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Gender and finance – A central bank’s perspective

This summary provides the Swiss National Bank’s perspective on the topics of gender, financial literacy, inflation and COVID-19 discussed during Session 4. It begins with stressing the importance of inflation perceptions and expectations for monetary policy and assesses gender-specific differences, which can also be observed in Switzerland. Then, some light on the role of financial literacy in explaining gender differences in inflation perceptions and expectations will be shed. Furthermore, the SNB’s own efforts to improve financial literacy in Switzerland will be discussed. Finally, the article briefly touches on the pandemic’s impact on the Swiss labor market, including gender-specific differences.

Inflation perceptions and expectations are crucial for monetary policy. At the heart of the SNB’s mandate is price stability, which is closely linked to inflation perceptions and expectations. Stable inflation perceptions (and expectations) at levels that are consistent with price stability provide a nominal anchor for the economy. They reduce inflation persistence, curb harmful macroeconomic volatility (Duca and Kenny, 2021) and strengthen central bank credibility. This is important, as inflation perception that diverges significantly and persistently from a central bank’s inflation objective could undermine the trust in a central bank’s ability to control inflation.

Across various countries, including Switzerland, women appear to have systematically higher inflation perceptions and expectations than men (Kemeny and Pochon, 2016). However, explanations vary. Differences in shopping habits and types of purchase may explain the gender gap. For example, D’Acunto et al. (2020) argue that the gender gap is “tightly linked to participation in grocery shopping”.

Nevertheless, these reasons are not universally accepted. While testing the explanations mentioned above, Bryan and Venkatu (2001) observed that the gender gap also exists between single men and single women, who are equally involved in shopping for similar types of goods. In addition, the gap was found to persist even during times when food prices were constantly low and stable.

According to recent research, the gender gap appears to be rather small, insignificant or even non-existent. A study on Switzerland by Burke and Manz (2014) found that there are “no significant differences between men and women in either the tendency to overestimate inflation or in the average accuracy (absolute error) of inflation forecasts once economic literacy is controlled for”. Hence, according to these authors, different inflation perceptions are attributable to the degree of financial literacy and not to gender.

Levels of financial literacy are relatively high in Switzerland. Compared to ten other countries, Switzerland – along with Austria and Germany – is one of the leaders in financial literacy (Allianz, 2017). However, the absolute level of financial literacy is not particularly high. Only 50% of respondents in Switzerland were able to correctly answer questions concerning the “big three” concepts commonly used to measure financial literacy: compound interest, inflation and risk diversification (Brown and Graf, 2013).

The SNB launched its educational program Iconomix in 2007, with the aim of promoting economic and financial literacy in Switzerland. After all, the decisions a central bank has to take have far-reaching consequences for the population, who therefore should be able to comprehend the underlying considerations. In Switzerland, where

citizens regularly vote on economic issues at all levels of government, a good understanding of how the economy works is particularly important.

Iconomix supports the teaching of economics in Swiss upper secondary schools, with a focus on active learning. Accordingly, the offering includes games, simulations and case studies on various economic issues, such as the division of labor and trade, market and price formation, and monetary policy. Iconomix is widely used: in 2020, around 39% of economics and humanities teachers at upper secondary level made use of the Iconomix web platform. Around 50% of the approximately 100 teaching units – available in at least three languages – are on financial literacy topics (Swiss National Bank, 2021).

In Switzerland, half of the “literacy gap” may be a “confidence gap”. Brown and Graf (2013) found that although 62% of men answered all three questions on finan-

cial literacy correctly, compared to only 39% of women, the gender gap in financial literacy is not only tied to a higher frequency of incorrect answers. Rather, the share of women who “don’t know or refuse to answer” at least one question (22%) is almost double that of men (12%).

There are no clear signs indicating that women in Switzerland were disproportionately more affected by unemployment during the COVID-19 pandemic. Between December 2019 and December 2020, the unemployment rate increased from 2.8% to 3.8% for men and from 2.3% to 3.2% for women (State Secretariat for Economic Affairs, 2021). The sharpest rise occurred during the first lockdown, between March and May 2020. Since then, unemployment rates have stabilized.

Comparable and more granular statistics are essential for telling the full story of the pandemic’s socioeconomic impact on women and men. In Switzerland, short-time working has prevented a large increase in the unemployment rate. But on the other hand, the number of workers on short-time work compensation has soared to unprecedented levels: as of April 2020, more than a third of employees in Switzerland were on short-time work. Unfortunately, there are no publicly available gender-specific data, wherefore any conclusion at this stage must be considered preliminary.



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