institution of an €8 admission charge – and committed to his goal of educating Italians one museum visit at a time.

Getting there has in part been entrusted to For and Mika, two ants (*formica* means "ant" in Italian) who are the museum's ubiquitous mascots. On a series of videos they are used to teach the basics of finance, and recount the history of money and finance, in Italian and near-perfect English, a rarity in Italian museums.

There are also video interviews with high-profile economists including Mario Draghi, president of the European Central Bank, and Ignazio Visco, governor of the Bank of Italy. A video on the dotcom boom talks about low interest rates fuelling the bubble and reminds viewers of that long ago time, March 10, 2000 to be exact, when the Nasdaq peaked at 5,132.52

Instructive texts range from Benjamin Franklin's "Creditors have better memories than debtors" to Warren Buffett's "Rule #1, never lose money. Rule #2, never forget rule #1".

In a clip from *The Pool Hustlers*, an Italian film from 1982, viewers are introduced to the concept of hedging as they watch a woman bet against her boyfriend in a billiards match. As she explains to her depressed boyfriend following his defeat: betting against him guaranteed them a payout of either his prize money or the money earned from the bet.

While there is the occasional artefact, such as a copy of a 1606 document showing that the artist Caravaggio had been paid 200 ducats for a painting, they are kept to a minimum and tend to be tucked away in unobtrusive corners.

"Do I want to see old coins and placards with lots of text?" asks Giovanna Paladino, director of the museum and the head of Mr Beltratti's office. "I'm an economist, but I would never enter a museum like that. That's why we made it interactive and created For and Mika."

Mr Beltratti says: "If it had been up to me there would have been less video and less interactivity overall. I'd have made a more traditional

museum, but Giovanna understood the importance of how the content is presented."

Mr Beltratti adds that there is no other museum in the world like the Savings Museum, noting that the Museum of American Finance in New York is dedicated mostly to displaying old newspapers and other memorabilia linked to important financial events.

Intesa Sanpaolo gave the space in one of its buildings and spent about €5m, which it regards as an investment, to set up the museum. It has three permanent employees and will cost €400,000 a year to run. While that is a small amount for a large bank, Mr Beltratti and Ms Paladino acknowledge that to secure its future the museum must break even.

"You can't judge this in six months," says Mr Beltratti. "You have to give it three to five years to see if the experiment is successful, but already by next May, when the museum has its first anniversary, we'll have a much better idea."

Mr Beltratti is reticent about how many people a day must visit for the museum to break even, noting that the figure depends on many factors including how much money is earned from the small bookshop or from renting out the museum for conferences.

School groups will begin visiting at the end of October, which Mr Beltratti and Ms Paladino hope will kick-start the growth in visitors as word begins to spread.

"It's difficult getting people here, but once they come they like it, especially kids," says Ms Paladino.

So why not make it free for kids (the entrance fee is €4 for six-to-18-year-olds) and then wait for them to proselytise to their parents?

"We think it's fair that a kid's ticket costs about as much as an ice-cream," says Ms Paladino. "If it's free they won't appreciate it as much and they won't take their time when they visit."

Spoken like a true economist. But only time will tell if these two economists can convince enough people to pay to boost their own financial literacy and thus turn Mr Beltratti's evangelism into reality.



### **Museum brotherhood**

Turin's Savings Museum has sealed a three-way partnership with the Museum of American Finance in New York and the Museum of Global Finance in Beijing, which opened this month. The three museums plan to exchange material for special exhibitions and organise events together.

All three would welcome others to their nascent brotherhood that have the common goal of raising the general level of financial literacy. A further goal, says Giovanna Paladino, director of the Turin museum, is to develop joint international initiatives in the field of financial education.