The Gender Gap in Financial Literacy
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Significance and prevalence of the gender gap

- Unique challenges relative to men
  - Longer life expectancies
  - Lower lifetime income
  - Career interruptions due to child rearing
  - Lower financial skills, combined with fewer available resources

- Consequences
  - Greater need to plan for old age
  - Different savings needs
  - Financial security during retirement placed at higher risk

- With data from the 2014 Standard & Poor’s Ratings Services Global Financial Literacy Survey (S&P Global FinLit Survey), we extend existing research on the gender gap to a global level
Gender gap in financial literacy around the world

In most economies around the world, men have a better understanding of basic financial concepts than women.

Financial literacy is higher among **women**

Financial literacy is higher among **men**

Source: S&P Global FinLit Survey
Results from the S&P Global FinLit Survey:

- Lower financial literacy rates among women for the great majority of countries
- Worldwide, 35% of men are financially literate, compared with 30% of women
- Gender gap is found in both advanced economies as well as emerging economies
- The gap is, on average, around 5% across the BRICS nations, and 8% for the G7 countries.
Gender gap in financial literacy for the G20 countries

Difference in the percentage of men and women with at least 3 out of 4 answers correct (men – women)
Financial skills by gender

Women are disproportionately more likely than men to respond to a question with “I do not know.”

Source: S&P Global FinLit Survey
The gender gap in financial literacy is large and persistent across countries, and there is no evidence that income helps explain it.

Source: S&P Global FinLit Survey
A significantly higher percentage of women than men tend to struggle with access to emergency funds.
Financial and risk literacy in Europe – Allianz survey

Evaluates literacy levels based on answers to questions about –

Financial literacy
• Compound interest
• Inflation
• Diversification

Risk literacy
• Expected return
• Risk and return
Women still lag behind men in financial literacy, particularly risk-related questions.
Two explanations are provided for a rising gap over age:

1. Younger generations are becoming more aware of financial literacy and closing the gap.

2. Gap increases with age as skills and competencies of men and women develop at different paces.

Source: Allianz, International Pensions 2017
Thank you!

Questions? Contact us at gflec@gwu.edu