

## Executive summary

Women's economic and financial opportunities are becoming increasingly relevant at both national and international level. The importance of addressing the financial literacy of women and girls as a way to improve their financial empowerment, opportunities, and well-being has been acknowledged by the G20 Leader's Declaration in June 2012, recognising the need for women and youth to gain access to financial services and financial education. Gender equality in economic and financial terms is at the core of an OECD horizontal project that culminated with the approval of the Recommendation of the Council on Gender Equality in Education, Employment and Entrepreneurship in May 2013. Under the Russian Trust Fund for Financial Literacy and Education, the OECD International Network on Financial Education (INFE) established in 2010 a dedicated workstream and expert subgroup to address the needs of women for financial education.

This publication is the result of the work carried out within this workstream. It is based on a comprehensive gender analysis of the results of the OECD/INFE financial literacy survey and an extensive survey of policy responses across OECD/INFE member countries. The book is aimed at identifying gender differences in financial literacy as well as barriers to women's financial empowerment, as a way to highlighting ways to successfully address women's and girls' financial education needs.

In many countries, women display lower financial knowledge than men and are also less confident in their financial knowledge and skills. Even though women appear to be better than men in some areas of short-term money management behaviour, they have a number of vulnerabilities in other aspects of financial behaviour. For instance, women are more likely to experience difficulties in making ends meet, in saving, and in choosing financial products appropriately.

A number of barriers appear to be related to gender differences in financial literacy. These are correlated with differences in socio-economic conditions of men and women. This finding suggests that limited access to education, employment, entrepreneurship and formal financial markets, as well as different social norms and legal treatment towards men and women, not only reduce women's financial well-being *per se*, but also limit the extent to which women can improve their knowledge, confidence and skills about economic and financial issues.

In light of these challenges, an increasing number of countries at different income levels have acknowledged the need to address the financial literacy of women and girls by developing and implementing dedicated financial education policies and programmes, including through their national strategies for financial education. These initiatives typically address the needs of specific subgroups of women, including young women, elderly/widows, low-income and marginalised women, and female small/micro entrepreneurs. Moreover, these programmes aim at improving women's strategies with

financial matters, including fostering the use of formal saving accounts, helping women plan their retirement, supporting women in choosing financial products, and preventing over-indebtedness. The available impact assessments show that well designed programmes were successful in improving women's and girls' financial knowledge and confidence in their financial skills. Some programmes have also increased women's financial inclusion through the use of formal transaction and savings products.

The analysis of these policy initiatives and of their evaluations also reveals a number of challenges and good practices, and highlights areas that deserve further research.

Building on the evidence and experiences presented in this book, the OECD/INFE elaborated policy guidance to raise policy makers' awareness about the needs for financial education of women and girls in different settings, and to support the development of dedicated policy initiatives consistent with the overall national priorities for financial education and gender equality (see Annex A). The Policy Guidance on Addressing Women's and Girls' Needs for Financial Awareness and Education was approved by the INFE in May 2013 and by the OECD Committee on Financial Markets and the Insurance and Private Pensions Committee in June 2013. Both the analysis and policy guidance included in this book were circulated to the Sub-Group on Financial Consumer Protection and Financial Literacy of the Global Partnership for Financial Inclusion (GPFI). In July 2013, G20 Finance Ministers and Central Bank Governors welcomed the progress report on barriers for women in financial inclusion and education developed by the OECD/INFE and the World Bank, and supported the OECD/INFE Policy Guidance on Addressing Women's and Girls' Needs for Financial Awareness and Education, which is transmitted to G20 leaders in September for endorsement.

The policy analysis and the guidance contained in this publication are aimed at addressing the call of G20 Leaders to identify the barriers that women may face with respect to financial education.

### **Key findings**

- Women need even more than men to be sufficiently financially literate in order to effectively participate in economic activities and to take appropriate financial decisions for themselves, their children, and their families.
- Women often have less financial knowledge and less confidence in their financial competencies and skills than men. Women also have lower access to formal financial products than men and display more vulnerabilities in some aspects of financial behaviour, such as making ends meet, saving, and choosing financial products appropriately.
- Barriers to women's financial empowerment include more limited access to education, employment, entrepreneurship and formal financial markets for women than for men, as well as different social norms and legal treatment towards men and women in many countries.
- To varying extents, governments and other stakeholders have developed financial education policies and programmes for specific groups of women (young, elderly, low-income, micro and small entrepreneurs, etc.) and to improve their financial inclusion and financial skills.
- Existing financial education programmes highlight the importance of addressing women's overall socio-economic empowerment and adapting financial learning environments to women's preferences and needs.

## Chapter 1

# Introduction

### Background and rationale

Both women and men need to be sufficiently financially literate to effectively participate in economic activities and to take appropriate financial decisions for themselves and their families. However, women often have less financial knowledge and lower access to formal financial products than men. As a result, women need to improve their financial literacy even more than men in order to address the challenges they face in achieving financial well-being.

Women are likely to take primary responsibility for child-rearing, to make important and daily decisions about the allocation of household resources, and to have a major role in the transmission of financial habits and skills to their children. Hence, they need to have adequate financial skills not only for themselves but also for future generations.

In addition, women have a weaker labour market position with respect to men. As women also live longer than men, and yet have shorter working lives and lower average incomes from which to save for old-age, they need to be sufficiently financially literate to manage the greater financial risks that they face. All this is made more difficult by the fact that in many countries public policies – especially concerning pensions and health care – have shifted the burden of long-term financial decision-making onto the individual. At the same time, the complexity of financial markets is increasing, and women need to acquire the financial knowledge, confidence, and skills to effectively participate in economic activities and financial decision-making, both within and outside their households.

Financial literacy is needed not only to improve women's management of their personal and household finances, but also to empower them to choose and access appropriate financial services and products, as well as to develop and manage entrepreneurial activities. Ultimately, women's greater participation to economic activities and more appropriate use of financial products is expected to benefit countries' overall economic growth.

The need to address the financial literacy of women and girls as a way to improve their financial empowerment is gaining global relevance and is reflected in various initiatives at

a national and international level. Financial education is an important tool, albeit not the only one, to improve women's economic empowerment and financial independence.

With the aim to improve policies and to promote gender equality in the economy in both member and non-member countries, the OECD launched in 2010 a Gender Initiative to examine existing barriers to gender equality in education, employment and entrepreneurship. The OECD Horizontal Project in Gender Equality presented its Final Report on Gender Equality in Education, Employment and Entrepreneurship to the Ministerial Council Meeting in May 2012 to inform, share policy experiences and good practices, and help governments promote gender equality (OECD, 2012b). The "Closing the Gender Gap: Act Now" report was published in December 2012. The report also addresses gender differences in financial literacy and how financial education can contribute to women's financial empowerment (OECD, 2012a, Chapter 10). The need to develop and implement initiatives aimed at improving women's financial literacy is also recognised by the Recommendation of the Council on Gender Equality in Education, Employment and Entrepreneurship approved by the OECD Council on 29 May 2013.

Moreover, in June 2012 the G20 Leaders meeting in Mexico recognised the need for women to gain access to financial services and financial education. G20 Leaders also asked the OECD International Network on Financial Education (INFE) – together with the Global Partnership for Financial Inclusion (GPII) and the World Bank – to identify the barriers they may face, and called for a progress report to be delivered by the next Summit (G20, 2012).

This book addresses the financial education component of the G20 call and furthers the work of the OECD/INFE in helping policy makers and relevant stakeholders to address gender differences in financial literacy and to financially empower women/girls.

## Process

In October 2010, the OECD/INFE created the Empowering Women through Financial Education and Awareness Expert Subgroup, recognising that women are often over-represented in disadvantaged groups in developed and developing countries and identifying women's financial education needs as an area deserving further research, policy analysis and guidance.

In order to collect information about gender differences in financial literacy and policy responses at the national level, two surveys were conducted among OECD/INFE members (in 2011 and 2012), which identified several case studies on financial education programmes for women and girls.\* Moreover, the OECD Working Paper "Empowering Women through Financial Awareness and Education" (Hung et al., 2012) provides a preliminary review of the literature on gender differences in financial literacy and of policy responses. On the basis of this work, the OECD Secretariat and the INFE carried out additional research to collect further evidence and case studies. This work is aimed at helping interested countries in the development and implementation of efficient financial

\* Countries that contributed with cases studies and/or evidence to the 2011 and 2012 questionnaires on gender differences in financial literacy and financial education programmes for women and girls comprise Australia, Austria, Cambodia, Canada, Colombia, India, Indonesia, Lebanon, Mexico, New Zealand, Philippines, Saudi Arabia, the Solomon Islands, Spain, Sweden, Turkey, the UK, and Zambia. Belgium, Chile, the Czech Republic, Denmark, Ecuador, Finland, Malaysia, the Netherlands, Japan, Paraguay, Poland, Portugal, Serbia, Slovakia, Switzerland, Thailand responded to inform that they have no programmes for women/girls. Additional contributions and evidence were received from Brazil, Egypt and Japan in 2013.

education programmes targeted to women and girls to support their efforts in closing existing gender gaps.

This publication as well as the Policy Guidance on Addressing Women’s and Girls’ Needs for Financial Awareness and Education were approved by the INFE at its 11th meeting in May 2013 in Prague and by the OECD Committee on Financial Markets and the Insurance and Private Pensions Committee in June 2013. Both the analysis and the policy guidance were also transmitted to the GPF Sub-Group on Financial Consumer Protection and Financial Literacy meeting in June 2013. In July 2013, G20 Finance Ministers and Central Bank Governors welcomed the progress report on barriers for women in financial inclusion and education developed by the OECD/INFE and the World Bank, and supported the OECD/INFE Policy Guidance on Addressing Women’s and Girls’ Needs for Financial Awareness and Education. Following this support, the policy guidance is transmitted to G20 Leaders in September 2013 for endorsement.

### Scope of the publication

Based on the two stock-taking exercises, as well as on additional evidence from academic and policy research, this publication:

- presents evidence of gender differences in financial literacy, drawing on the OECD/INFE financial literacy measurement survey as well as on other academic research and national evidence, and recommends several areas where more research should be conducted (Chapter 2);
- presents the existing evidence on factors related to gender differences in financial literacy and on the barriers women may face in improving their financial literacy (Chapter 3);
- identifies and discusses case studies showing how countries have engaged in financial education to address women’s needs in financial issues, and presents the results of available programme evaluations (Chapter 4);
- identifies key lessons learnt starting from the challenges and good practices highlighted by the policy initiatives and their evaluations (Chapter 5).

Building on the evidence and experiences presented in this report, the OECD/INFE elaborated Policy Guidance on Addressing Women’s and Girls’ Needs for Financial Awareness and Education to help identify the needs for financial education of women and girls in different settings, and to support the development of dedicated policy initiatives consistent with the national priorities for financial education and gender equality (see Annex A).

### References

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