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SEVEN QUESTIONS FOR ANTONIA GROHMANN

»On average, women know less about financial matters than men do in most countries«

1. Ms. Grohmann, you have examined the gender gap in financial literacy. In general, do women know more or less about financial matters than men do? On average, women know less about financial matters than men in most countries. There are exceptions – Thailand and Russia, for example – but in 135 out of 144 countries, women know less about finances than men.
2. How do you explain this? I can't give you just one reason for this gender gap. In our report, we looked at three possible reasons. One is the difference in socio-demographic variables such as income or education. The second possibility is that women are more likely to have less experience with financial matters than men and assume less responsibility for the household finances. We also examined whether there are any country-specific or cultural reasons why women have less knowledge of financial matters than men. In conclusion, we can say that these three reasons combined only partly explain the gender gap. Of course it is possible that there are even more reasons.
3. How is financial literacy measured? In most studies, financial literacy is measured by three questions that yield a score of financial literacy. The three questions have been used in many countries. The first question measures knowledge of interest, the second measures knowledge of inflation, and the third question measures understanding of stocks, mutual funds, and the diversification of risk.
4. How do women perform in comparison to men? That depends. In our study we focused on three countries in particular: Germany, the US, and Thailand. Looking at Germany and the US, it becomes apparent that fewer

women can answer the questions correctly than men. Another striking finding is that in Germany, the more difficult the question, the larger the knowledge gap between women and men. In the US, however, women perform worse on all questions. Especially noteworthy is the lack of a gender gap in Thailand. Women and men perform equally well there. A partial explanation for this is that in Bangkok, where the data is from, women are often responsible for the household finances.

5. To what extent are traditional gender roles a factor? Gender roles are not the sole reason for the gap. If that were the case, there would be no difference in financial literacy between unmarried men and women. However, when we compare unmarried men with unmarried women, the unmarried men still outperform the unmarried women.
6. Does income level have an effect on the results? We attempted to find out whether women's education or income levels causes the gender gap. Our findings show that the gender gap in financial literacy between men and women with higher education and income levels is narrower, but still exists.
7. What can be done to increase women's financial literacy levels? That is a complex challenge. In the first place, we need to improve girls' education and their numeracy. The PISA studies show that in most countries, boys perform better than girls on mathematics tests. Secondly, financial literacy could become a school subject, and this could have a particular focus on trying to increase girls' interest in the subject at an early age. I also see a third option: to continue advancing gender equality in general. When women are more thoroughly integrated into the labor market and earning more money, they will also become more involved in financial matters.

Interview by Erich Wittenberg



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