

# **The Gender Gap in Financial Literacy**

## **5<sup>th</sup> IFFM Annual Meeting**

October 6th, 2017

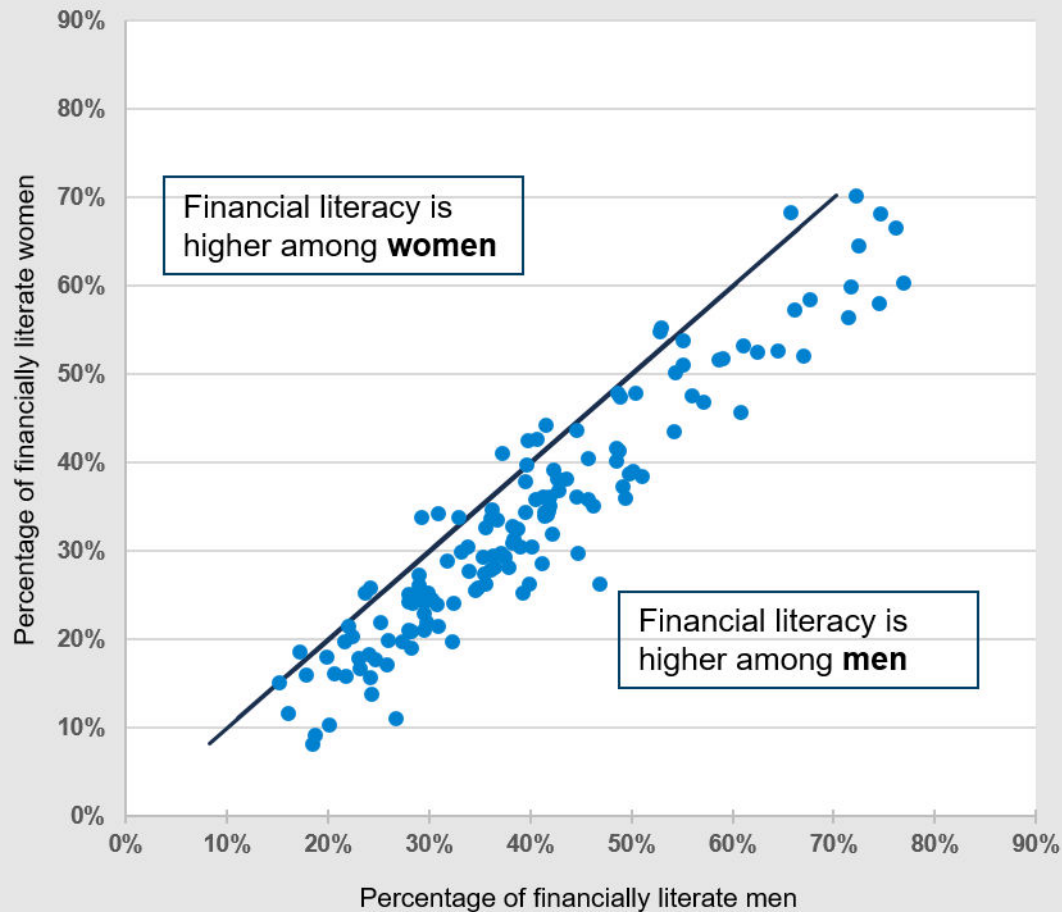
**Annamaria Lusardi**  
**The George Washington School of Business**  
**Director, Global Financial Literacy Excellence Center (GFLEC)**

## 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

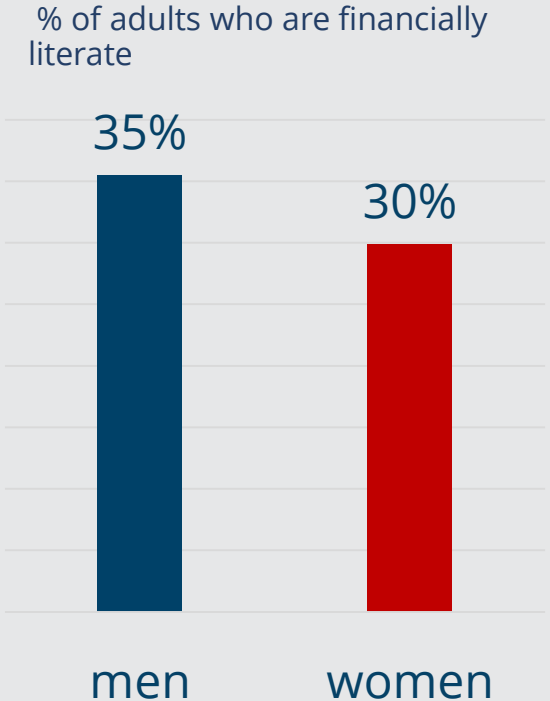
In most economies around the world, men have a better understanding of basic financial concepts than women



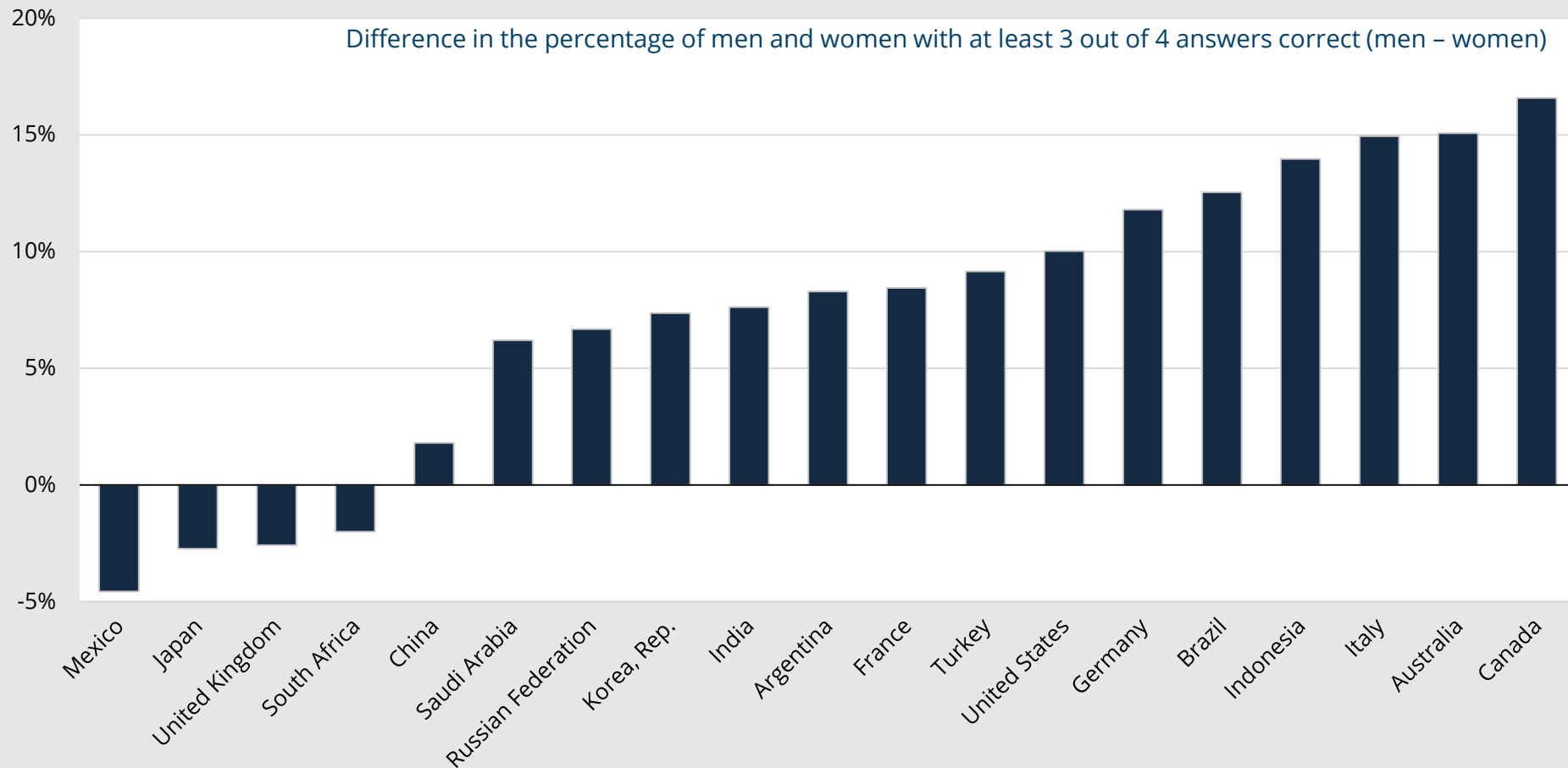
## Worldwide financial literacy gender gap

### 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.

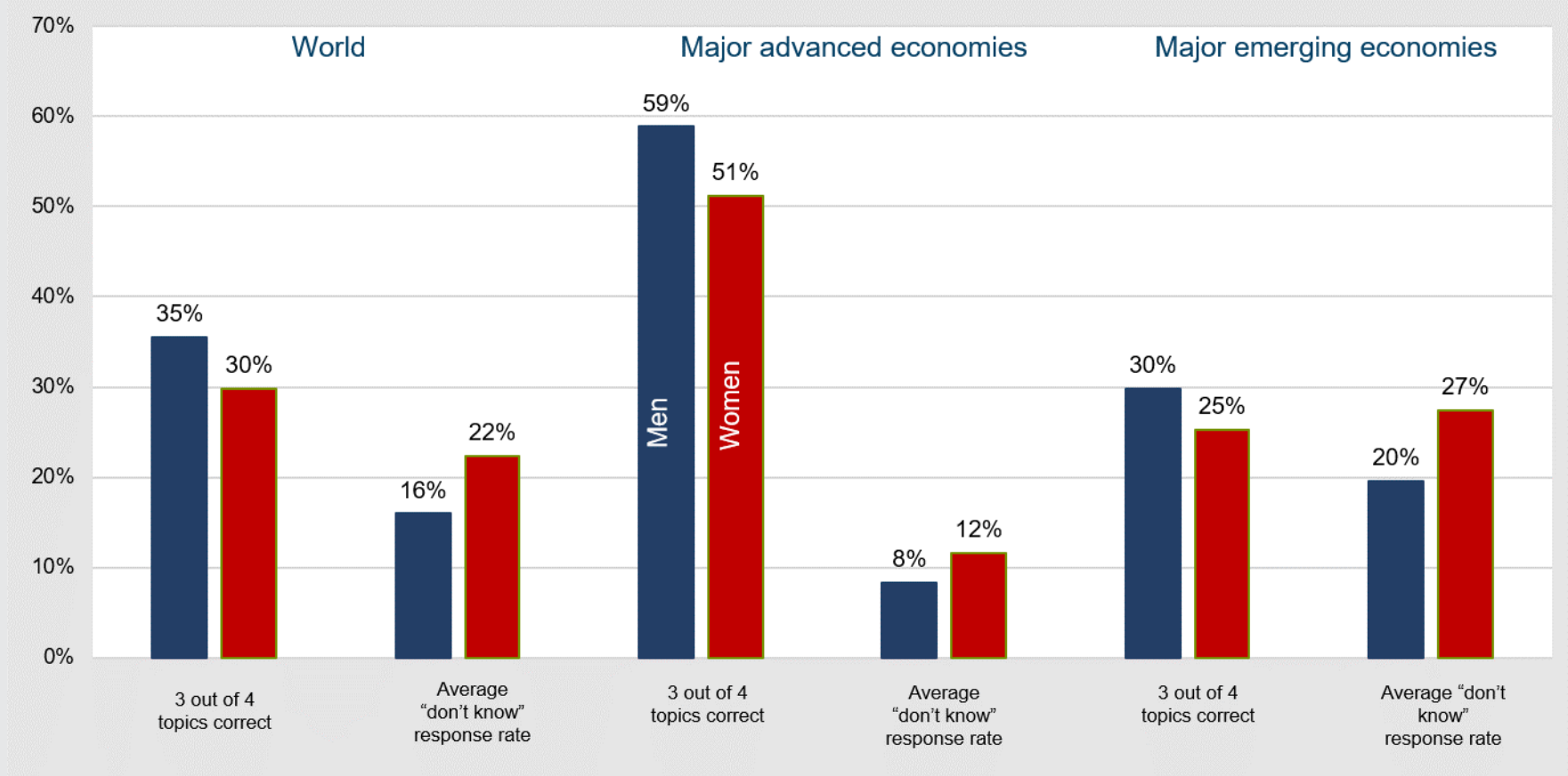


## Gender gap in financial literacy for the G20 countries



## Financial skills by gender

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



Source: S&P Global FinLit Survey

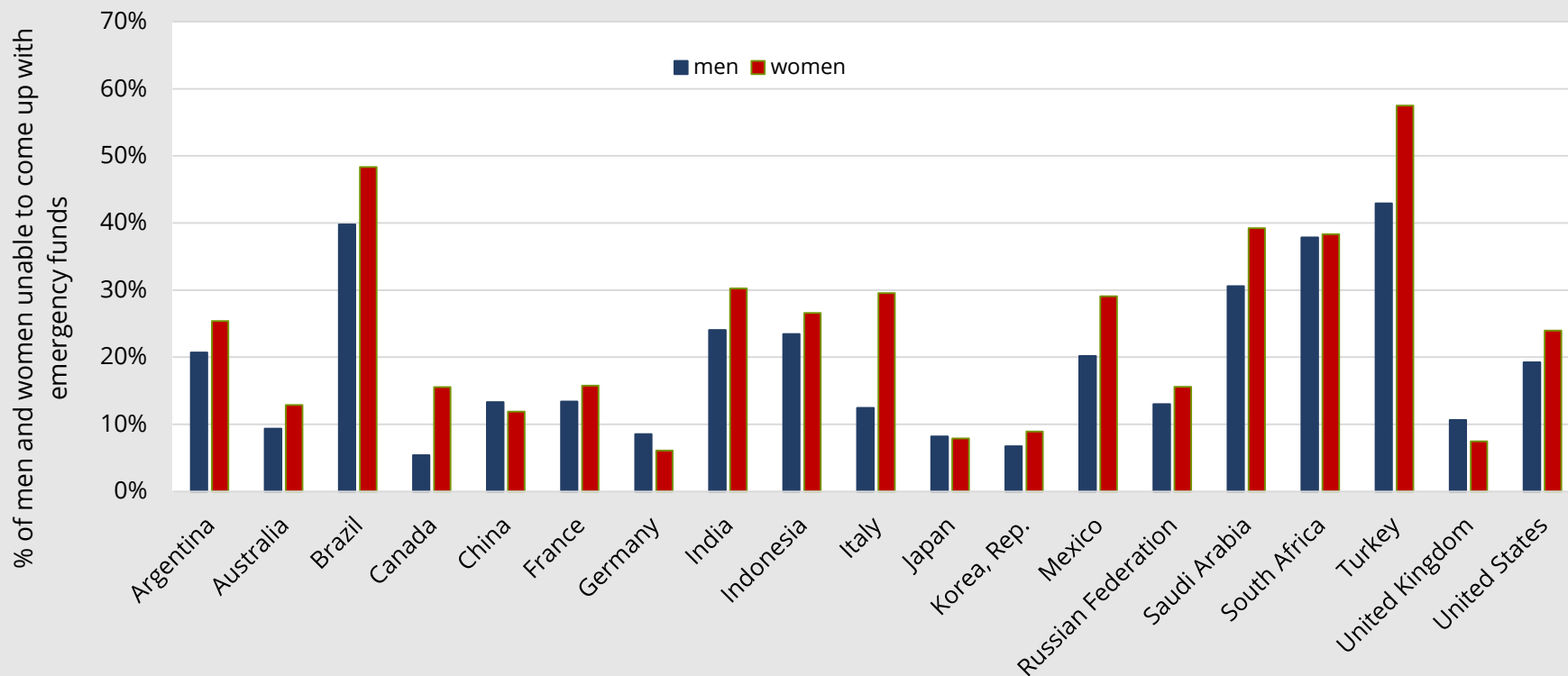
## Gender gap distribution by country income levels

The gender gap in financial literacy is large and persistent across countries, and there is no evidence that income helps explain it.



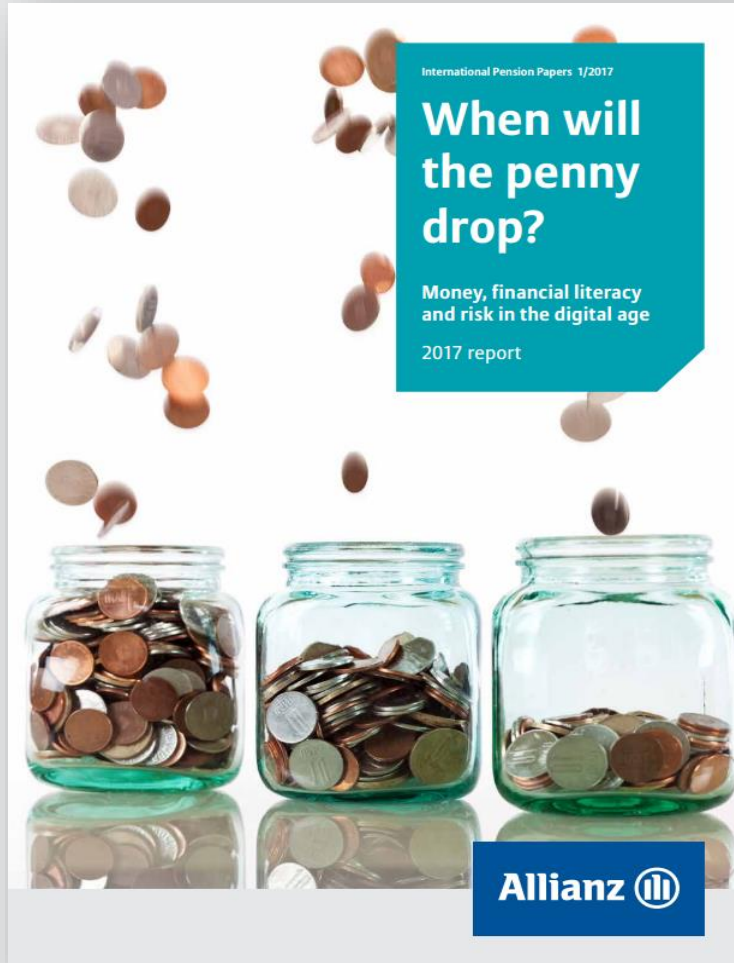
## Gender gap in financial fragility

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

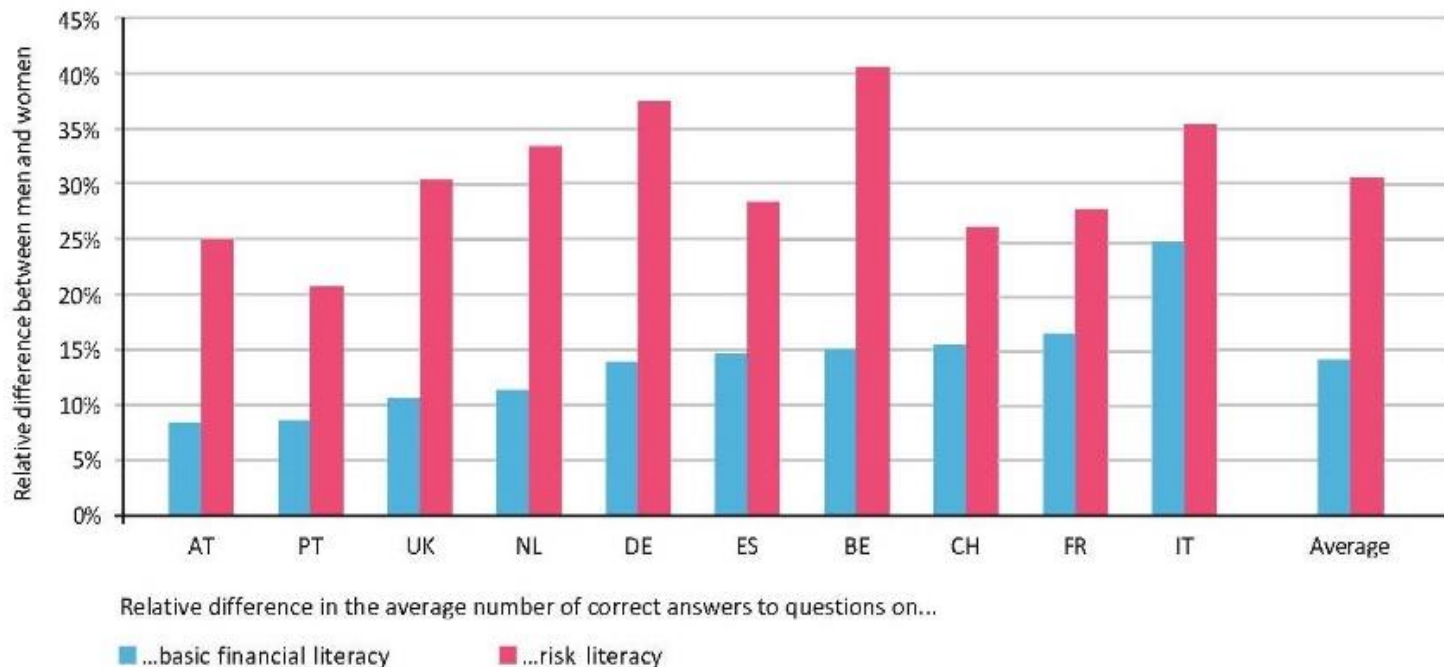
- Expected return
- Risk and return

## Gender gap across financial and risk literacy

Women still lag behind men in financial literacy, particularly risk-related questions

**14%**  
Basic  
Financial  
Literacy

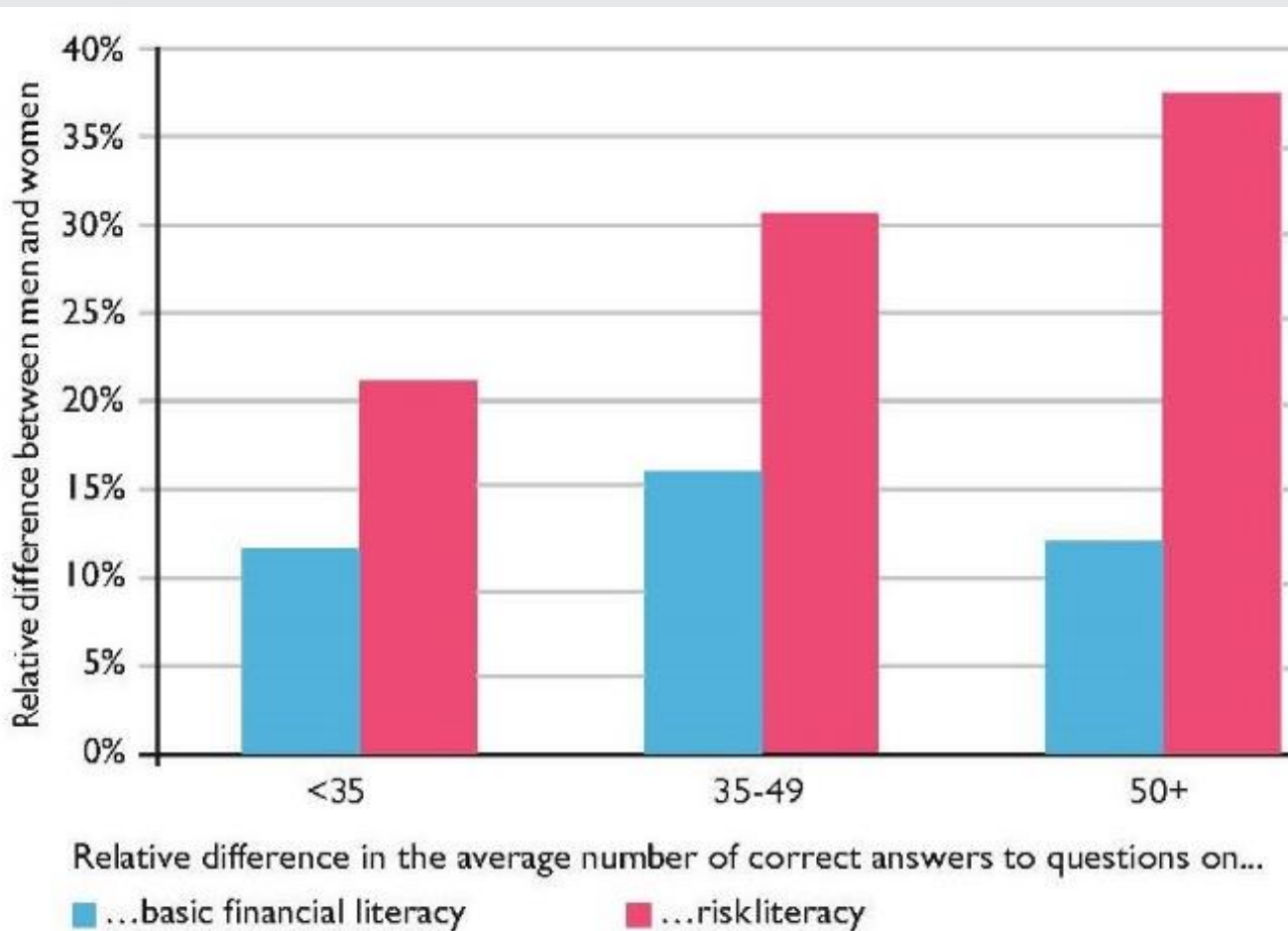
**31%**  
Risk  
Literacy



## Gender gap by age group and literacy 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.



**Thank you!**

Questions? Contact us at [\*\*gfilec@gwu.edu\*\*](mailto:gfilec@gwu.edu)



(202) 994-7148 | [gfilec@gwu.edu](mailto:gfilec@gwu.edu) | [www.gfilec.org](http://www.gfilec.org)