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**Women's financial security is the
result of their *economic
independence***

Turin, march 2023



Krystal Eastman
(1881-1928)

biologist, lawyer, activist

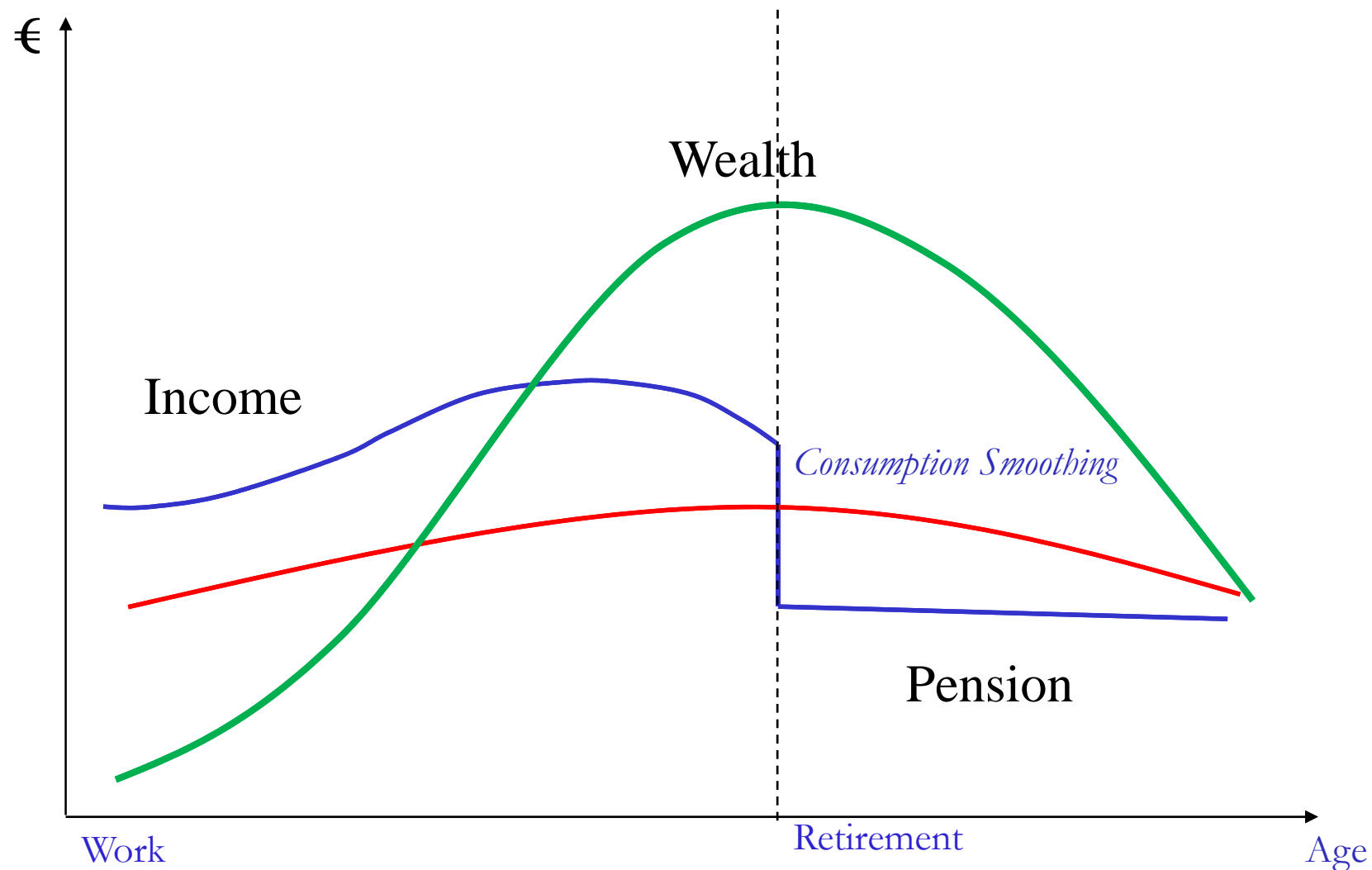
*Until women learn to want economic independence
and until they work out a way to get this independence
without denying themselves the joy of love and motherhood
it seems to me feminism has no roots*

Where Does Wealth Come From❖?

- *Labor income* is the most important determinant of wealth, except among the top 1%, where capital income and capital gains on financial assets become important
- *Inheritance and gifts* are not very important determinants of wealth (except again at the very top of wealth distribution)
- In spite of this, parental wealth does influence children's wealth
- Children of wealthy parents accumulate wealth from very different sources unlike children of less wealthy parents

❖(Sandy Black, et. al. Columbia University, 2022)

A gender perspective of the life cycle hypothesis (F. Modigliani)



**Starting from the beginning:
Education, language and
stereotypes**

Outdoing boys?

PISA SCORES - OECD Average Boys / Girls, Mean score, 2018 or latest available												
	Reading				Mathematics				Science			
Year	2006	2009	2012	2018	2006	2009	2012	2018	2006	2009	2012	2018
Boys	470,1	474,1	477,8	472,0	499,7	501,4	499,4	492,0	499,4	500,9	501,9	488,0
Girls	508,6	513,2	515,4	502,0	488,6	489,8	488,6	487,0	497,1	500,8	500,4	490,0

Source: elaboration on OECD data, dataset on Education (2022)

Reversing the gender gap in education

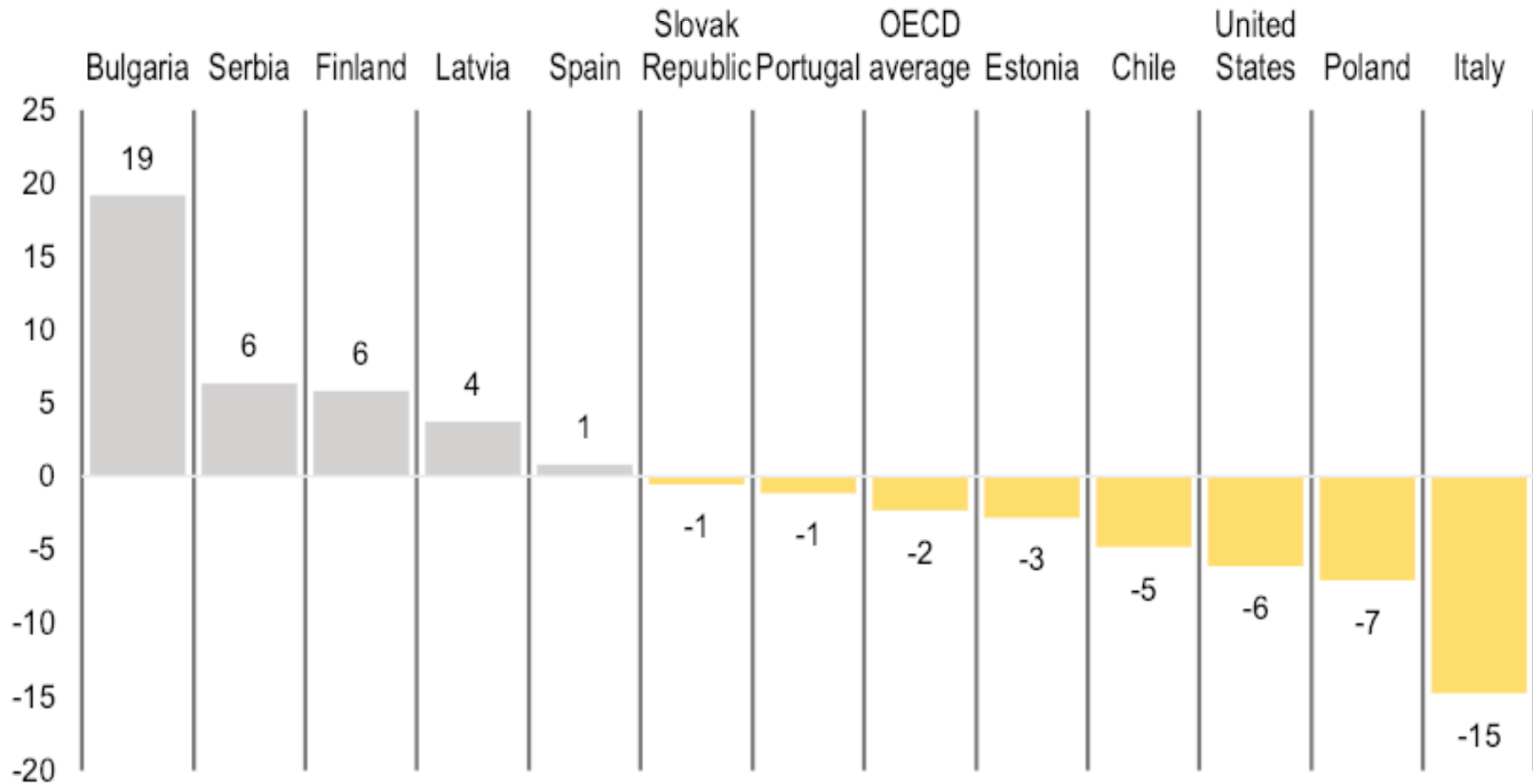
Share of population who attained tertiary education, by age group								
Age Group	25-34 (2021)		35-44 (2011)		45-54 (2011)		55-64 (2021)	
Gender	Men	Wome n	Men	Wome n	Men	Wome n	Men	Wome n
Germany	34,2	37.7	31,3	26,5	30,9	23,8	31,8	21,9
Italy	22.3	34.4	14,7	18,6	11,1	11,9	12,3	13,2
United Kingdom	54.1	60.8	41,9	43,3	35,4	36,2	38.7	38,9
United States	45.6	56.9	41,7	47,5	39,2	42,5	42,8	47,7

Source: elaboration on OECD data, dataset on Education (2021 or latest available)

But... the gender gap persists in financial literacy

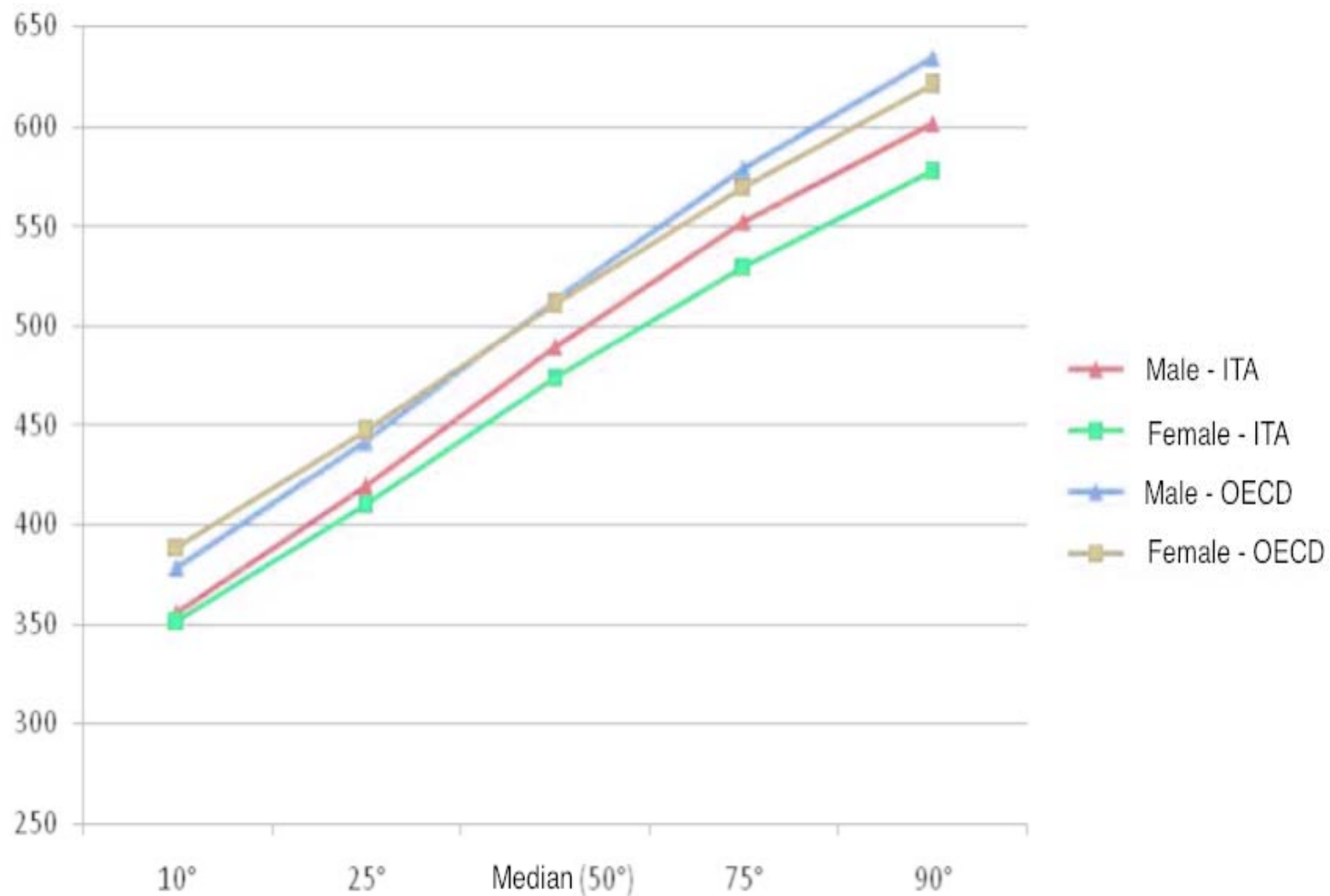
(I)

Gender differences in Financial Literacy performance



Source: elaboration on OECD data, dataset on Education (2020), Rinaldi (AEEE Italia)

Gender differences in Financial Literacy performance (Italy vs. OECD)



Reasons?

- *Lack of knowledge* (a positive correlation between mathematics and reading performance and *finlit*) or
- *lack of confidence?*
- Lusardi et al. (Fearless girl..., 2021) show, in a survey experiment, that women are more likely to respond “*do not know*” to questions measuring *finlit* but often choose the correct answer when the response option is unavailable
- *Empirically*: one-third of the *finlit* gender gap can be explained by *women’s lower confidence levels*
- Both *financial knowledge and confidence* explain women’s lower stock market participation

Biases and stereotypes

- **Educational Biases in** : women far less likely to graduate with a STEM degree /enter a career in STEM compared men
- **Linguistic biases** are important in education and in communication:
 - adults typically talk differently to boys and girls
 - linguistic biases common in financial communication (as a channel towards “familiarity”)

(Fornero et al.), *Seven Ways to Knit Your Portfolio: Is the Language of Investor Communication Gender Neutral?* In: Giuliana Garzone et al. (eds.), *Specialised and Professional Discourse Across Media and Genres*, Milano: Ledizioni.Publisher 2020

Employment

Still climbing the mountains at work

(results of prejudices, subtle discrimination, inadequate rules and controls)

Compared to men, women work shows several critical patterns:

- Lower participation rates
- A negative wage gaps
- More part-time and (slightly) more temporary employment
- Higher risk of mobbing, (sexual) harassment, being fired/?
- Glass ceiling
- Less flexible use of time because of unequal distribution of home chores
- Female entrepreneurship: lower access to credit

Participation gaps...from the start

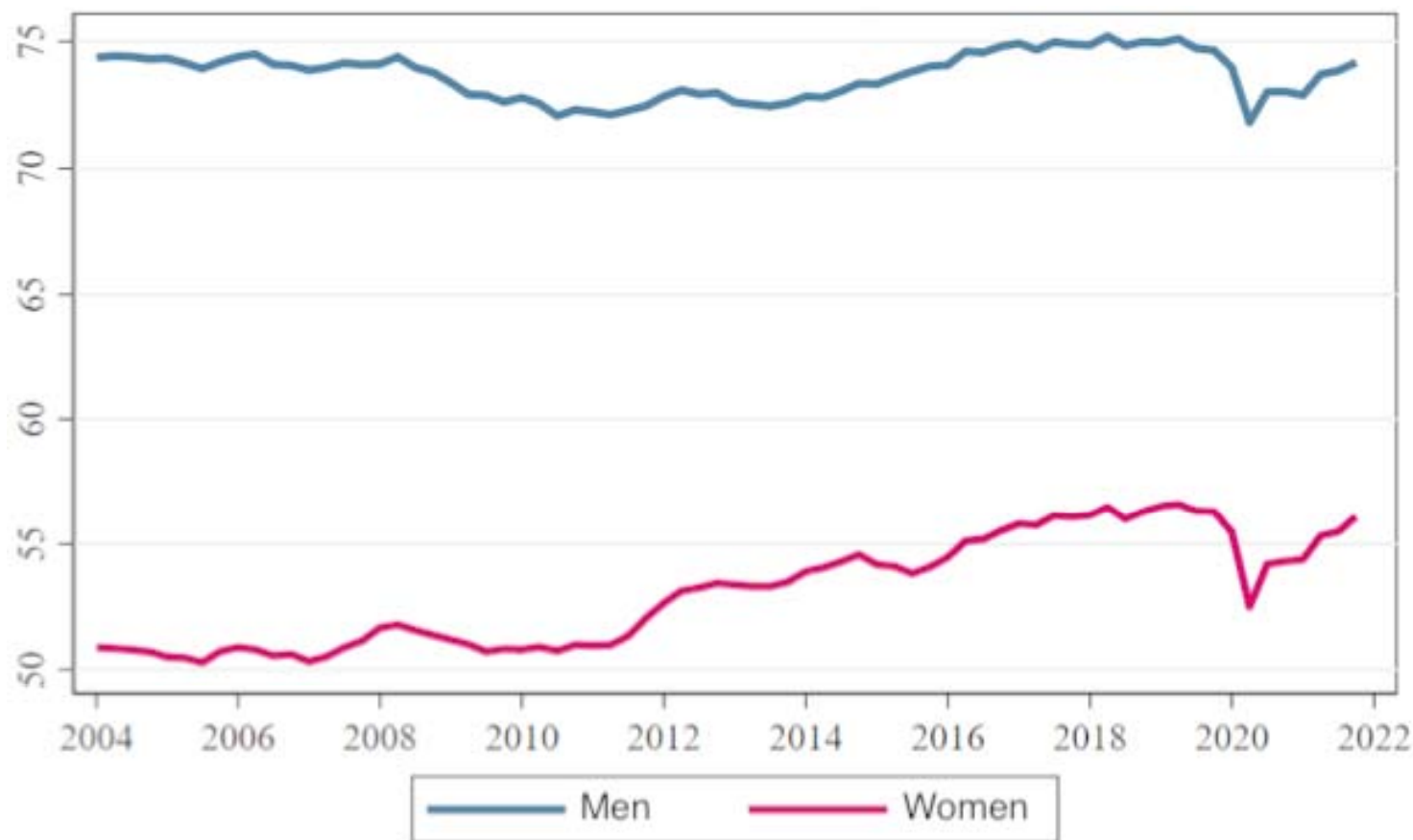
Employment rate by age group - OECD Average



Source: elaboration on OECD data, dataset on Short-Term Labour Market Statistics (2021)

A structural Italian problem: women's low activity rate

2004 - 2022

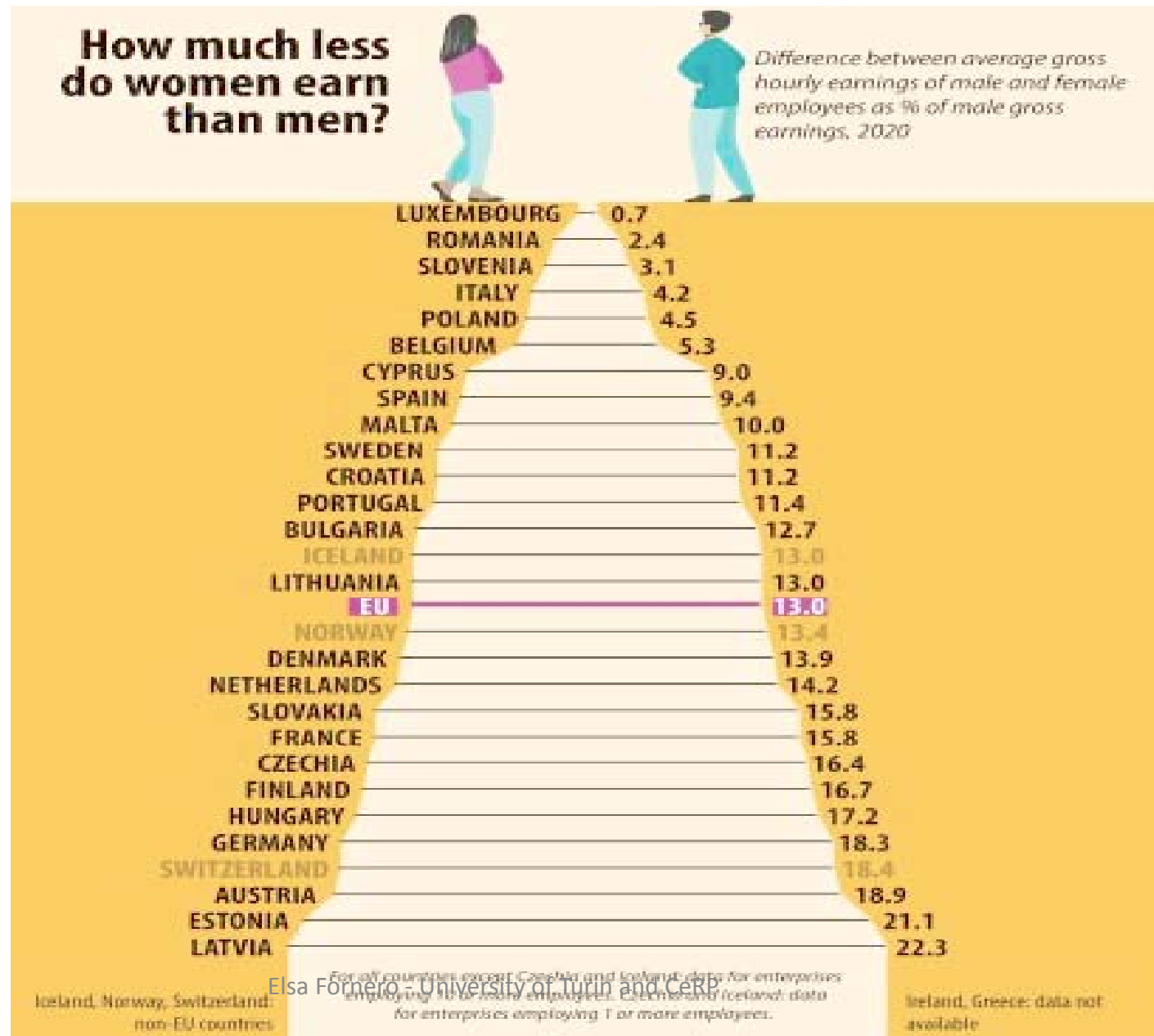


Source: ISTAT

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Gender Pay Gap

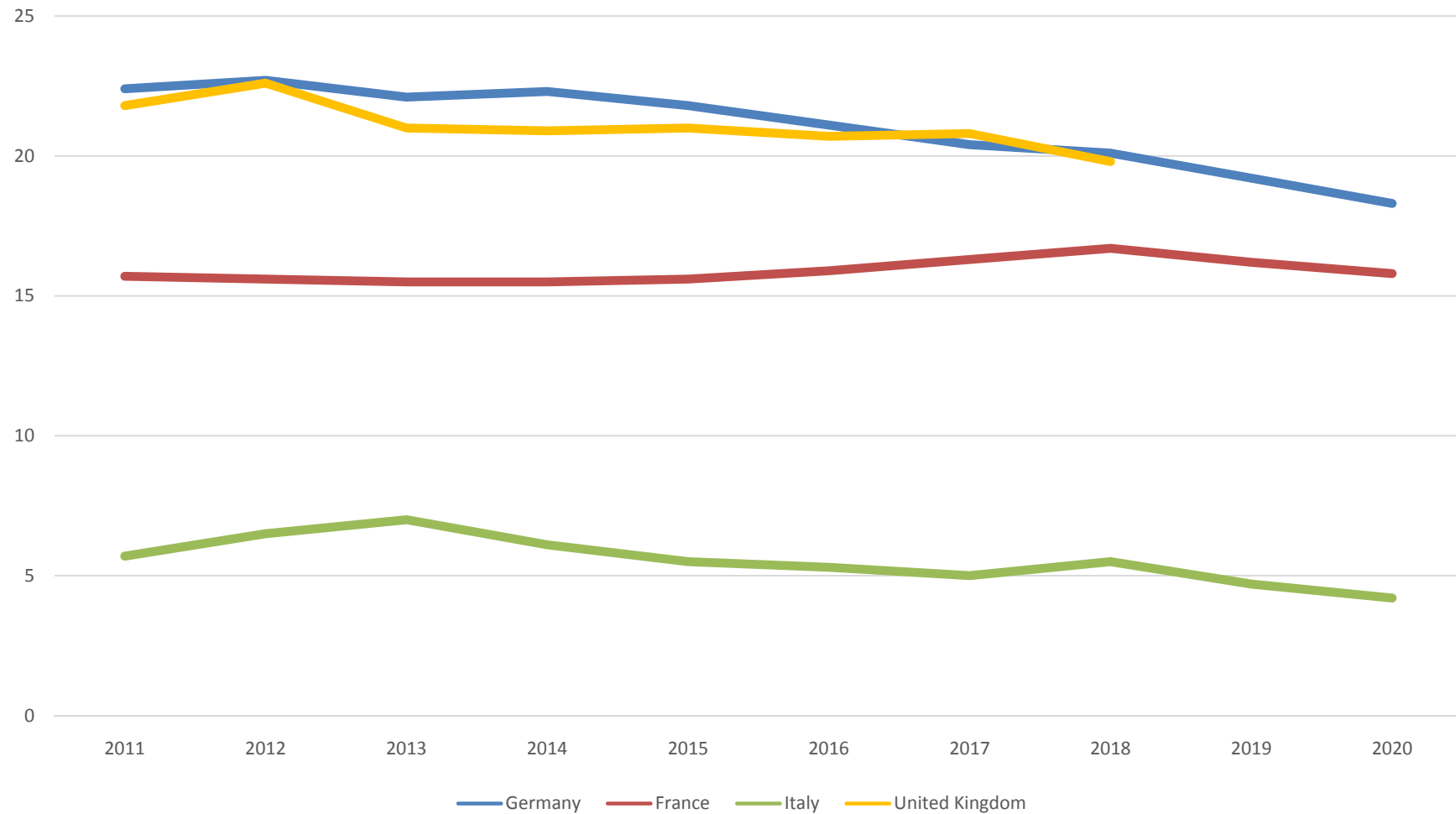


Surprised
for
Italy?

Source:
Eurostat,
dataset on
Earnings
(2020)

Italian good performance confirmed

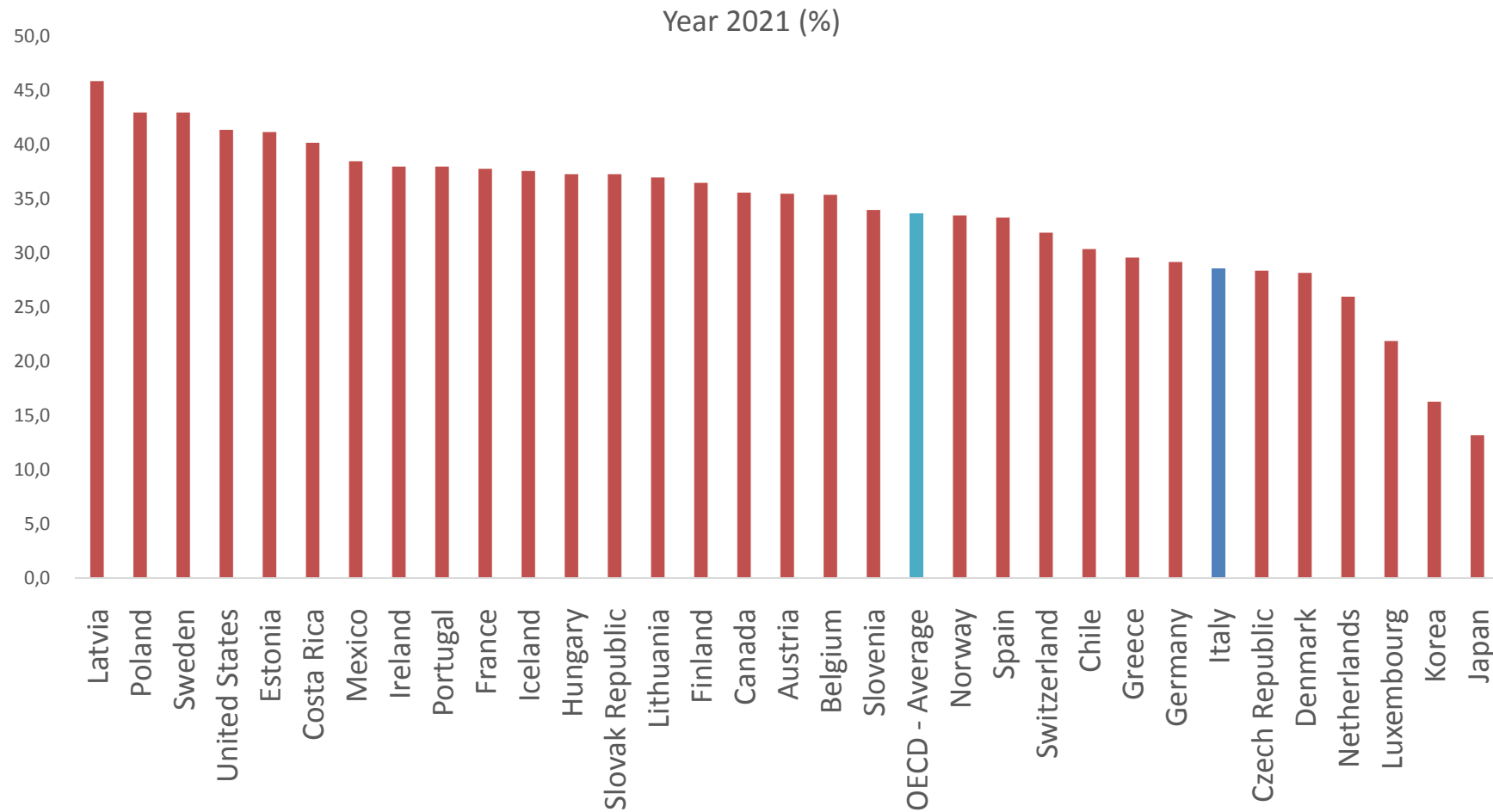
Gender pay gap



Source: elaboration on Eurostat data, dataset on Earnings (2022)

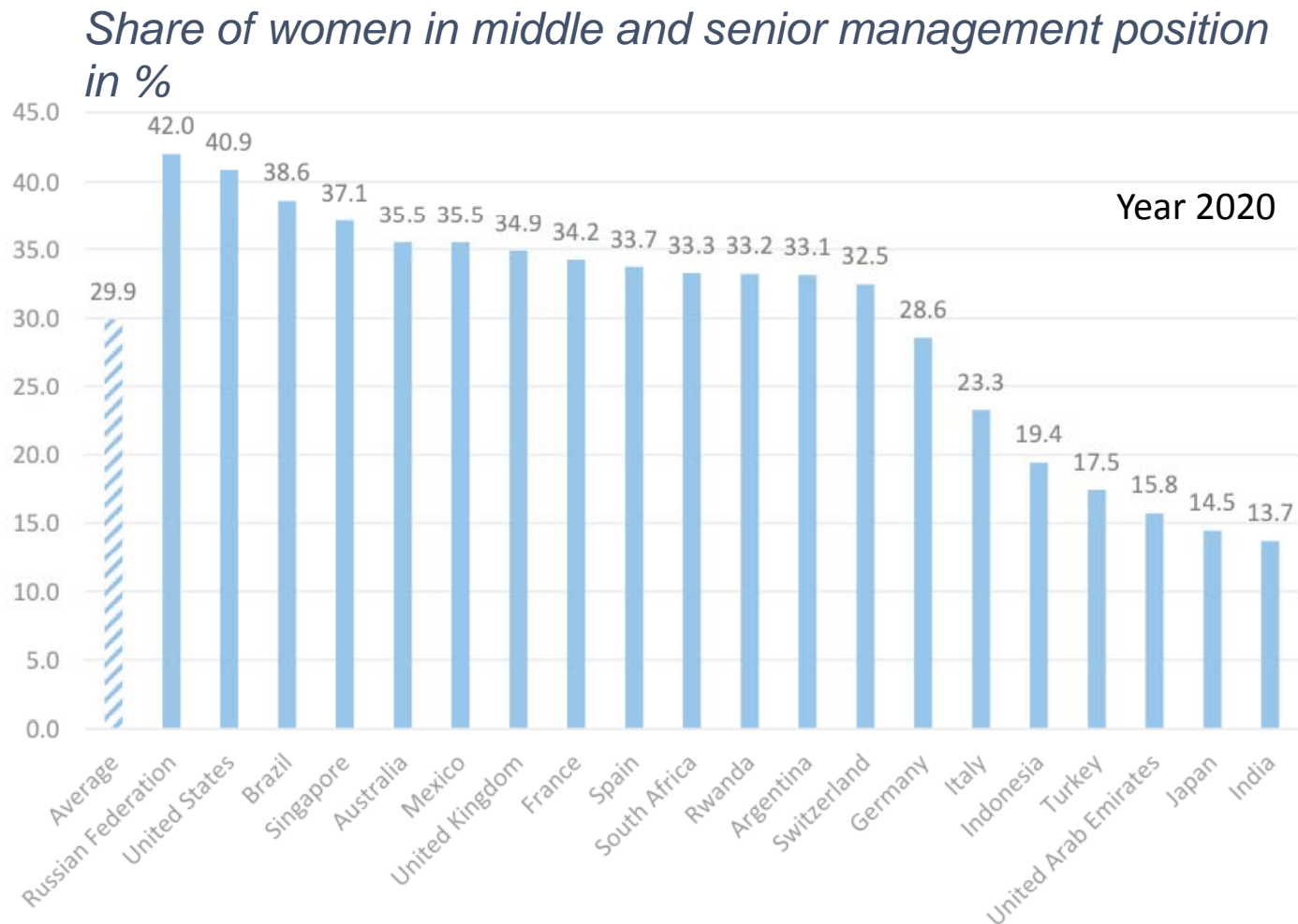
But...glass ceiling

Percentage share of female managers (OECD)



Source: elaboration on OECD data, dataset on Employment (2021)

Women in managerial and leadership positions in the G20



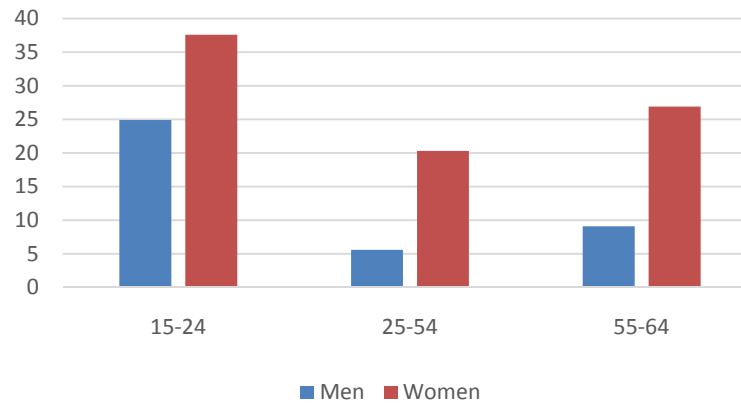
Source: Stock-taking report, International Labour Office (2020)

Prejudices and (subtle) discrimination still persist

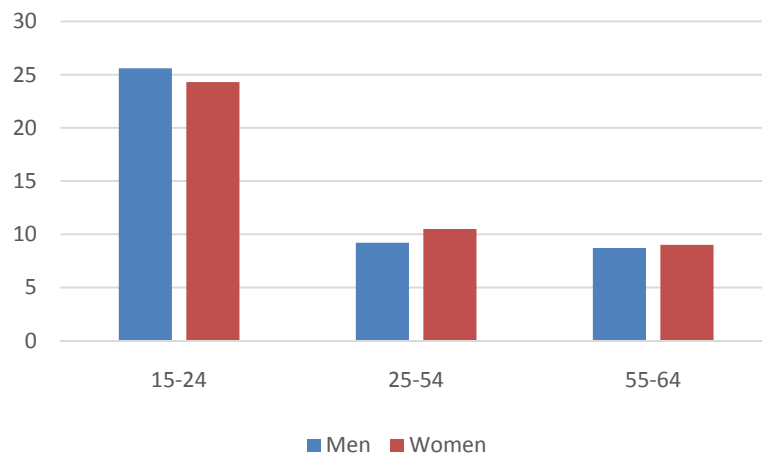


A weaker working career (OECD average – 2021)

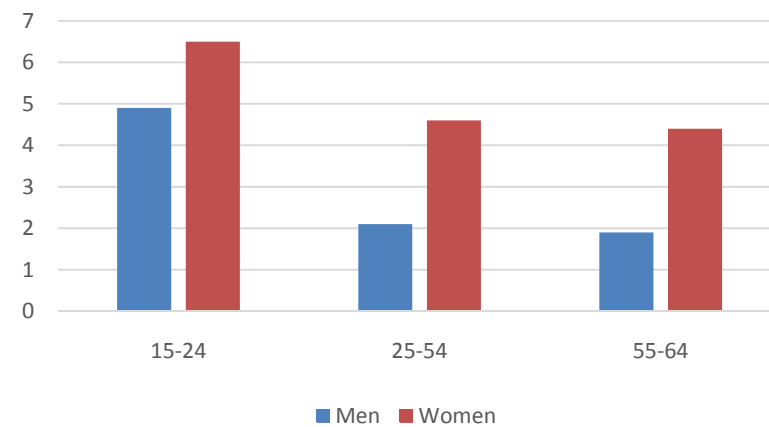
Incidence of part-time employment



Incidence of temporary employment



Incidence of involuntary part-time



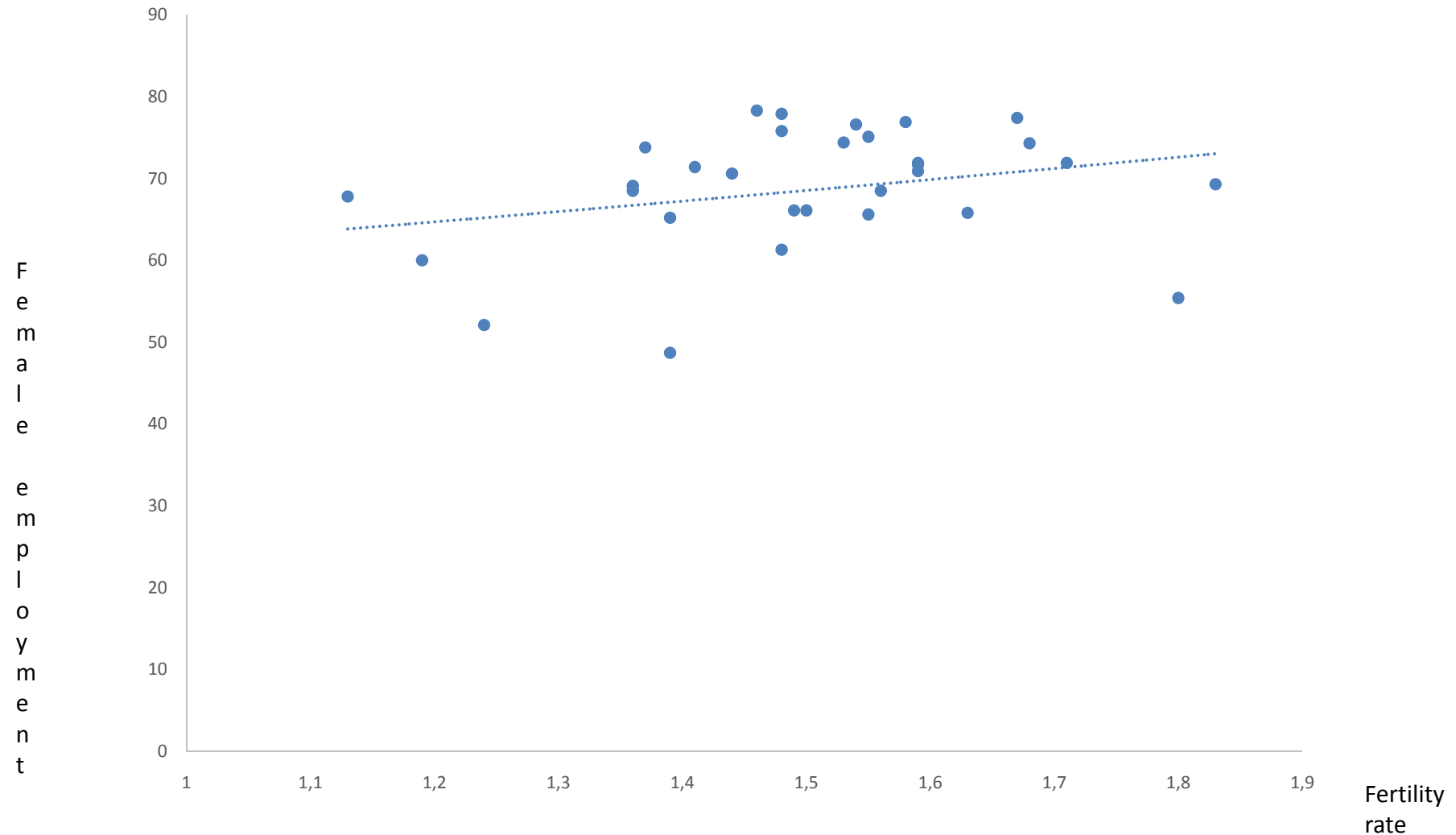
Source: elaboration on OECD data, dataset on Employment (2021)

Shaping the life cycle: work and family

- The trade off between work and family?
 - *Maternity is still too often a reason for women to stop working*
- How long does the woman stay out the work for caring activities? how easily is for her to go back?
 - *The question turns around the presence of both care services and effective work protection of mothers against (discriminatory) firing*
- Reconciliation of work and family is an issue for both men and women
 - *Promoting greater participation of men in parenthood through cultural changes and economic incentives (company's welfare)*
- How does divorce affect women's financial security?
 - *Women dependent on their husband/partner income may find themselves in poverty after divorce*

A trade-off between work and fertility?

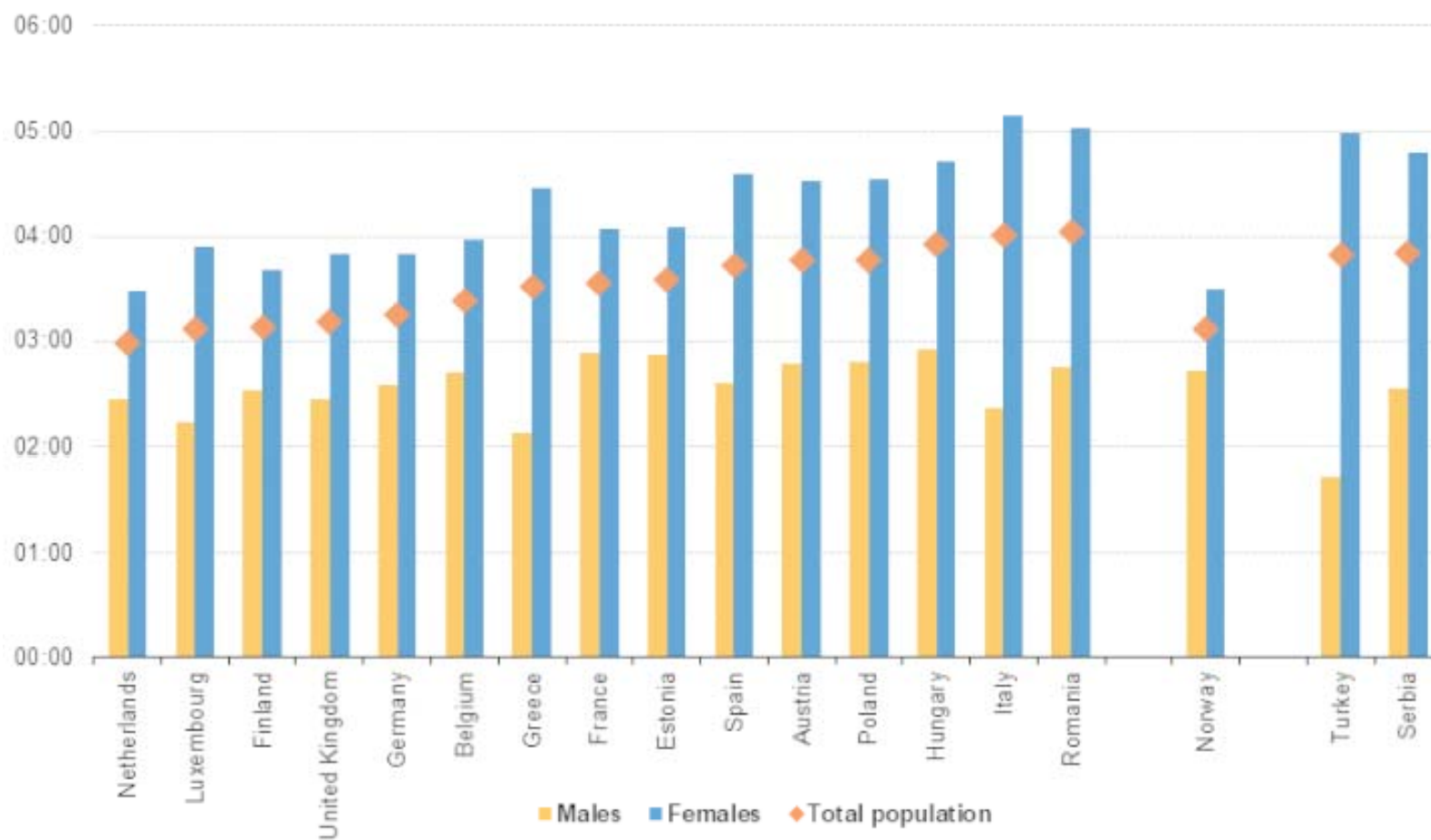
Female employment and fertility rate in European countries (2020)



Source: elaboration on Eurostat data, datasets on Employment and Demography (2022)

Participation time per day in household and family care

Hours (2008 - 2015)



Source: Eurostat

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Wealth

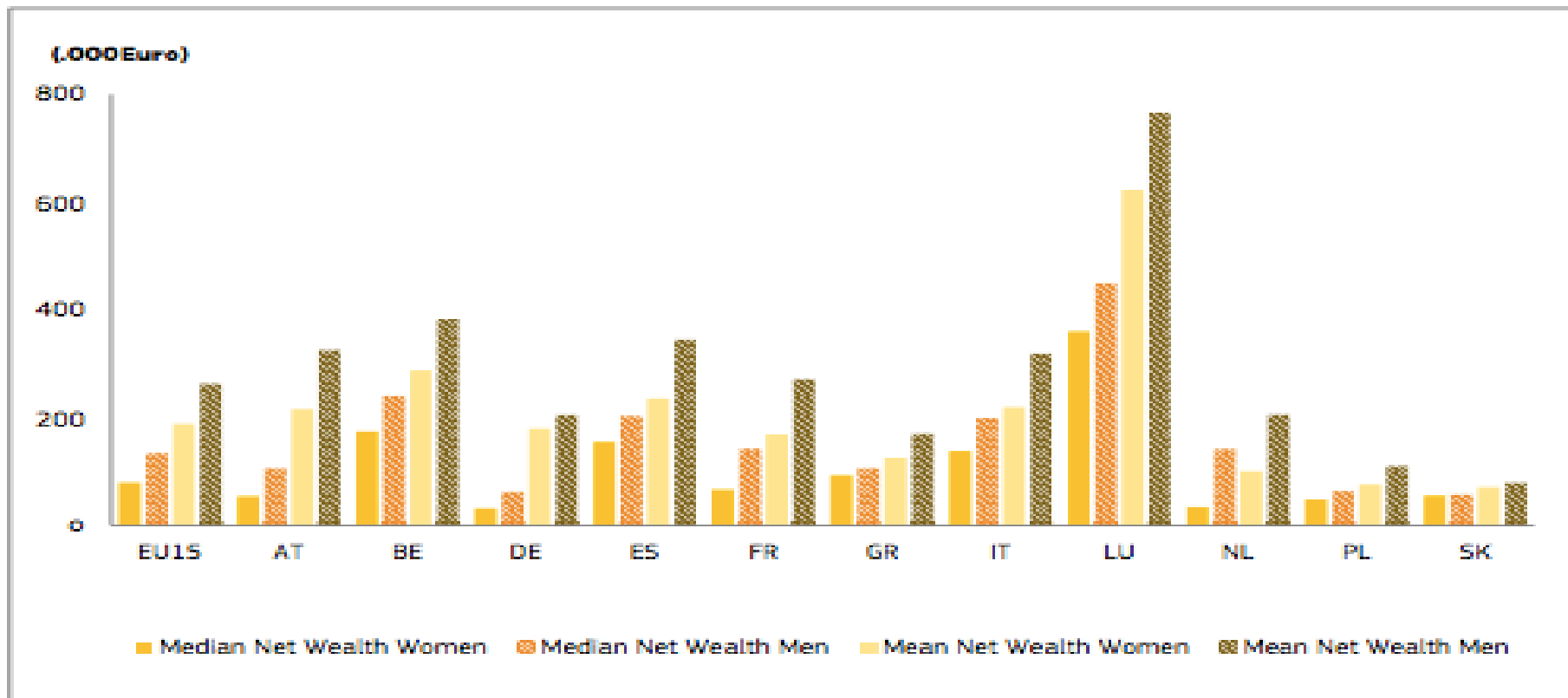
Wealth and gender**

- Women:
 - ✧ have, on average, lower wealth levels
 - ✧ women focus more on saving than on investment products
 - ✧ hold more prudent portfolios
 - ✧ marital status affects women and men differently
 - ✧ women and men start with similar levels of wealth
- Decomposing the gap at the country level over 50% of the gap explained by differences in characteristics (i.e. level of education, etc.);
- Italy is the exception: only country with sizeable, statistically significant unexplained portion of the gap
- *Even if Italian women and men were equally educated and had similar socio-demographic characteristics, women would have less wealth (cultural/ institutional factors? Less propensity to economic autonomy?)*

** European Commission, Directorate-General for Justice and Consumers, Sierminska, E., Wealth and gender in Europe, Publications Office, 2017.

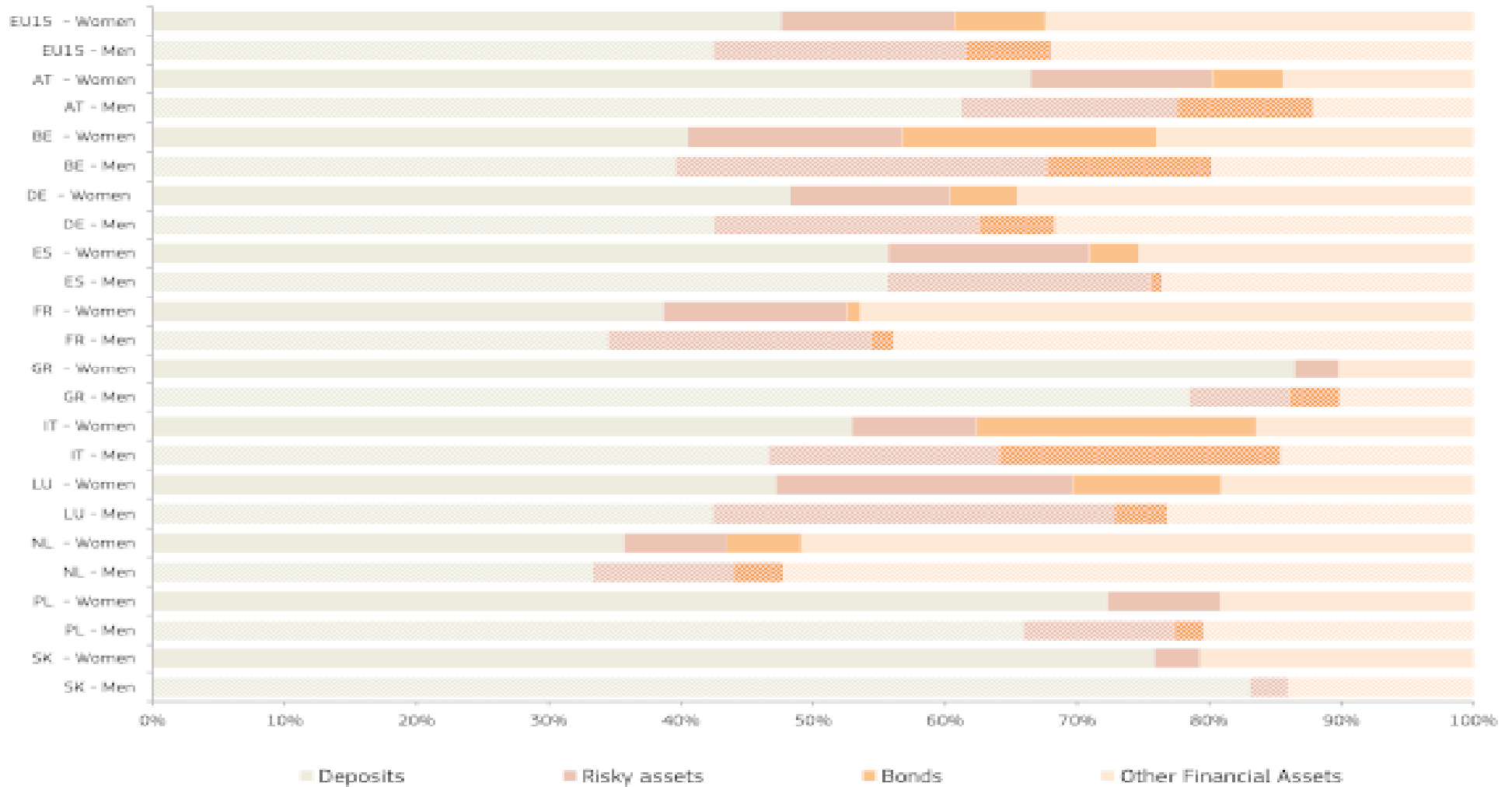
Distribution of net wealth by gender

Figure 1 Net Wealth Levels by gender



Source: European Commission, Directorate-General for Justice and Consumers, Sierminska, E., Wealth and gender in Europe, Publications Office, 2017, Table 1A.

Portfolio composition by gender



Women's values are in plain colours while men's values are in pinstriped colours.

Source: Sierminska, E., , 2017. Elsa Fornero - University of Turin and CeRP

Retirement

Labor and pensions: two sides of the same coin

Going back to Franco Modigliani's LCH:

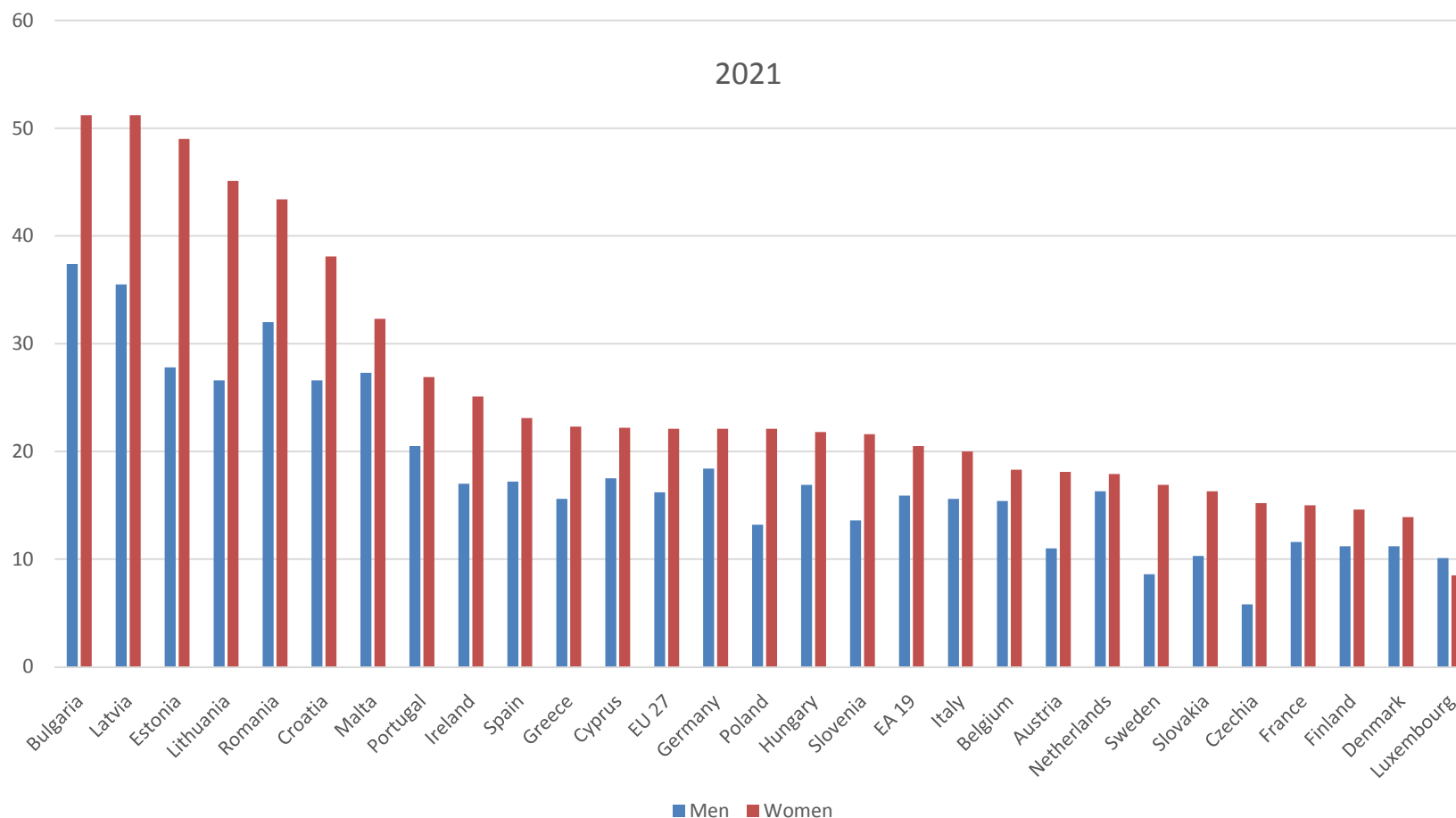
- work and retirement are two matching segments of our life
- no **pension system** can deliver adequate benefits if the labor market – which generates the resources on which current pensions are paid - does not perform adequately
- women's lower pension benefits reflect their poorer work career
- survivors' benefits have insured women's higher longevity
- but it's again a form of economic dependency

Are women adequately prepared for retirement?

- Older generations: mostly dependent on their husband
- Younger generations: more discontinuous career and lower wages imply also less pension wealth
- Less generous survivor pensions expose women to higher poverty risk in old-age
- Savings: poor jobs and low financial literacy increase women vulnerability in old age

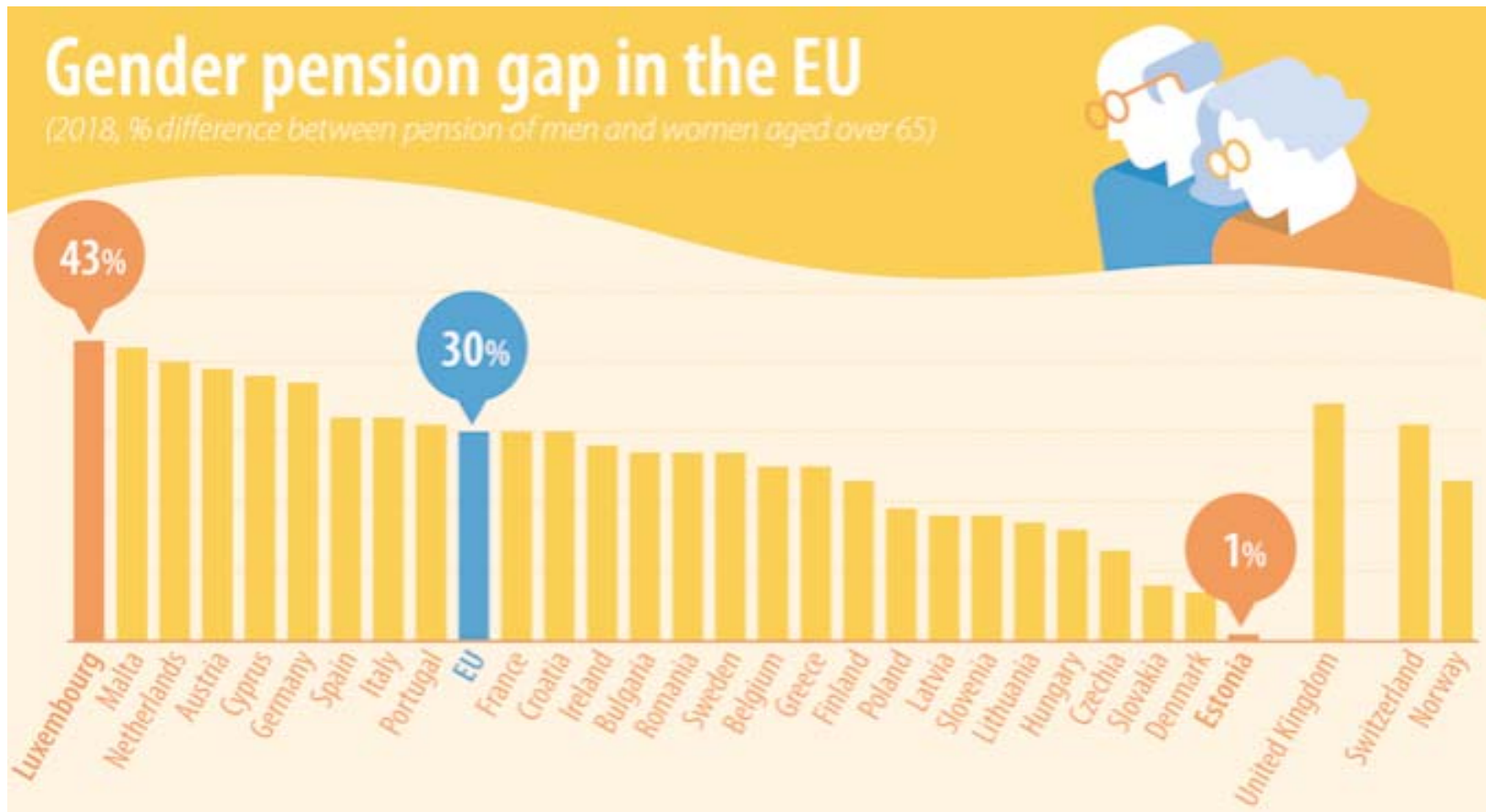
“At risk of poverty” rate

Persons 65+ at risk of poverty or social exclusion (2021)



Source: elaboration on Eurostat data, dataset on Income and Living Conditions (2023)

Pension gap



Source: Eurostat data (2018)

The road towards economic independence

- *Promote a culture of respect and equality between men and women*
- *Eliminate biases against women's education and work*
- *Equality of opportunities ("level playing field") instead of ex-post compensation for ex-ante discrimination*
- *Introduce selection and promotion mechanisms based on merits rather on "belonging" or seniority*
- *Break the "glass ceiling" through gender quotas and gender-friendly policies*
- *Encourage mother and father equal responsibility in children's care and education*
- *Encourage companies and local communities welfare policies*
- *Introduce specific financial education programs for women*

A pioneer

*I am no bird
and no net ensnares me;
I am a free human being
with an independent will.*

Charlotte Brontë, Jane Eyre, 1847