



Policy Paper: *Women and Financial Wellbeing*

Women share the financial capability needs described in our ‘Young People’ and ‘Workplace and Communities’ policy papers, but also have gender-specific experiences which give rise to distinct needs. These experiences begin in childhood and continue throughout women’s lives in ways that vary by age, occupation, family situation and generation. Financial capability strategies should include specific initiatives and programmes tailored to the needs of women.

What are the issues?

Studies of financial capability in the UK show small but statistically significant differences by gender.¹ Men tend to score higher on planning ahead and financial knowledge, while women score higher on taking responsibility and organised money management. Men do better on measures that involve actually having money (e.g. ‘saving for a rainy day’), while women score better on managing the money they have. There is some evidence that women on average are more risk-averse than men.² In interpreting these results, it must be remembered that they involve small

¹ ONS 2015, Financial Capability in Great Britain, Money Advice Service, Financial Capability in the UK 2015, Cambridge Building Society 2018, Personal Finances Survey of UK Adults.

² Financial Conduct Authority 2017, The Financial Lives of Consumers Across the UK.

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differences in averages. Most individual men and women exhibit similar financial behaviours or behave in ways stereotypically associated with the opposite sex.³

Some measures of financial capability depend on self-assessment, so reported gender differences may reflect social expectations or different levels of financial self-confidence, which can have real-world effects. For example, some women may be less assertive than some men in making benefit applications or pursuing better pay.

Financial wellbeing involves the skills to manage money well but also depends on access to sufficient income and wealth in the first place. In the UK, structural differences between men and women persist. For example:

- the median full-time pay gap between men and women is still 8.6%⁴
- women remain under-represented in many occupations and higher paid executive roles.
- Women are over-represented in part-time and casual roles, in the caring professions and in the lower paid bands of most industries and occupations.

In addition, the UK workplace is still not well adapted to family responsibilities, leading many women when they become mothers to drop out of the paid workforce for a while, work shorter hours or accept jobs with lower responsibility. This retards career progression and contributes to the under-representation of women in higher paid and executive roles. What this means for financial capability is set out below under 'what needs to happen?'

Within the family, women often have different financial experiences from men. Some women are excluded altogether from household financial management, while others find that the majority of financial responsibility falls on them. This can begin in childhood, with teenage daughters helping their mothers manage household debt.⁵ There is even a gender disparity in pocket money.⁶ In situations of domestic violence or abuse, women and girls can be either excluded financially and/ or forced to hand over their earnings to support the abusing partner or relative. Some women are forced to take on debt on behalf of a partner. Some find that the family's Universal Credit is paid into their partner's account.

³ Julie A Nelson 2012, Would Women Leaders Have Prevented the Global Financial Crisis? Implications for Teaching about Gender, Behaviour and Economics, Global Development and Environment Working Paper No 11-03.

⁴ ONS 2018, Gender Pay Gap in the UK.

⁵ Sorcha Mahoney and Larissa Pople 2018, Life in the Debt Trap, The Children's Society.

⁶ See for example: <https://www.theguardian.com/world/2017/jan/24/gender-pay-gap-starts-early-20-disparity-pocket-money-study>

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Regarding credit, there are still differences in access to mortgage and other finance, reflecting women's unequal access to employment, income, pensions and other assets.⁷ Women are more likely than men to use store cards and high-cost credit.⁸

The Money Charity's experience is that effective financial education begins with identifying life goals and adopting strategies to achieve these goals. For women, this is even more the case, as their strategies to gain income, assets and employment must take account of the structural factors described above. In our young people workshops we find that boys are more focused on material possessions ('I want to buy such-and-such a model of car,' 'I want to get rich') than girls, who are more focused on caring roles ('I want to have a family', 'I want to become a vet'). These priorities both reflect and reinforce structural inequalities.

Financial capability strategies should aim to raise the financial confidence, skills and aspirations of women and girls, and provide practical answers for the financial challenges women face.

What needs to happen?

Financial wellbeing initiatives should:

- Recognise the particular experiences of women and the structural issues facing them.
- Show awareness of the financial arrangements in relationships, families and households, for example decision-making about bank accounts, credit cards and the household budget, responsibility for child care, lending and borrowing within the household, responsibility for debts, sharing of income and resources, savings, investments and inheritance.
- Throw a light on what it means in terms of lifetime asset accumulation (savings, pensions, housing equity, National Insurance⁹ etc) to take time out of the paid workforce to look after children or others needing care and empower women to take compensating actions, such as topping up their NI years, increasing pension-saving rates, pursuing higher-paid work or negotiating better deals with their partners.
- Enable women to adopt positive financial aspirations and gain confidence in the financial skills they have.
- Help change adverse gendered financial stereotypes.

⁷ <https://www.mckinsey.com/featured-insights/gender-equality/the-power-of-parity-advancing-womens-equality-in-the-united-kingdom>

⁸ FCA 2017, The Financial Lives of Consumers Across the UK, pp 112-113.

⁹ For example, making sure the rules on topping up National Insurance and the relationship between Child Benefit and National Insurance are understood.

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In our financial capability work:

- We explore ways of having appropriate conversations with partners and families about sensitive financial issues.
- While most of our workshops are delivered to mixed gender groups, we recognise the need for women-only workshops for issues that are sensitive or best treated in women-only discussions. For example where the client is an organisation working with women from a particular cultural background.
- In mixed gender learning situations, we make sure everyone is able to participate equally and have their voices heard.

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The Money Charity is the UK's leading financial capability charity.

We believe that being on top of your money means you are more in control of your life, your finances and your debts, reducing stress and hardship. And that being on top of your money increases your wellbeing, helps you achieve your goals and live a happier more positive life as a result.

Our vision is for everyone to be on top of their money as a part of everyday life. So, we empower people across the UK to build the skills, knowledge, attitudes and behaviours, to make the most of their money throughout their lives.

We believe financially capable people are on top of and make the most of their money in five key areas:

- Planning (including budgeting)

- Saving

- Debt

- Financial services products

- Everyday money (including wages, cash, bank accounts)

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