

Angelika Sommer-Hemetsberger

Member of the Board of Executive Directors

Oesterreichische Kontrollbank



Gender and Finance – An Austrian perspective

Participation in the stock market and financial literacy are key elements to improve the financial well-being and financial resilience of individuals. As recent surveys by the Aktienforum and the OECD (Organisation for Economic Co-operation and Development) indicate, there is room for improvement in both areas among Austrian adults – and this applies especially to women.

1 Survey “Investing in the stock market”

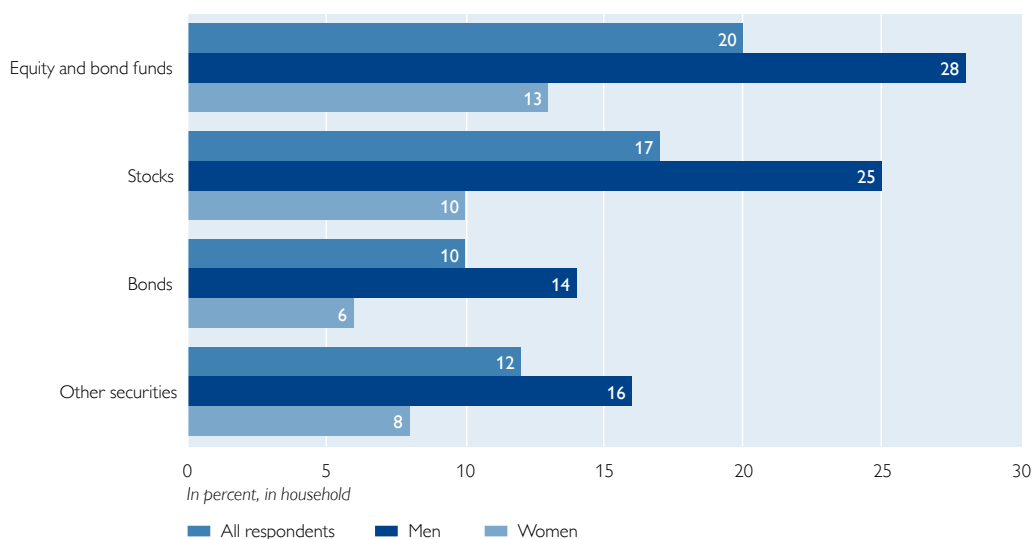
The Austrian Aktienforum¹ commissioned the renowned institute Peter Hajek Public Opinion Strategies² with the survey “Investing in the stock market”. In January 2021, 1,000 respondents aged 16 and above participated in the survey (+/-3.1% margin of error). Among many interesting findings, the results revealed some significant gender-related differences.

First of all, while the participation of Austrians in the capital market is generally rather low, the differences between men and women are striking, especially regarding equity and bond funds as well as stocks (chart 1).

Concerning the question why respondents are not investing in the stock market, the results also show significant gender-related differences (chart 2). While approximately every second woman stated a “lack of knowledge of stock markets”, only every third man did so as well (49% of women vs. 30% of men). But this does not necessarily mean that men have a significantly better knowledge. It merely indicates that women might be less confident or more critical when assessing their knowledge. Another question of the survey asked respondents to rate their knowledge about investing in the stock market: while

Chart 1

Forms of investment



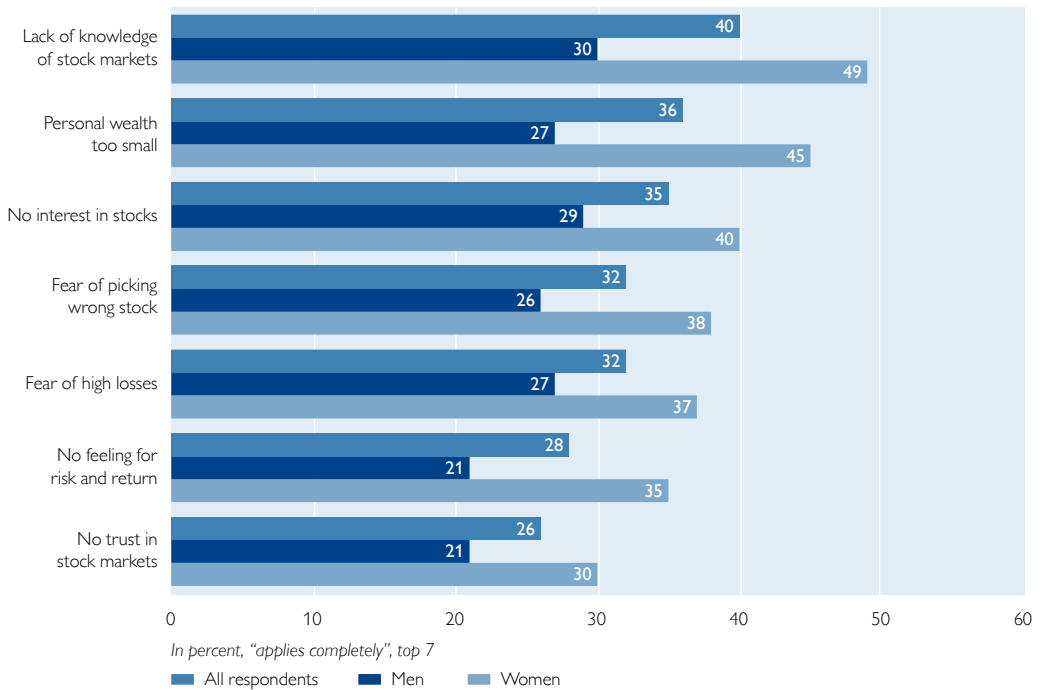
Source: Compilation by OeKB based on survey data from Peter Hajek Public Opinion Strategies GmbH.

¹ <https://www.aktienforum.org/>.

² <http://www.peterhajek.at/>.

Chart 2

To what extent do statements about participating in the stock market apply to you?



Source: Compilation by OeKB based on survey data from Peter Hajek Public Opinion Strategies GmbH.

31% of men rated their knowledge as either “very good” or “rather good”, it is only 10% of women who did so. On the other hand, 59% of women labeled their knowledge as “not good at all” compared to 27% of men.

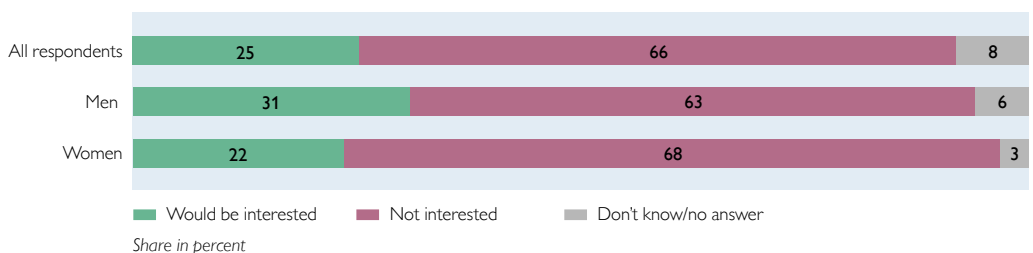
However, when looking at chart 2 and the answers “fear of picking the wrong stock”, “fear of high losses”, “no feeling for risk and return” and “no trust in stock market”, it becomes evident that women are generally more risk-conscious and less confident to

participate in the stock market. In this regard, a higher level of knowledge would improve women’s confidence to participate in the stock market and to allow for a better risk assessment.

Regardless of these interpretations and considerations, a major reason for and empirical fact about why less women are participating in the stock market than men is undisputable: 45% of female respondents stated that their “personal wealth is too small” compared to 27% of male respondents.

Chart 3

Would you currently be interested in buying stocks or other securities?

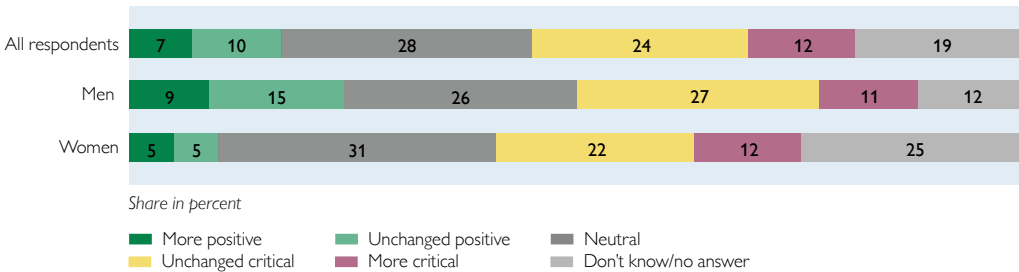


Source: Compilation by OeKB based on survey data from Peter Hajek Public Opinion Strategies GmbH.

Note: Basis = respondents who do not own any securities.

Chart 4

How has your view of the stock markets changed during the COVID-19 pandemic?



Source: Compilation by OeKB based on survey data from Peter Hajek Public Opinion Strategies GmbH.

Note: Basis = respondents who do not own any securities.

In accordance with these findings, among respondents who did not own any securities, men were the ones who were significantly more interested in buying stocks, bonds, investment funds or other securities, although the numbers were rather low in both cases (31% of men vs. 22% of women; chart 3).

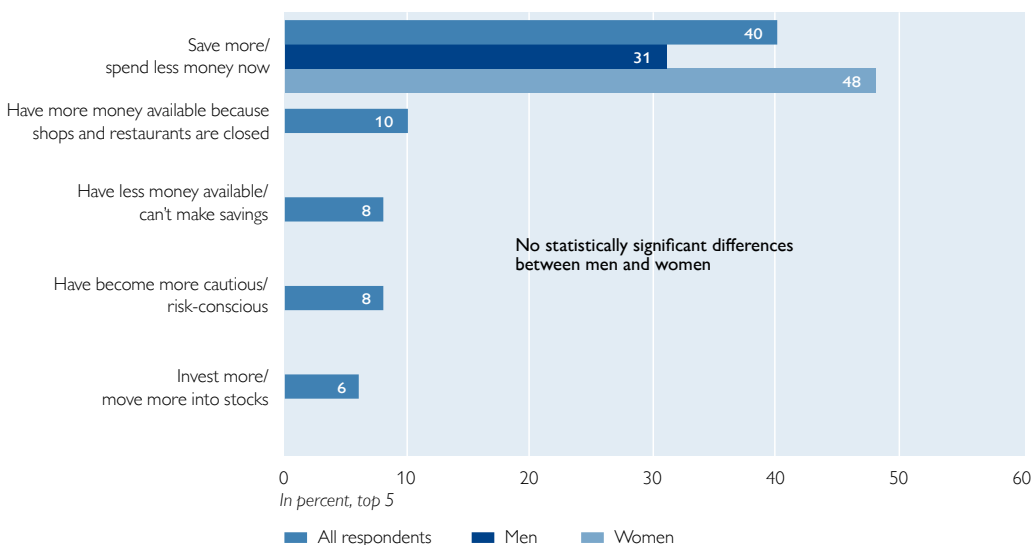
The survey also examined possible effects of the COVID-19 pandemic. In general, the results show that – regardless of gender – the crisis did not change people’s views to a large degree (chart 4). In total, 20% of male respondents said their view of the stock mar-

ket had changed – 11% became more critical. Among women, 17% have a changed view with 12% having become more critical. However, there is one very significant difference: every fourth woman answered “don’t know” or did not answer at all – compared to only 12% of male respondents (chart 5). This supports the assumption that women are generally less confident about expressing their opinion or are more critical when assessing their knowledge.

Regarding possible changes in the investing and saving behavior due to

Chart 5

How has your investing and saving behavior changed because of the pandemic?



Source: Compilation by OeKB based on survey data from Peter Hajek Public Opinion Strategies GmbH.

Note: Basis = respondents who have changed their behavior.

the COVID-19 pandemic, big gender-specific differences in general could not be discerned – with one big exception: almost every second woman answered that she was “saving more/spending less” because of the crisis compared to every third man (48% of women vs. 31% of men). This indicates that women are also much more risk-conscious when it comes to their investments.

2 Developing a national financial literacy strategy in Austria

Assessing the financial literacy competencies of the population is a key component of a successful national strategy. The “OECD/INFE³ 2020 International Survey of Adult Financial Literacy”⁴ covers 26 countries from Asia, Europe and Latin America⁵ using the globally recognized OECD/INFE toolkit. The report presents the overall financial literacy scores and their components knowledge, behavior and attitudes.

Austria (1,418 participants aged 18 and above) ranks third among those 26 countries: respondents achieved 68.5% of the maximum score, while the entire sample reached 60.5%. The major reason for this high ranking is the dimension financial knowledge where Austrians scored 76.0% compared to an average of 62.8%. However, it is important to note that the overall financial literacy score measures a set of basic skills, behaviors and attitudes. Scoring the maximum effectively means that an individual has acquired a basic level of understanding financial concepts and is able to apply some prudent principles when dealing with their finances.

Regarding gender-related differences, the report states that statistically men appear to have greater financial knowledge across the entire sample. In Austria, male respondents achieved 80% of the maximum score, while women reached 73%. This is reflecting the findings of the survey commissioned by the Aktienforum. Concerning the dimensions financial behavior, financial attitude and financial well-being, statistically significant differences between Austrian men and women are not apparent.

As there is room for improvement across all elements of financial literacy, Austria’s Federal Ministry of Finance (BMF) launched a project to develop a national financial education strategy in May 2020. Based on a mapping of the existing financial education activities in Austria, the goal of the project is to increase financial literacy and awareness to not only reinforce the financial well-being but also increase the resilience to economic shocks of Austrians of all generations.

The BMF, the European Commission and the OECD cooperated to address this topic and published the report “Financial Literacy in Austria: Relevance, evidence and provision”⁶ in 2021. Its key findings and considerations are as follows:

- *Build on stakeholder involvement for an effective and efficient coordination.* While the number of Austrian stakeholders actively involved in the provision of financial education is remarkable, the provision takes place in an uncoordinated fashion. Financial literacy research and provision will benefit from the establishment of an institutional

³ International Network on Financial Education.

⁴ <https://www.oecd.org/financial/education/oecd-infe-2020-international-survey-of-adult-financial-literacy.pdf>.

⁵ Participating countries and economies in alphabetical order: Austria; Bulgaria; Colombia; Croatia; Czech Republic; Estonia; France; Georgia; Germany; Hong Kong, China; Hungary; Indonesia; Italy; Korea; Malaysia; Malta; Moldova; Montenegro; Peru; Poland; Portugal; Republic of North Macedonia; Romania; Russia; Slovenia; and Thailand.

⁶ <https://www.oecd.org/daf/fin/financial-education/Financial-literacy-in-austria-relevance-evidence-provision.pdf>.

framework for cooperation provided by a national strategy. Additionally, the strategy will be instrumental in bringing together public and non-public actors to adopt a common definition of financial literacy.

- *Target audiences based on evidence and policy priorities.* The majority of financial education initiatives in Austria targets young people in schools, but all citizens should be addressed to promote financial literacy. Women, for example, are among those vulnerable groups of the population that are currently lacking proper access to financial literacy initiatives.
- *Address the general population through a comprehensive approach.* Austria does not have one national reference website that acts as a main source of information and as a repository of existing initiatives and tools. Mass communication campaigns could also be considered as part of the future strategy. While face-to-face delivery of financial education is well established in Austria, it could be taught at schools and further developed at workplaces.
- *Address all areas that underpin financial well-being.* The national strategy could ensure that programs target all core competen-

cies necessary for financial well-being and long-term resilience. Concerning younger generations, the focus should be on the areas of investing; consumer rights and responsibilities; frauds and scams awareness; and safe use of credit. Regarding adults, the topics of safe use of credit as well as fraud and scam awareness should be covered.

- *Encourage research and program evaluation.* Very few stakeholders evaluate the impact of their initiatives, and they do not apply a consistent monitoring and evaluation methodology. With the aid of a national strategy, the implementation of a proper impact assessment can be encouraged, and a common approach to monitoring as well as carrying out impact evaluations can be adopted.

To summarize, both surveys presented indicate that there is room for improvement regarding the financial knowledge and participation in the stock market of Austrian adults, especially of women. The development of a national financial literacy strategy will increase the financial well-being and the financial resilience of individuals – which will also contribute to reducing gender imbalances in the economy and in society.