

# Mind the Gap: Women, Men, and Investment Knowledge

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**GFLEC**  
GLOBAL FINANCIAL LITERACY  
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## INVESTMENT KNOWLEDGE GAP

*There is a gap in investment knowledge between female and male investors.\**

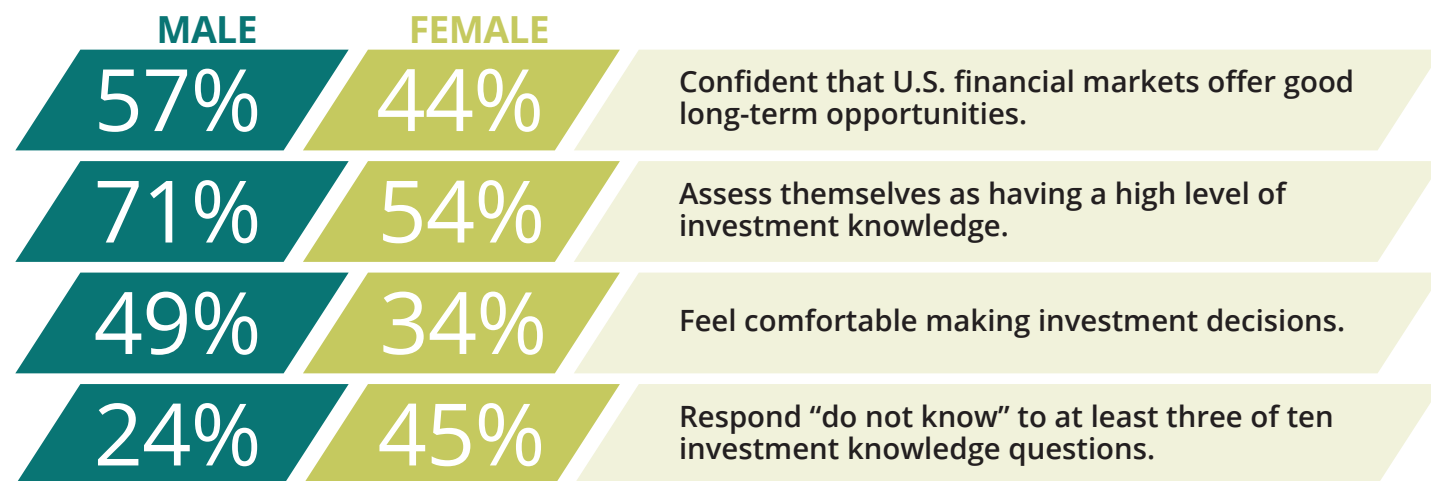
When surveyed about their investment knowledge, female investors performed poorly compared to male investors. Out of ten questions designed to assess knowledge, on average, male investors correctly answered 5.2 questions while female investors correctly answered 4.1 questions. Moreover, 40% of female investors answered fewer than three questions correctly, thus demonstrating low investment knowledge, while only 8% of female investors correctly answered at least eight questions, demonstrating high financial knowledge.

Many factors could influence the investment knowledge gap between men and women, but investment confidence may play an important role.



## WHAT WE KNOW ABOUT INVESTMENT CONFIDENCE

There is a large difference in confidence between male and female investors. Female investors are less likely to be confident about long-term opportunities in the U.S. financial markets, about their own investment knowledge, and about making investment decisions. Further evidence of lack of confidence among female investors is their higher percentage of "do not know" responses to investment knowledge questions. Confidence cannot be directly measured, therefore the following four indicators serve as proxies for investment confidence:

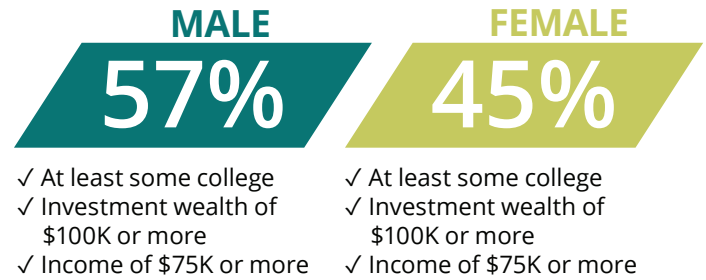


\* Investors are defined as individuals who have investments in stocks, bonds, mutual funds, or other securities held outside of retirement accounts.

## THE PERSISTENCE IN THE GENDER DIFFERENCES IN CONFIDENCE

Differences in confidence between male and female investors remain when considering investors with similar demographic characteristics. Thus, it is not a matter of demographic differences only. Even when education, income, and investment wealth are controlled for, female investors are significantly less comfortable making investment decisions.\*

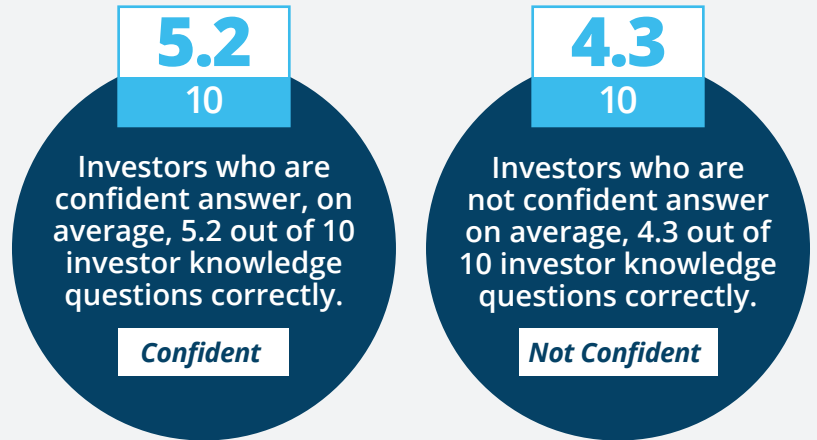
Percent comfortable making investment decisions



## INVESTMENT CONFIDENCE AND KNOWLEDGE

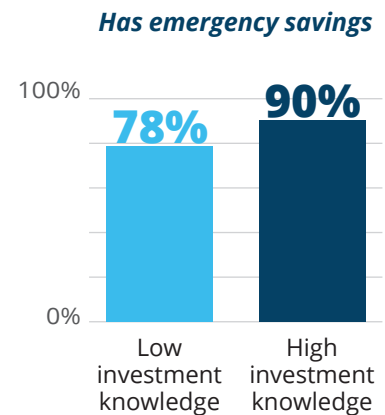
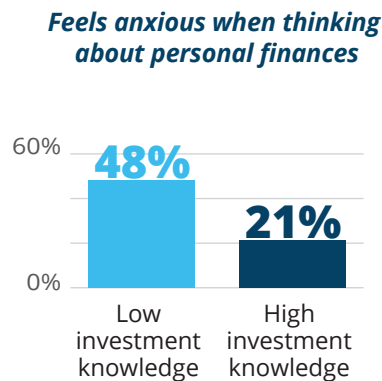
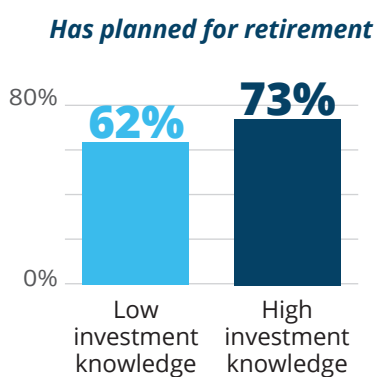
There is a strong link between investment confidence and knowledge.\*

*Female and male investors who are confident are more likely to have high investment knowledge.*



## THE IMPORTANCE OF CLOSING THE KNOWLEDGE GAP

Investors who have a high level of knowledge are more likely to have planned for retirement, less anxious about their finances, and more likely to have emergency savings, so it is important to understand why women have less investment knowledge than men.



The research shows that there is a strong relationship between investment confidence and knowledge, which likely influences the investment knowledge gender gap. Investment confidence, which is positively linked to investment knowledge, is lower among women. Future research will be important for furthering our understanding of this relationship and the factors that influence confidence.

\* This analysis uses the indicator of feeling comfortable making investment decisions as a proxy for investment confidence.