INCREASING THE FINANCIAL EQUALITY OF WOMEN IS HARD FOR A REASON!

How the financial world misses out on important perspectives when trying to address the gender inequality challenge.

Accenture Song

TABLE OF CONTENT

FINANCIAL SERVICES MUST PUT MONEY INTO A SOCIO-FINANCIAL CONTEXT TO HELP INCREASE THE FINANCIAL EQUALITY OF WOMEN

PROBLEM

50% of the world population suffers from financial inequality: Women. The mere fact that women are physically able to get pregnant, no matter if they want this or not, leads to the consequence that they suffer from a lifelong income loss in comparison to men. On the one hand more, and more financial players address this issue, but on the other hand, we can not recognize a significant change. What are we missing in order to understand what needs to change to solve the gender inequality issue successfully?

RESEARCH QUESTION

To get to the problem's core we aimed for a broad, yet deep understanding of money in women's lives. What is the meaning and the purpose of money for women, and how do they make decisions regarding money matters were our core research questions, because we wanted to get women right.

KEY INSIGHTS

Money is deeply interwoven within a social context

Money acts as a means to fulfill three main human needs: Securing survival; building one's own identity; and engaging in social relationships. If all needs are met, this is considered as "wealth" by women and social relationships are key to achieve this.

Women connect money with a greater purpose beyond pure accumulation

The achievement of win-win scenarios where several people benefit from a money decision that supports overall value for the community are more favorable for women in comparison to the pure accumulation of money in their own bank account.

Women often make financial decisions in favor of social relationships

Financial decision making is embedded in the installation of social arrangements, which often results in unfavorable financial consequences for women especially in the future. The inequality is structurally and culturally hidden here.

Women do not consider product-based advisory as helpful because it lacks social context

Financial advisory aims for selling products that help to accumulate money. But it misses the connection of the social and financial context women have. It also lacks to support awareness of possible financial consequences of decisions determined about social arrangements.

FINANCIAL SERVICES NEED TO ...

... introduce and establish a socio-financial context in order to reveal hidden structural and cultural gender inequalities with the goal to raise awareness for better decision making.

... acknowledge that the purpose of money for women is much more than its pure accumulation. Purpose drives decisions.

... get rid of product-based advisory approaches and change perspectives towards a human lense that is driven by a socio-financial context.

THE UNFAIRNESS OF KEEPING THE BURDEN ON THE AFFECTED

Increasing the financial equality of women is currently not an obligation for our economic or political system. Financial institutions and new services and/or platforms might address the problem of women having less income over a lifetime and show the devastating existential consequences on them in the future. But, at the same time, they claim that proactivity, financial literacy, and increased self worth are key factors for women to tackle this problem and engage in some form of financial investment. Common sense in a neoliberalist world is that prosperity is collective debt – structural inequalities like the gender pay gap and unpaid care work are not a part of the argument. With structural problems being especially hard to overcome, isn't it therefore simply unfair to put the burden of solving such complex problems solely on the ones suffering under it?

If proactivity and financial education were the key factors for overcoming financial inequality of women, why does the problem still remain unsolved?

Our hypothesis is that the issue is much more nuanced than perceived and that it goes deeper than superficial claims and capitalist wisdoms. This drove us to dig deeper to truly understand the wide gaps that need to be closed and to find more successful ways to solve the problem around women's financial inequality.

To have an impact on increasing women's financial equality, we must first understand how women perceive money and make financial decisions before we start thinking about possible solutions.

Therefore, we conducted an ethnographic study in Germany, Austria, and Switzerland with 18 women in order to learn more about what money means to them, and how they deal with it in their everyday lives.

In this report, we will outline the most important findings of our research and what part they play in women's financial inequality, and consequently, the pension crisis, which especially affects women.

We all read in the news that women are exponentially affected by financial inequality, the gender pay gap, and in turn, the pension gap. Women are also becoming more and more aware of what is called "unpaid hidden care work", which is mostly performed by women, along with the incoming data that shows how the pandemic has only increased the economic drawbacks for women.

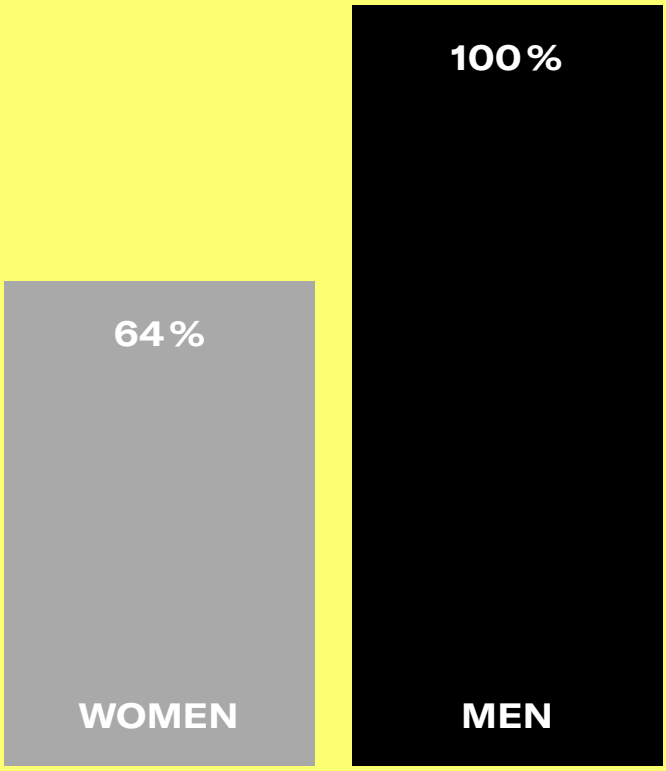
A 2021 study by the European parliament states that women tended to partake in a disproportionate amount of uncompensated child care even if the lockdowns increased men's household participation. According to Oxfam, women suffered from a 5 % job loss in comparison to 3.9 % loss for men.

For women, these circumstances create both a heavy mental load and require them to summon extra energy to proactively fight financial inequality both at work and at home. As these structural and cultural issues and expectations exist, women have a lot to do in their everyday lives which compounds these issues.

TO SOLVE STRUCTURAL PROBLEMS, THEY NEED TO BE ADDRESSED BY SOCIETIES, ECONOMIES, AND POLITICS, AS WELL AS BY WOMEN THEMSELVES IN THEIR EVERYDAY LIVES AND WITHIN THEIR PERSONAL RELATIONSHIPS.

Historically-anchored systems normally require a long time for change to occur.

This is why we asked ourselves the question of how we could help to change things not only for the better in favor of women's financial equality, but in a way that sped up aforementioned change. We started by looking at the status quo of the market.



WOMEN EARN LESS MONEY THAN MEN AND THEREFORE GET MUCH LESS PENSION IN OLDER AGES

"*The gender pension gap shows the percentage by which women's average pension income is higher or lower compared with men. Pension income includes old age benefits, survivors' benefits as well as regular pensions from individual private plans.*"

Figure 01: The pension gender gap in Germany, 2019*: own representations based on Eurostat, "Closing the gender pension gap?", 02/2021*

As innovation consultants, we always keep a holistic view of our clients' requests and what is generally going on in the market because prevailing offers also influence customer expectations in return. Regarding the financial inequality of women, we see a lot of movement in the market mainly from two players attempting to tackle the described problem:

01 Financial institutions and startups in the form of neobanks, etc.
02 Financial education and female peer-to-peer engagement services and platforms

Both address that it is an urgent matter for women to take initiative in their financial wellbeing, as well as in the case of entering motherhood. Until today, these players have been unable to support, advise and enable women in ways so that they can gain more financial autonomy through building steady, financial self-sufficiency from early ages on, and across different life situations – the numbers and statistics about thereof resulting pension gap reveal a brutal fact of this matter (Figure 01).

Mothers are especially vulnerable in these circumstances. According to International Labor Office, there is an adjusted wage penalty effect for women with two children of up to nearly 25 % depending on which European country they lived in.

We explored further: What are the underlying reasons for the fact that nobody in the market is able to tackle this problem with a higher success rate? What if finance products actually lived up to their potential and contributed to the financial equality of women? Could it be possible for financial institutions to help decrease the burden of financial inequality instead of demanding even more from women?

RESEARCH APPROACH

BUSINESS ANTHROPOLOGY AND ETHNOGRAPHIC RESEARCH TO DIG DEEP INTO COMPLEXITY

Our approach to complex questions that are not easy to answer is not to rely on guesstimates. We turn our perspective toward those experiencing the phenomenon at hand. We always reassess the familiar with the help of Business Anthropology and Ethnographic Research in order to gain a deep foundational understanding – in this case: how women make sense of money in their everyday lives. We do this before we even think about solutions, because it is crucial to suspend our business and expert perspectives for a bit in order to firstly understand women and their approaches to money.

We conducted an ethnographic study and had conversations as well as cognitive exercises with 18 women across Germany, Austria, and Switzerland for more than three hours in online video sessions. We aimed for a wide range of ages from 20 to 65 years old across diverse family and income situations in order to cover the perceived money truths of the most possible variety-of-life situations from women in 2021.

RESEARCH OUTCOME

WHAT DID WE LEARN FROM THE RESEARCH?

We found that women's perception of money and its impact on financial decision making followed a completely different logic and lived reality than that approached from the aforementioned main market players currently attempting to tackle this topic. From this, we found that as of today neither financial institutions nor educational services and/or platforms significantly impact financial decision making in women's lives. This is a result of the main market players currently not supporting women enough so that they establish and maintain financial autonomy throughout their lives.

The reason for this lack of impact is that there are currently only two sorts of offerings:

01 **Complicated to understand complex financial products that lack transparency and certainty, especially when it comes to pension planning or stock market investments.**
02 **Information and education services that aim to sustain engagement but fail to have a sufficient and healthy impact on women's final decision making.**

Both offerings do not trigger self-determined financial routines within women because they lack a crucial aspect in regards to initiating those routines: decision making.

In our study we found that financial decision making is heavily dependent on the personal life situation of women in relation to their socio-financial context. But currently there is no player in the market that does offer a holistic socio-financial offering. We see a quite fragmented market from banks, neobanks, optimizer, platforms, robo advisor that tackle single customer needs but without being able to provide a holistic view of financial matters during a lifetime.

For our respondents this meant that they have been confronted with a lot of single fragmented money themes and offerings that they had to put proactive energy in if interested, to get a good overview. Only then they could combine this information with their own life situation and make a decision according to the overall pros and cons.

FINANCIAL DECISION MAKING HAPPENS IN A SOCIO-FINANCIAL CONTEXT

We found in our research that decision making sits deep within the socio-financial context of women's everyday lives. We also found that the perception of money for women was quite different from the perception held by financial institutions. This is one of the reasons why many financial products and services, as well as the current advisory approach of financial institutions, do not resonate with women enough.

Our research also uncovered the purpose of money in different financial activities, underpinning the overall perception of money.

Taking these foundational research findings as a means to understand the lived money truths of women in 2021, we were able to synthesize the most important decision making factors around money matters. These factors explain the underlying barriers to women becoming more proactive about their own financial prosperity. These barriers are hard to overcome as they are deeply-seated within both the cultural and structural inequalities that are subliminal and of which all genders are often unaware.

This is the reason why claiming that more proactivity from women increases financial equality is a superficial and impractical claim that does not take into account the decision making of money matters that is affected by the cultural and structural inequalities.

SOCIO-FINANCIAL CONTEXT AND FINANCIAL DEPENDENCY

When we talk about socio-financial context or social constellations, we mean all the relevant people in the life of a woman with whom she is directly or indirectly bound financially.

Financial codependency is a natural state for people, starting from childhood, when we are financially dependent on parents or guardians. The first exposure children have to decision making regarding money matters is typically with their parents (or guardians) teaching them how to save and deal with money.

In our research we saw that all respondents could remember the different approaches their parents had to money, as

they often deviated. Respondents also had a strong opinion about whether their parents' approach to money was a good or bad one. All of our respondents held their parents accountable for the respondents' own approach to money – both positively and negatively. Many respondents put in a lot of energy to develop their own approach to money, which was considered to be better than the parents'.

ONE COULD ARGUE THAT MONEY IS A "FAMILY AFFAIR" FROM THE VERY BEGINNING AND THIS COULD BE SUBSTANTIATED BY OUR RESEARCH:

"*My mom never taught me how to save money, which is why I also can't do it.*" – *D., 34*
"*I would never tell my parents that I am invested in the stock market, because they consider this as far too risky. It took me several years to create my own approach to how I create my financial future.*" – *J., 35*
"*One day my brother started a competition on who would be more successful by investing in the stock market. So I got in contact with this when I was 15. It feels very natural to me because of that.*" – *S., 65*
"*I know that if anything happens to me financially, that my parents would always help me, no matter how old I am.*" – *G., 28*

We found in our research that financial semi-dependency is a very common state for women. We saw that many women enter a form of financial semi-dependency when they move in with a partner or even roommate. Many even begin to calculate everything separately to keep track of their shared expenses to ensure fairness, as well as remain aware of what maintaining a similar standard of living would cost on their own.

Most gave up on this after a while because it was too much effort to keep track of everything. Financial tracking tools have only been considered as being useful in the very beginning of such scenarios in order to get an overview of all spending, but were ignored after a while because the maintenance is too time consuming without any further benefit. After gaining clarity of their spending, women rely on an intuitive handling of money from paycheck to paycheck. We also had an impressive majority of women who were in charge of daily and monthly money management and who were leaving investment and long term money topics in the hands of their social relationships. If this was the case, it created a higher dependence in regards to financial decision making. We also saw that in situations of long-term relationships and/or marriages, further financial dependency extended not only to parents and partners, but also to in-laws.

By "dependency" we mean that parents and/or in-laws act as financial sources of support in cases of emergency or for larger financial purchases like cars or property.

Within our study, we recognized a spectrum of financial dependency ranging from full-financial dependency to full-financial autonomy.

Most of our respondents were still partly financially dependent on their parents or guardians, as they would rely on their support as a backbone in worst-case scenarios for them during their education or for their young families in cases that the marriage would end.

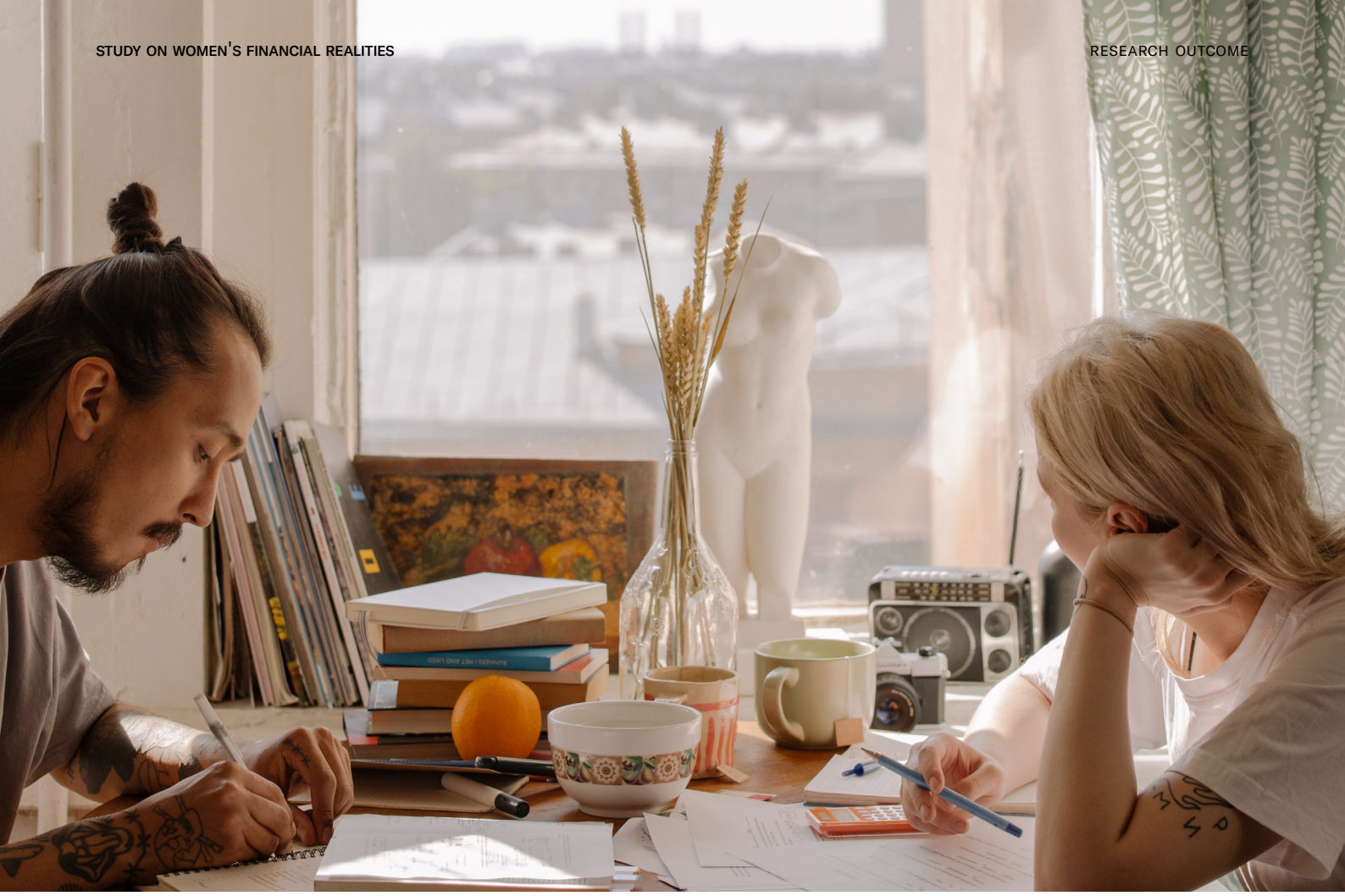
"*If I would separate from my husband, I am sure that my parents would help me financially.*" – *J., 35*
"*I am very thankful that my parents always support me financially so that I can go to university.*" – *G., 28*

Another large group of women were fully-financially dependent on their partners, ex-partners, and/or in-laws. This group of women were most dependent, as they were unable to contribute financially due to lack of income, motherhood, and/or separation. Financial dependency was the highest when the social relationships were not from the woman's own family, but her partner's.

"*I am not only dependent on my ex-partner in terms of how much he pays our daughter but also how much time he is willing to spend with her so that I can earn my own money.*" – *N., 39*
"*I am saving money, but recently my car broke down and I needed to ask my ex for financial help.*" – *S., 29*
"*He is bringing the money home and I am in charge of the rest. He must not worry about anything.*" – *V. 32*

The most financially autonomous women we spoke to were characterized by older ages in combination with a wealthy and supportive family background, which proactively made up for these structural inequalities for the women or would teach them from early ages on not only how to save money, but also how to invest.

"*At early ages my brother would ask me to compete on the better stock market performance.*



This is how I learned about investments." – S., 65
"*When I was 15, my brother nudged me to invest my first earnest money in stocks." – P., 63*

Only one respondent had reached financial autonomy without a supportive family background through the help of natural interest in financial topics and being proactive in getting educated about it.

"*I was lucky to be interested in financial themes. So I started to educate myself and became active in the stock market. This brought me slow financial autonomy even though I was a single mom of two." – F., 65*

The majority of women experience a natural financial dependency on their families or in-laws. Financial autonomy was only reached through the support of their own family by 3 of our 18 respondents. Only 1 out of the 18 respondents was proactively compensated by their spouse for not only "care work" and "motherhood penalty", but also the resulting pension gap.

Given that it is very common for women to live in some state of financial co-dependency, we saw a high demand for our respondents to get mental, communicational, and awareness support in order to enable self-determined financial decisions within their social relationsships with the goal to become more financially autonomous. Because financial dependency creates the feeling of being socially indebted in return, wherein debt accrues on account of keeping the social harmony, social appearances, or sacrificing for the greater good.

THE PARADOX OF FINANCIAL DEPENDENCIES AND THE STRUCTURE OF FINANCIAL PRODUCTS

These financial semi-dependencies are anything but uncommon for most of the women in western societies. It is practical as it adds financial flexibility. But it also requires interpersonal communication and negotiation about money in regards to decision making.

It is much easier to maintain financial survival in a group of people as opposed to as a single individual, where living costs are excruciatingly high.

The paradox occurs when taking a closer look at the structure of financial products and the logics of bank accounts, as it appears as though decision making is always bound to the individual. Apart from a shared bank account, where monthly mutual financial matters are being handled within many families, financial products are predominantly only offered for individuals and not groups of people.

They also follow rather short-term management as opposed to long-term. They are connected to the individual as a result of business product logic e.g., the bank account and data security reasons. Financial semi or full-dependencies are not at all being addressed within such products or financial institution advisory approaches as a whole and/or in a shared vision.

Our research found that support for private negotiations, future scenario planning, and/or worst case scenarios, that function as pre-solution for a fair money handling and allocation for both genders, is not a part of the advisory offerings. Nearly none of our respondents nor our expert interviews revealed that conversations about money matters and related decisions include an honest conversation about divorce, the consequences of the gender pay gap for women, and how these could be handled within a family.

Especially the younger women we spoke to had very fixed ideas about keeping their career after becoming mothers and would demand their partners stay at home as well so that they would not suffer from the motherhood penalty and less income. They were so convinced by this life idea that they could not imagine to even face problems like pension gap and motherhood penalties.

Additionally, all of our respondents stated that their own bank account was their equivalence of financial independence. The problem with this lies in that our study showed that pension planning, for example, is tied to this individual account and not the shared family account. This reveals that the inequality is deeply entangled in today's "fairly" perceived money handling. We often heard about a shared bank account where the higher earner is contributing more, but this still does not take into account the financial consequences women face due to the gender pay gap, hidden care work, and motherhood penalty for the future, that is mostly tied to the individual private account of the women and not the shared account.

This is one reason why financial products and institutions have so little impact on the financial decision making of women. Financial dependencies of different levels are not taken into account from both the financial products as well as advisory approaches as they refrain from tapping into very sensitive and personal social relationship areas that are being kept private. Cultural conditioning and structural inequalities lead to a couple of things e.g. the women in our research often felt uncomfortable confronting financial inequalities within their interpersonal relationships, also, financial advisors do not raise this topic. As a consequence honest and fair conversations about it and how to handle decision making around it appear uncomfortable and exhausting.

Yet, those conversations are the key factors for financial decision making. Financial independence is often stated as the ultimate financial goal for women. According to our study, we argue that the aim to increase financial equality should go beyond aiming for mere financial independence.

WE SHOULD HELP WOMEN BECOME FINANCIALLY AUTONOMOUS THROUGH MAKING SELF-DETERMINED DECISIONS AROUND FINANCIAL MATTERS WHILE LIVING IN FINANCIAL CO-DEPENDENCY

with their loved ones and while having the full awareness of what these dependencies mean for them financially consequently. In order to reach this goal, we need to take into consideration women's socio-financial context in order to support them with their awareness and communication to enable self-determined decision making within this personal battle for equality.

THE PERCEPTION OF MONEY: BARTER VERSUS ACCUMULATION

We looked at our respondents' different money behaviors from spending to saving and found that the purpose of money and how it is used is also deeply social in most situations. This goes along with the women's common description of money as a means of bartering. This approach often affects the decision making of women in relation to their personal financial matters in combination with their current social constellation in life, as we outlined earlier. It is a give and take amongst people and money is just one value, but time and care can be others. This goes along with the level of financial dependency that women experience within their social relationships and the social debt they pay with for contributing less money to the family system.

The pure accumulation of money for the purpose of getting more money was being perceived not only as character harming and sometimes gambling or dangerous by the majority of our respondents but also as the drawback of capitalism that has proved to be the root cause for climate and humanitarian crisis. A perceived purpose beyond the pure accumulation of money was missing, which was the main reason why investing in the stock market is so unpopular amongst the women we interviewed.

MONEY BEHAVIORS AND THEIR PURPOSES

We found in our study that each decision, no matter if it was about spending, saving, lending, or borrowing money, was connected to a purpose that our respondents would either consciously or unconsciously pursue.

In the following paragraphs we describe the different types of money behaviors that we discovered in our research.

THE PURPOSE OF SPENDING

We saw women spending money for two reasons: spending to reward themselves or spending to reward others.

The spending purpose within the self-rewarding category could be split up in two sub-categories, which are self indulgence (I owe myself a treat and reward) on the one hand, and the claim for self-efficacy on the other:

"*By spending money I want to support the greater good. Fast fashion is a no-go and it also makes no sense to buy poor quality as you then buy twice. It's better to invest in quality items.*"
– G., 28

We saw these two reasons for women spending money across respondents, mainly in the categories of food, interior and home, and clothing. We also saw this occur across high to low income brackets.

The spending purpose within the social rewarding category (spending to reward others) is based on the need to belong to a group of beloved people and can also be split up into two sub-categories, which are gift giving and spending time with others.

"*I want to travel with my friends, this is super important to me because time is more important than money. I calculate this money as a part of my monthly fixed costs to be able to do this.*" *– J., 26*
"*I don't spend much money on items for myself, but I am keen on giving the new wife of my dad a beautiful handbag that she really likes. This gives me much more joy than having one on my own.*" *– U., 29*
"*It would be unbearable for me to demand or request something from people. Conversely? No problem at all.*" *– C., 34*

THE PURPOSE OF SPENDING MONEY HAS A LOT TO DO WITH THREE THINGS: FULFILLING ONE'S OWN WISHES; OTHER'S NEEDS AND WISHES; AND, WHEN POSSIBLE, COMBINING THE TWO FORMER TO CREATE A WIN-WIN SITUATION WITHIN SOCIAL RELATIONSHIPS.

In this sense, money plays a crucial role in people's engagement with both their own identity and a preferred social relationship.

THE PURPOSE OF SAVING

We observed a similar purpose logic in the way women described their reasons for saving. Women save money for three reasons which are: saving to secure liquidity for cases of emergency or for bigger, future life plans; saving for bigger purchases; and saving for social purposes like group travel or helping friends and/or family members when in need of money.

"*It feels good to see my savings account being full of money. Maybe I will buy myself a nice Chanel bag, which I nearly did for but then decided at the last minute, to rather use the money for a vacation with my friends and family.*" – *V., 32*
"*Having money means self-realization. It means to be able to do and create something.*" – *L., 25*
"*I had saved some money on my account and a friend needed financial help. It was such a good feeling to be able to help him. He paid me everything back and our friendship became even better.*" – *U., 29*

Again, we saw a pattern emerge around the purpose of saving money that had to do with both one's own dreams and wishes, as well as the desire to experience good times with friends and loved ones.

THE PURPOSE OF LENDING

Our research showed that women often help friends and/or family members (also extended family members), or other people in financial need. This was not only common for women with a solid financial background, but also young women who had managed to only save a little money.

"*If you have not to be concerned about your own financial situation any more, it is super important for the character that you also give back to people in need. Otherwise it could damage your personality and you could lose ground below your feet.*" – *S., 65*
"*I lent a friend in need money from my savings account. I felt good, because I could help him and he felt good because he could get out of his miserable situation. A clear win-win situation for everybody. He paid every cent back and our friendship has grown in strength.*" – *U., 29*
"*If I knew that my friend was in need, I would feed and pamper him until he is better off.*" – *L., 25*
"*I invested money in the start-up of my nephew to support him and his business. I don't really care if he will be able to pay it back. It is family bound.*" – *M., 45*

LENDING MONEY TO BELOVED FRIENDS, FAMILY, OR OTHERS IN NEED IS A POPULAR FORM OF INVESTING IN SOCIAL RELATIONSHIPS FOR MANY WOMEN, AND THE EXCHANGES HAVE BEEN PERCEIVED AS A WIN-WIN SITUATION.

The return on investment was not necessarily about the sake of money accumulated, but much rather about the blossoming of a solid community.

THE PURPOSE OF BORROWING

Our study revealed that women prefer to have debt and would rather borrow money from a bank than from their friends or family members. If you compare this to the purpose of lending, one could conclude that women prefer to give rather than take; but, we reiterate that this must be framed around the context of social and cultural conditioning of traditional gender roles and behaviors. Borrowing between two friends or relatives needed to be done so without judgement and/or any preconceptions. If this was not how it was done, it became a social-stress factor. Trust and neutrality were noted as being the most important factors in engaging in borrowing money without a financial institution being involved. Conversely, this also means that women prefer to borrow money from a bank because this guarantees that no interpersonal dependency occurs because of money.

"*My friend would not have taken the money from me if he would not know that I trust him paying it back to 100%.*" – *U., 29*
"*It is a feeling of dependence that we had to ask our parents for additional money in order to be able to even get this mortgage from the bank. I really hope that we can pay them back as soon as possible.*" – *E., 31*
"*Instead of asking my mother for money, I took a credit from Ikea to get my new apartment furnished. I want to be autonomous and independent from my mother.*" – *L., 25*

For women there is a huge difference between social debt and debt from a bank. Financial institutions bring in enough neutrality for women not to feel personally judged on an everyday relational level. Additionally, trust is appointed preferably on

an institutional rather than personal basis, eliminating interpersonal tensions. Borrowing money is not a favored money behavior across the women we spoke to in our study as it was perceived as a hindrance to financial independence.

DECISION MAKING IN MONEY MATTERS OFTEN AIMS FOR A WIN-WIN PURPOSE

The observed decision making logic around money behaviors showed one prevailing pattern in regards to what drives the according decision: dealing with money is not only an individual but also a social act for women.

Decisions are rarely made solely on behalf of the individual, but rather in regard to its impact on the greater community the individual hopes to cultivate. The aim is to achieve win-win situations for all related stakeholders. Money is not the only valuable currency, rather trust, mutual time, and care were valued, as well.

SOCIAL HARMONY AND A SENSE OF BELONGING ARE IMPORTANT DRIVERS FOR WOMEN WHEN MAKING FINANCIAL DECISIONS.

According to this insight, it is not surprising that all of our respondents described money as a means of exchange or even energy that is in a constant flow of giving and taking. This perception and logic follows, as already stated, the idea of money being barter.

THE PURPOSE OF INVESTMENT

Attentive readers might ask at this point why we left out money behaviors and decision making around investment up until now. The reason is that the purpose of investment is fundamentally detached from the rest of the already described money behaviors.

Only 4 out of 18 women engaged in investment products like stocks, ETFs, or funds, or had insurance that engaged in these forms of products for the purpose of accumulating money for themselves.

The rest of the respondents, if at all, chose or planned investments in two other categories which again reflect the purposes of the previous described money behaviors: the family in the form of savings for the children or real estate to be inherited; or their own education and career to enable a constant money inflow that should enable financial prosperity. Aside from savings for the children, where ETFs have been popular, no classic investment products were used in either of the two categories.

THIS DOESN'T MEAN THAT WOMEN DO NOT INVEST. IT RATHER MEANS THAT WOMEN INVEST IN MUCH MORE THAN JUST A FINANCIAL PRODUCT; THEY INVEST IN THEMSELVES AND IN THEIR SOCIAL RELATIONSHIPS BEFORE THEY ACTUALLY INVEST IN A FINANCIAL PRODUCT TO ACCUMULATE MONEY OR BUILD WEALTH FOR THEMSELVES.

Investment products were the least popular solution for many of our respondents. Some had even tried it out and stopped because they didn't consider the experience as being valuable and stable. Here are the most important barriers that have been observed in our research:

- **Lack of perceived relevance to accumulate money; missing purpose beyond accumulation.**
- **Fear of financial losses and failure combined with underlying feelings of guilt, shame, and irresponsibility.**
- **Fear of addiction in combination with stock market activities being gambling behavior.**
- **Lack of trust in bank advisory, hindering the reputation of banking as well as insurance products and systems due to non-transparency and sales pressure.**
- **No headspace in younger ages to set priorities for financial prosperity for their future with the use of such investments as the stock market.**

These are not unfamiliar barriers for women's engagement in investment products, but what is interesting to consider is putting these into context of why our respondents perceived investment products as having such barriers.

The respondents' perceived purpose of an investment product was to accumulate money. At the same time, all of our respondents had a strong opinion about money accumulation as being character harming and having adverse effects on the society.

"*Too much money can harm the character because you lose sight of the important things in life, for example how the rest of the world is doing.*" – *M., 42*

"*There is a reason why the rich are getting richer and the poor are getting poorer. This is not a world that I would like to live in.*" – *N., 39*

"*If you have a lot of money you also have a responsibility towards the society and to give back. Unfortunately there are a lot of wealthy people on this planet who don't do this. But these are people you would not like to spend your time with. Bad characters.*" – *S., 65*

This perception of investment explains the rise of popularity from sustainable investment products as they promise a bigger purpose.

But it also gives insight into something else that is not new, but needs to be reassessed and reconsidered if the aim is to engage into women's financial decision making to increase financial equality.

Our research has shown that money is a highly social phenomenon and that each decision made in relation to money needs to convey a deeper purpose. The barter logic of money makes much more sense to women as opposed to the pure accumulation of money.

The barter logic, in this context, means that each decision made about money should be made preferably in favor of both the personal financial wellbeing and the wellbeing of others in the form of a clear purpose for the greater good beyond pure accumulation.

A WIN-WIN SITUATION ENABLES SOCIAL HARMONY AND, THEREFORE, A HIGHER LIKELIHOOD OF SECURING INDIVIDUAL FINANCIAL SURVIVAL AS A PART OF A GREATER SOCIAL CONSTRUCT.

PERCEPTION OF INVESTING AND WHAT THIS MEANS FOR PENSION PLANNING

In our research, we recognized that women do consider more factors than just money and its accumulation within their financial decision making. They invest in themselves and others with trust, time, and care to name a few of the most relevant.

We also learned that investment for the sake of pure accumulation of money was being perceived as negative as it lacked a more meaningful purpose for society as a whole.

We saw in our study that private pension planning was not at all talked about proactively, and, when we probed asking our respondents who would handle their pensions, we heard the following opinions about it:

From young women without children:

"*I do invest a lot in my career and think that I will not be affected by the pension gap so much.*" – *S., 28*

"*I will have a partnership where the man has to handle this equally, otherwise I won't be together with him.*" – *U., 29*

"*If the time is ripe I will invest in real estate, so that I do something for my pension and possibly inheritance of my future children.*" – *S., 28*

"*I know that this is a theme, but I also know that I can adapt my living style, which is why I am not so concerned about this.*" – *L., 25*

From young mothers:

"*I don't believe in the concept of pension because my goal is to work what I love and therefore I want to do this until I die. So pension is nothing that I aim for at all.*" – *V., 39*

"*I am very active with my pension planning and feel that I am in a good place. But I contribute from my own account to this and I would not ask my partner to compensate for the losses of my maternity leave. He probably wouldn't do it anyways.*" – *J., 35*

"*I count our real estate also as my pension. I hope that everything will work out fine.*" – *K., 31*

"*I am lucky, because my husband is also taking care of my pension planning. I am not that interested in those kinds of money themes, which is why I am thankful that I don't have to think about it.*" – *V., 32*

From older women:

"*Back in the days, when I was alone with my children, I was forced to do something about my financial situation, this is why I educated myself with how to be in the stock market. Now I am an expert and have everything in place.*" – *F., 65*

"*I was lucky to grow up in a wealthy family that taught me right away how to deal with money. The most important thing is to be autonomous also within the relationship, because only this secures you for the worst case. I was lucky with my husband here and we treated each other in a respectful and equal way.*" – *S., 65*

Many of our respondents equated pension planning with investing, e.g., trading in the stock market, which led them to having the same negatively perceived notions with pension planning as they did regarding investment products insofar as them having no further purpose than the accumulation of money.

This revealed that their current state of money matters was of more interest than securing or planning for their future cost of living when making financial decisions.

According to our study, the following barriers account for this reasoning:

The challenge of what life will look like for themselves 20 to 30 years from now; **The confidence that their career would cover pension planning sufficiently**; **The need to decide today for a long-running and inflexible product**; **Lack of trust of the financial advisory or insurance provider**; **Lack of transparency of how the products work**; **Lack of ability to deal with falling stock market outcomes in the short term**; **Prioritization of current career over having to deal with its inevitable end**; **The belief that they would be willing and able to work until the end**; **Lack of interest in dealing with financial products.**

We also saw the equating of investment products and the image of financial advisory and/or insurance companies as only trying to make money with their product. Taking all of these factors into account, it is no wonder that many women are hesitant towards making proactive decisions in favor of investment products for the sake of private pension planning. Meanwhile, there is currently no alternative to privately managing the financial future of retirement.

The perception of investment products, and the likening of pension planning products and the lack of trust in financial advisory, as well as insurance consultants, explain why advisory and educational approaches are currently unsustainable for women to become proactive. This is because the decision for these products is being left up to women without taking their social financial context into account. The current advisory approaches as well as educational services address questions around how women want to live, how much they are able and willing to invest, and what their financial goals are. But answering these questions does not trigger decision making in favor of a financial product, as it lacks a relation to women's social context today and more so in the future.

We are not arguing that these are irrelevant questions to start with when consulting women about their finances, rather, we found in our research that an additional sense-making of financial decision making should take place.

THREE HUMAN NEEDS THAT MONEY CATERS TO AND HOW THEY UNCOVER CULTURAL AND STRUCTURAL INEQUALITY

While we were synthesizing the observed money behaviors, we came across three underlying human needs that were unconsciously driving decision making in important life situations that also had an impact on the financial situation and future of the respondents. The decisions were always taken indirectly in favor of the following three needs:

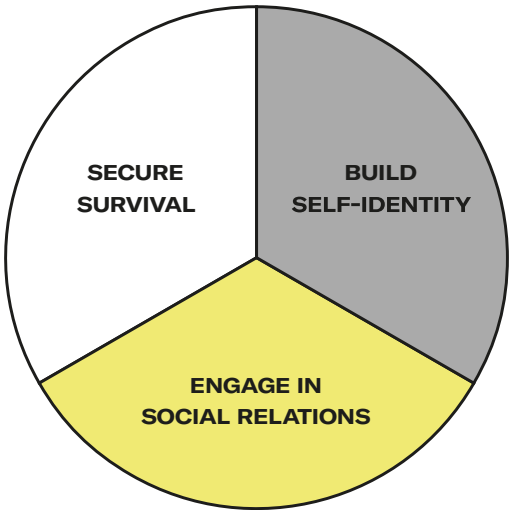
01 **Financial survival: "I need a roof over my head and enough food."**
Having liquidity for unforeseeable events or future property were examples. Saving was the most popular money behavior to cater to this need as many respondents would save money in order to have financial liquidity in case something unforeseeable happens. The quick availability of money was key.

02 **Growing an identity as a person that is able to be sustained financially: "I need to develop myself to grow personally and have a career."**
Investing in an education and career, or identity building consumption like travel or luxury brands. Especially young women strive for self-development in the form of a meaningful career because they are convinced by the idea that if you do something that fulfills you, that you are good at, success and money will come more easily. All of our respondents who entered motherhood compromised on this basic need the most in favor of their social relationships.

03 **Supporting valuable social relationships: "I need to belong to a beloved group of people."**
Being there for family and friends in the form of several values, e.g., money, time, care. All of our respondents were keen on having healthy relationships within the family or with dear friends, because they are an important part of the bigger concept of wealth. Value exchange, and therefore also money, is a means to be and stay part of a community.

According to our respondents description of wealth, all three underlying needs are fulfilled regardless of which income bracket they belong to. This explains the highly-individual money behavior of people as there are many ways to reach wealth, even with little money, depending on one's priorities in life. Money alone, and especially the accumulation of money, does not create a fulfilled life and is not perceived by our respondents as wealth.

BY UNDERSTANDING ALL THREE UNDERLYING NEEDS, IT BECOMES OBVIOUS WHAT WOMEN PERCEIVE AS WEALTH AND HOW DIFFERENT THIS IS FROM HOW THE FINANCIAL INDUSTRY APPROACHES WEALTH.



"Money alone does not make one happy" is the common approach of the women we talked to, which is the opposite of the financial industry approaching wealth as the idea of accumulation of money.

This is also the reason why impact investing, Environmental Social and Governance, or sustainable investing is momentarily most attractive to women and in general massively on the rise. According to Forbes, ESG investing had become a star and women are the reason why.

ESG, impact and sustainable investing are the only options with a clear purpose beyond the pure accumulation of money, that cater to all three underlying needs in regards to decision making. It also shows that money is not neutral but a moral entity. Interpersonal relationships in regards to decision making in money matters create this morality by the assessment of value contributions. The idea to exploit investment products with the benefit of pure accumulation of money is missing this important concept.

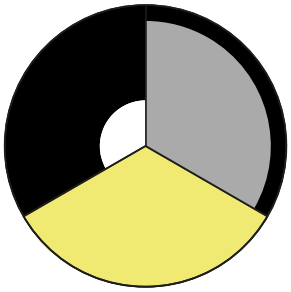
If you look at those three needs from a gender income perspective though, the cultural and structural gender inequality becomes even more obvious.

When women build self-identity through a career, they monetarily suffer from the gender pay gap and have less money to invest into securing survival. When women become mothers, they prioritize the engagement of social relationships as a trade off for career, and in turn, build self-identity. This created an imbalance of all three needs because scarcity of money enforces the prioritization and re-balancing of all three. The tricky part is, that within the engagement of the social relationships, the cultural inequalities in the form of typical role distribution is being enforced through hidden care work that is not being compensated for women in most cases. This means that if women prioritize both, building self-identity and engaging in social relationships, they also experience both structural and cultural hinderance of securing financial survival.

These mechanisms are not new at all, but from the new perspective of human needs in relation to money, the unfavorable trade-offs that women have to take when wanting to prioritize both their career and family – the biggest claim of feminism in the past 20 years – reveal the hurtful truth of cultural and structural inequalities that are still being lived out in our economy and social relationships. All with devastating consequences for womens' financial futures.

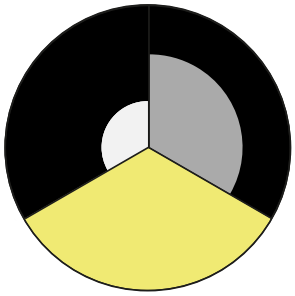
Here are some examples from our study of unfavorable trade-offs related to financial decision making:

A trade-off in favor of building self-identity at the expense of securing financial survival



"*Now that I am a single mom, I finally need to invest in my own education, so that I can become self-sufficient with my future job, to not be dependent any more from my parents or father of my child. This is why I liquidated my stock fund, to finance my further education.*" – *N., 39*

A trade-off in favor of social relations with the price of securing financial survival



"*I owe my mother-in-law a lot on a personal level. So I go into disposition credit to be able to buy us a nice weekend trip together. This is my way to show her how thankful I am that she treats me like her real daughter.*" – *D., 34*

A trade-off in favor of securing survival often comes with the price of endangering social peace

"*When I have to talk about money with my partner I always try to find a strategically wise moment to have a better conversation.*" – *J., 35*

"*I did not tell my mother that I took this credit to buy new furniture for my room, because she would have questioned why I didn't ask her for the money. But I want to become financially autonomous. This is super important to me.*" – *L., 25*

"*I really hope that we will be able to pay back the debt to my parents in law, because I feel super dependent on them overall, while we are in their debt.*" – *E., 31*

A prioritization of one need over the other becomes obsolete as soon as there is enough money available to secure all three needs. But if money becomes scarce, which is often the case for women due to gender-related inequalities, prioritization is needed to secure survival.

As evident, the prioritization of one underlying need over the other was highly dependent on the current life situation and the values and priorities of our respondents. This included not only the amount of available money and their current working situation, but also the degree of engagement in their interpersonal relationships and how their partners or families actually compensated the women's financial losses due to parental leave and/or working part-time.

But, according to our study, there were no other interventions within the social relationship than a shared bank account for the family, where the better earner, most often the man, would balance out the income loss of the woman. This very common handling was perceived as a fair concept throughout our respondents, which shows how deeply embedded inequality is in all of our heads and behaviors.

We observed in our research that it is excruciatingly hard for people to think about what this means financially for pension planning or in the case of problems within the social relationships. We saw little to no intervention in order to secure the self-sufficient financial survival of the less earning but socially highly-investing women.

ACCORDING TO OUR STUDY, IT TAKES EXTRA EFFORT AND ENERGY AS A WOMAN TO NEGOTIATE TRULY EQUAL GENDER ROLES WITHIN THEIR INTERPERSONAL CONTEXTS.

Many favored social and relational harmony over the negotiation for a fair compensation of the women investing in their social relationships and families.

Currently, financial institutions try to segment their customers via socio-demographic factors in terms of age and traditional life stages and amount of money in the bank account, in order to advise them financially. According to our research, and the underlying three needs that are being prioritized when making decisions around money, these indicators are not enough to approach meaningful advisory, especially for women. Artificial intelligence seems to be the new way to approach customers in a more promising way with the help of big data. But we have to note after our research that the indicators that are being used so far to approach people miss the relevant life contexts that triggers decision making around money matters.

WOMEN ESPECIALLY ARE BEING LEFT ALONE WITH THE COMMUNICATIONAL CHALLENGES THEY FACE WHEN PLANNING THEIR FINANCIAL FUTURE WITHIN THEIR SOCIAL RELATIONSHIPS.
NO ADVISORY APPROACH OR SERVICE IS CURRENTLY TAPPING INTO THIS UNDERLYING FACTOR OF FINANCIAL DECISION MAKING.

CONCLUSION

THE MOST RELEVANT DECISION MAKING FACTORS AROUND MONEY MATTERS

Taking all findings of our study into account, it becomes clear why financial institutions and service providers have little to no sufficient influence on how women make their decisions regarding money matters. Money is a social phenomenon but it is not being treated as such. This is what drives the gap that needs to be closed in order to help women to make more financially autonomous decisions and drive their financial autonomy while likely being in a form of financial codependency from a young age.

We need to empathize better with how and why women make decisions around their money in order to come up with valuable support.

Currently, the most common approaches of main market players and consultancies to tackle financial inequality for women are often accompanied by the following three claims:
We need to change “bad money behavior” with digital services for the better; We need to educate women so that they become proactive; We need to rebuild trust in financial institutions.

We do not argue that these approaches are right or wrong, rather we found in our research that these topics need more context of women’s actual lived money realities. This is necessary in order to make sure that we firstly get women and their perception of money right and, secondly, are able to come up with solutions that actually tackle the problem more successfully than until today.

According to our research analysis the most important decision making factors were:

01 The prioritization of the three human needs in the current life context
02 The general financial interest and competence
03 Individual and others’ experience with financial decisions, products, and services

These three factors come into play within decision making simultaneously and build the current money mindset. Over a lifetime, these factors are influenced contextually as priorities shift according to life situations, interests, and as competence can increase or stagnate according to the experiences with financial and money-related matters.

CHALLENGE I

MONEY IS A SOCIAL PHENOMENON BUT IT IS NOT BEING TREATED AS SUCH BY IMPORTANT PLAYERS IN THE INDUSTRY

Our research showed that decision making around money is always taking place in a social context. This context consequently supports the structural inequalities of our society and economy as long as there is no communication about true and holistic fairness among the people that are directly or indirectly involved in the decision making.

This communication must be facilitated by women and this requires both awareness and the energy to go into a discussion with social relationships that might harm social harmony.

These are two large barriers for women to overcome when engaging in these sorts of conversations because they must be informed, prepared, and willing to do so. We saw in our study that most of the women lacked the awareness and the energy to bring it up.

Therefore, it will not be enough from a business perspective to trigger a change of behavior with designing digital services without taking into account women's perception of money and the factors that drive financial decision making.

SUGGESTION I

DETECT UNFAVORABLE TRADE-OFFS WITHIN THE THREE HUMAN NEEDS INSTEAD OF TRYING TO CHANGE "BAD MONEY BEHAVIOR" WITH DIGITAL SERVICES BASED ON GUESSTIMATES

Instead of claiming that digital services are able to change so called "bad money behavior", we should dare to take a more understanding, valuing, and detailed look at women's life situations and their financial social contexts. This will help to determine the level of financial dependency and which interventions and money routines can be uncovered and changed for the better. This process needs to have a larger purpose than for the sake of accumulating money. We should take into account the prioritization of the three human needs in the current situation and translate this into a valuable and meaningful roadmap for partnering with women to make more self-determined financial decisions with the goal of becoming financially autonomous in the long-term. We need to raise awareness of structural inequalities during important decision making at key life moments and what consequences this has for women in the long-term. We need to rethink basic financial products and add the context of social relationships as well as barter logic into the underlying rationale to recreate women's perception of money. This approach is the key to getting better involved in women's financial decision making.

CHALLENGE II

EDUCATION TO IMPROVE AWARENESS AND INCREASE INTEREST WITH THE GOAL OF TRIGGERING WOMEN'S PROACTIVITY IS NOT ENOUGH TO INFLUENCE SELF-DETERMINED DECISION MAKING

Our research showed that financial education and the awareness of inequality alone do not trigger self-determined financial decision making. This especially affected women who showed no natural interest in and little competence with money. We already learned that money is a social phenomenon; therefore, the decisions being made around it are also being influenced by social relationships. One prevailing pattern from our study was that women tend to impose long-term money matters onto the family members that are "good with money" and those who showed a natural interest and competence. These are roles and routines that education alone cannot solve for more proactivity as they are often long established on the one hand, and intrinsic motivation is missing on the other. The women who had no natural interest in money matters and rather felt this was a burden to deal with were glad that someone from the family would take care of it. At the same time, when males of the family would take over, they are often even less aware of female gender inequalities and make decisions based on their perspectives rather than change things for the better. We only had 1 out of 18 respondents where the husband was in charge of all long-term related money decisions, including the pension planning of our respondent, and who proactively compensated the respondent's hidden care work and motherhood penalty financially in a conscious and communicative way.

SUGGESTION II

CREATE NEW ADVISORY APPROACHES THAT INCLUDE THE THREE RELEVANT DECISION MAKING FACTORS AND TRANSLATE THEM INTO CONVENIENT YET FAIR PRODUCTS AND SERVICES THAT WOMEN WITH LITTLE INTEREST AND COMPETENCE CAN ALSO BENEFIT FROM

You cannot force or educate people on a topic and hope for a change of behavior. We need to accept that some women have little to no interest in dealing with their money matters. But instead of letting them only outsource their finances to a social relationship, we need to build a completely new advisory approach that takes the three needs and, according to prioritization, the level of interest and competence into account in a more integrated and, if needed, automated way. We should offer more transparency on what products can and cannot do. We also need to cultivate honest communication without sugar coating and sales goals as KPIs for advisors. This challenge is a huge service opportunity for thinking about convenience and financial equality under the same umbrella.

In terms of products, we could rethink them and ask ourselves how they could deliver on the need to have a wider purpose than just helping the individual to deal and manage money. From a single-logic towards a win-win logic.

CHALLENGE III

INDIVIDUAL AND OTHERS' EXPERIENCES WITH FINANCIAL MATTERS ARE MORE TRUSTED THAN PRODUCTS AND ADVISORY FROM FINANCIAL SERVICE PROVIDERS AND INSTITUTIONS

Our research revealed that trust in relation to financial decision making is built through personal experiences with financial products and services, as well as the experiences of trusted social relationships. Trust is one of the most basic requirements of decision making. When an institution or service lacks trust, it will never have enough impact on decision making and consequently not change things for the better.

It is the experience that people make with financial products that count and that create a halo effect within their social networks. According to our research, financial advisors enjoy little trust because respondents did not feel seen or appreciated in their personal situation. Some also felt judged just by their age and gender, and often reported that they have been treated as uninformed or unprofessionally when asking more detailed questions about products to decide on. From our expert interviews, we learned that most bank advisors do not get extra training on how to communicate about personal matters like divorce, the gender pay gap, or motherhood penalty. At the same time, banks as institutions in the form of account providers and savings locations are still a highly-trusted entity, as we learned from our research, because they are influenced by our parent's choices. Therefore, it can be gravely misunderstood when it comes to what regaining trust in financial institutions actually means, and how it could contribute to better products and services for increasing financial equality for women.

SUGGESTION III

BENEFIT FROM THE TRUST IN BANKS AS INSTITUTION AND CREATE A NEW HOLISTIC EXPERIENCE OF MONEY-RELATED PRODUCTS AND SERVICES TO CHANGE THE CURRENT BAD PERCEPTION OF ADVISORY IN THE LONG-RUN

We need to gain new trust by delivering an integrated holistic experience around financial core products and services that are more aligned with women's financial realities, needs, and perceptions. To do so, and to reiterate, we must gain more influence when it comes to decision making. We could make use of the fact that banks cater well in long term-relationships with their customers from early ages on, and improve the bad reputation of current advisory approaches that do not cater to women's needs around financial decision making.

We know that banks make money with money and not products and services. But when products are complex to understand, nontransparent, and advisory lacks trust, banks will increasingly have a problem with the current business model that promises to make money with money.

To increase the financial equality of women, we need to enable self-determined decision making, raise awareness about what role interpersonal relations play in here, and create better competency through positive experiences around money matters rather than trying to wholly change the behavior of women in the first place. Because the structural issues are currently still too strong to trigger lasting change. We can only increase the financial equality of women by providing a "two-way street" among financial institutions, corresponding services, and the women themselves.

PUBLICATION DETAILS

PUBLICATION DATE

20.12.2021

EXTERNAL SOURCES

p. 03 – European Parliament, "Covid-19 and its economic impact on women and women's poverty", Link: https://www.europarl.europa.eu/RegData/etudes/STUD/2021/693183/IPOL_STU(2021)693183_EN.pdf, 05/2021

p. 03 – Oxfam International, "COVID-19 cost women globally over $ 800 billion in lost income in one year", Link: https://www.oxfam.org/en/press-releases/covid-19-cost-women-globally-over-800-billion-lost-income-one-year, 04/2021

p. 04 – Eurostat – Statistical office of the European Union, "Closing the gender pension gap?", Link: https://ec.europa.eu/eurostat/en/web/products-eurostat-news/-/ddn-20210203-1, 02/2021

p. 04 – International Labour Office, "The motherhood pay gab: A review of the issues, theory and international evidence", Link: https://eige.europa.eu/resources/wcms_371804.pdf, 01/2015

p. 16 – Forbes, "ESG Investing is a star. Women are why.", Link: https://www.forbes.com/sites/joanmichelson2/2021/03/16/esg-investing-is-a-star-women-are-why/, 03/2021

IMAGE SOURCES

p. 01 – Photo made by Tatiana Syrikova from Pexels
p. 06 – Photo made by Ekaterina Bolovtsova from Pexels
p. 09 – Photo made by Cottonbro from Pexels
p. 14 – Photo made by Gemma Chua-Tran from Pexels
p. 15 – Photo made by Rodnae Productions from Pexels
p. 19 – Photo made by Margarita Borodina from Adobe Stock

This research and report was made by
Accenture Song
Thanks to STUDIO FUTUR
Special thanks to supporting the study with research and strategy: Laura von Chamier, Julia Holewa, Felix Popp
Co-Design: Izabella Rudics

Written by
Lilith Wacker

Edited by
Anna Allen

Designed by
Ricarda Kopp