Global women & money study 2021

The power of investing

Fidelity INTERNATIONAL

Foreword
from Anne Richards

We first established Fidelity International's Women & Money campaign to understand the barriers standing in the way of financial gender equality.

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“We are proud of our ground-breaking Women & Money campaign”

While the campaign began in the UK with the launch of our first report in 2018, many of the challenges women face when it comes to financial empowerment exist around the world. We have therefore looked to understand how we can support investors to close these gaps in several of the different markets in which we operate.

In this, our third report, we have for the first time looked at the experiences and views of women internationally, across six markets across the UK, Europe and Asia – as well as considering the economic impact of the pandemic around the world.

While the findings reveal many of the barriers are universal, they also present a more positive picture of markets in which women are harnessing their financial power to invest and plan for the long term.

As a global organisation we have a huge opportunity to champion the role of women and their finances across the globe, from investing for their futures to addressing the glaring gender pension gap. We have an opportunity to learn and act upon these valuable insights, adopting best practice for engagement across the industry, and working together to address the gender pay, pension, savings and investment gaps that stand between men and women. Working towards this will not only benefit women themselves, but society and the wider economy.

Anne Richards
Chief Executive Officer at Fidelity International

Notes to Editors

Research conducted by Opinium research between 7 January and 12 January 2021 among 12,038 men and women in the UK, Germany, China, Taiwan, Hong Kong and Japan.

Research methodology

Fidelity International surveyed 12,038 adults in six territories on their views on investing and retirement. Fieldwork was carried out by Opinium research in January 2021.

Introduction

Across the globe women are driving the economy forward. From leading the largest companies in the world, at the cutting edge of scientific discovery, through to setting up businesses from home or returning to education. Women are changing the very lives we all lead.

There are very clear benefits of this. Economies that harness the power of women have reported increased productivity, economic resilience and a boost to their economic growth[1]. So it's perhaps no surprise the number of women in work is growing, and quickly. By 2030 it's expected there will be 100 million more women in the workforce globally[2].

The knock-on effect of this is that women's earnings are growing significantly. Women's incomes increased to $24 trillion in 2020, up from $20 trillion in 2018[3]. But as women cement their place at the heart of global economies and the world of work, they continue to face challenges which men do not – meaning despite this progress, gaps in equality persist.

Globally, women are paid 23% less than their male counterparts[4] and are still more likely to take time off work to care for children or elderly relatives. This has only been compounded by the Covid-19 pandemic, which has had a disproportionately negative impact on women the world over[5].

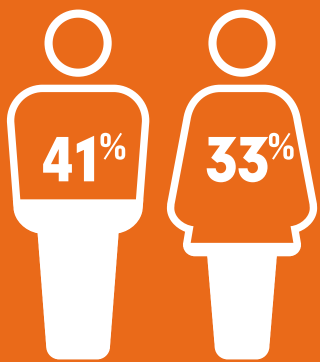
Women's incomes increased to $24 trillion in 2020, up from $20 trillion in 2018

We also know this rise in the female economy hasn't fully translated into women's finances. Many women still don't see themselves as investors, which has the potential to impact their finances both now and in the future, when reaching significant life moments such as retirement.

We wanted to take a closer look at how we can empower female investors, and confront the barriers that stop this essential piece of a woman's financial world growing. In this international report we look at the experiences of women in six markets around the world: UK, Germany, Taiwan, Japan, mainland China and Hong Kong SAR. In these markets, we look to better understand and address women's financial challenges, so we can continue our campaign and commitment to improve the financial future of women.

This report uncovers some common factors in each market, such as the financial impact of the pandemic, which unites women across the world, despite very different lifestyles and cultures. There are also some lessons to be learnt from women who are taking a more active role in managing their money and reaping the benefits.

Am I an investor?



Only a third (33%) of women see themselves as investors, much lower than their male counterparts (41%). This sentiment of investment being a man's world is true in every market we looked at, bar China.

Sixty per cent of women in China see themselves as investors, which is slightly more than men (58%), and this is interesting for many reasons, which we will look at later in this report. Japan has the lowest levels of women who view themselves as investors, just 9%. What's more, it's Japan where women have the greatest concerns about their overall financial situation and their ability to manage their money.

VIEWPOINT

"At Fidelity in Japan we're working on eliminating the gender pay gap as a top priority"

Rika Ishii, Investment Director Fidelity International – Japan

"When it comes to money, risk is seen as a concern for women in Japan. This means very few women invest, and many have a very conservative approach to managing their money. Households hold over 80% of their assets in cash and conservative financial products such as pension and insurance.

"The other consideration for women in Japan, is the gender pay gap. Japan has one of the largest gender pay gaps of OECD members[6] and this puts women on the back foot from the very start of their careers. Less money coming in each month, and less money in savings, means that women's nervousness around risk is heightened. At Fidelity in Japan, we're working on eliminating the gender pay gap as a top priority through our dialogues with the companies, because this is the first step that should be taken towards women becoming more engaged with investing.

"However, we also see a significant increase in the number of investors in their 20s and 30s, so the younger generations in Japan are taking active investment actions more than before[7]. The introduction of NISA system (Japanese 'ISA') seems a key driver."

If we can mobilise women to see investing as something for them, it has the power to transform their financial situation. The reality is that a significant proportion of women are investors, many just don't realise it.

When women do invest, they are typically more cautious with their approach. Minimising loss is the main priority for women, whereas men are more likely to see managing loss equally as important as making gains with their money.

Investment approach by men and women across the markets surveyed:

VIEWPOINT

Daisy Ho, President, China, Fidelity International – China

"Striking the right balance between cautious and adventurous is important when anyone invests their money. Risk must be balanced against a person's overall financial situation, with factors such as other savings, how long the person is investing for and the end goal all determining the level of risk people are comfortable with.

"While women in China are more engaged in investing, they are also leaning towards the over-conservative side, which prevents them from making the best out of the investment opportunities. In fact, research among investors in some markets such as the UK has found that women outperform men when they do invest[8]. A more considered long-term approach means women are less likely to have knee-jerk reactions to changes in the markets or any ups or downs, something that is important when investing for the long term."

So what's stopping more women from investing or increasing their contributions?

Taking an active role in household finances

Women living with partners aren't shying away from managing household finances. Quite the opposite. Fifty-five per cent of women told us they look after the daily and monthly income and outgoings for their households. This is especially true in China, Hong Kong, Japan and Taiwan. In the UK and Germany, responsibility is more likely to fall evenly between women and their partners.

When looking at how women hold their finances – in their name, their partner's name, or jointly – women living with partners in Hong Kong and China are most likely to hold their finances in their own name (78% and 70% respectively), and much less likely to have a joint account. In the UK and Germany, money is more likely to be looked after in jointly held accounts, with 50% of UK women and 51% of German women mostly managing their finances jointly.

The findings tell us that for many women a barrier arises between managing household finances and actively deciding where to save and invest their money. More needs to be done to bring investing into women's financial comfort zone.

VIEWPOINT

Charlotte Chan, Head of Distribution, Hong Kong Workplace and Personal Investing – Hong Kong

"It's not uncommon for women in Hong Kong to have savings that sit aside from the household finances. They can support day-to-day expenses, help fund discretionary spending such as holidays, or be used for a family emergency.

"But this financial control stalls at the point where decisions need to be made about where to save and invest money. Due to lack of confidence in investing, financial independence may not translate into active decision-making. And women choose to go with a more conservative investment approach, which may not necessarily be the best to help them achieve their financial goals.

"Due to lack of confidence in investing, financial independence may not translate into active decision-making"

VIEWPOINT

Claudia Barghoorn, Head of Personal Investing & Wealth Services, Fidelity International – Germany

"Without actively deciding where to save or invest, the worry is that women's money could be languishing in cash accounts or accounts with little or no interest.

"This means that over time the value of the money reduces, as life around us gets more expensive."

Proportion of women making active decisions about where to save and invest

43% UK

55% Germany

73% China

56% Taiwan

28% Japan

56% Hong Kong

Just half (52%) of the women we spoke to said they actively choose where to save or invest their money. For women in Japan this falls to 28%, and just 43% of women in the UK take saving or investing decisions into their own hands. Chinese women are once again the most engaged.

Mapping the impact of the pandemic

It's impossible to look at women's finances and the decisions they are making without delving deeper into the impact of Covid-19. The pandemic has reshaped the lives of people the world over, but we know that the impact of crises are never gender-neutral.

United Nations data has suggested the economic and domestic turmoil of the pandemic could wipe out 25 years of increasing gender equality[9]. The impact of lockdowns, job losses, school closures and falling incomes has seen women across the world increase their unpaid workload, taking on a greater share of housework and childcare and, worryingly, leaving the workforce at a greater rate than men.

This disproportionate impact is also clear in women's finances across the six markets. Three in ten (29%) women told us that their personal income has reduced as a result of the pandemic. However, this was a similar percentage to the number of men, where we see the difference is in women's ability to save.

Thirty-one per cent of women have seen the amount of money they've been able to save in the last 12 months decrease, in comparison to 26% of men. This trend is true across every market surveyed.

This drop in savings is not just a concern for now, it also raises questions about the future. Nearly one in five women (18%) has reduced the amount of money she is saving into a pension as a direct result of the pandemic.

% of people who have decreased savings in the last 12 months

UK	Germany	China	Taiwan	Japan	Hong Kong
28%	29%	26%	35%	31%	34%
23%	20%	25%	30%	29%	31%

VIEWPOINT

Maike Currie, Investment Director, Workplace Investing, Fidelity International – UK

"The social, economic and political impact of Covid-19 will reverberate long into the future. Our personal finances are not exempt. While short-term financial challenges will undoubtedly remain, it's important to remember the decisions taken now will have longer-term consequences. Women will still be approaching retirement and feeling the harsh impact of reduced savings levels earlier in life. Working for longer, having less money to retire with and changing retirement plans are very real consequences of the pandemic.

"For women early into their savings journey, changes to financial habits have the potential to regain some of this lost ground, ensuring the pandemic doesn't result in a permanent setback.

"Encouraging women to harness the power of investing could enable them to claw back some of the lost savings they've experienced in the last 12 months."

For many women the pandemic has had a negative impact on their finances, but this isn't true for all. The saying "we are all in the same storm, but in different boats" rings true for women's finances. Twenty-two per cent of the women we spoke to have been able to increase the money they've saved in the last 12 months, and 16% have been able to increase their pension contributions. With travel and leisure activities largely restricted, some women have had more money to save and invest.

A spotlight on retirement

Money habits, investment approach, and reductions or increases in income all impact how much women can save for the long term. For many people, not just women, the longest savings journey they take is saving for retirement. We wanted to take a closer look at women's retirement saving in the six markets surveyed, to understand if there is a savings gap, what stops women saving, and why women might have more to consider when planning for later life.

Regardless of the different types of pension system in each market included in the research, it remains that women have less saved for retirement than men in every market, apart from China.

VIEWPOINT

Claudia Barghoorn, Head of Personal Investing and Wealth Services, Fidelity International – Germany

"The gender pay gap continues to be a real problem and has a strong impact on retirement planning. To avoid ending up in the gender pension gap, women in particular need to act now. Webinars, workbooks, live chats – there are so many ways to get the knowledge you need. The current situation is a wake-up call to anyone who has put off planning for their retirement for far too long."

Gap between men's and women's pension pots*

51%	UK
64%	Germany
-5%	China
7%	Taiwan
39%	Japan
10%	Hong Kong

*% by which men's pension savings are higher than women's pension savings

Across the six markets, a large proportion of women are pessimistic about achieving their desired income, with 39% believing they won't have enough money in their pension pots to have the lifestyle they would like. Despite having the lowest income aspirations, Japanese women are the most pessimistic. Fifty-three per cent don't think they will have enough for retirement, whereas only 8% of women in China don't think they will have enough saved.

VIEWPOINT

Daisy Ho, President, China, Fidelity International – China

"Chinese women are more likely to see themselves as investors than women in other parts of the world, and this is where it becomes interesting. Also, contrary to every other market in this research, Chinese women have more saved for retirement than their male counterparts. A lot of factors feed into this, but the tendency of families to educate daughters about gender equality, the rise of women in the labour market, and the increased education level of women in China, all play an important role. While there are definitely some lessons that could be learnt from Chinese women when it comes to their approach to money and investing, it doesn't mean that they are completely confident in their financial readiness for retirement, and there is still a lot of work to be done on female empowerment and investor education in China."

Our earlier findings show that the pandemic has forced many women to reduce the amount they contribute towards their pensions. But the gap between men's and women's pension savings persisted long before the emergence of Covid-19.

So what is driving this gap? Women in the UK, Germany, Taiwan, China and Hong Kong are routinely contributing less each month to their pension than men. This is particularly evident in the UK where, on average, women contribute 4% of their salary into their pension each month, in comparison to men's 5% contribution. It is worth noting that this covers contributions to all pensions, both workplace and private, from women working across different employment types, including being self-employed.

VIEWPOINT

Maike Currie, Investment Director, Workplace Investing, Fidelity International – UK

"Automatic-enrolment has dramatically altered the workplace pensions landscape in the UK – for the better.

"Millions more workers now have retirement savings plans which both they and their employer contribute to[10]. It has been a very positive step forward. However, there are still too many women who fall out of the net of auto auto-enrolment, because they work part time, are self-employed or earn below the auto-enrolment, earnings threshold. Unsurprisingly, many women are left facing a glaring pension gap – with many ending up with a pension pot a third the size of their male counterparts when they reach retirement[11]."

While 1% doesn't seem like a significant gap, Fidelity's Women & Money research in 2018[12] showed that if women in the UK contributed 1% more of their salary into their pension early in their career, they could close the pension gap. The power of 1% can't be underestimated.

These lower levels of active pension saving only widen the gap that already exists from the gender pay gap, and other factors such as the motherhood, childcare and good-daughter penalties. Times when women pause their careers – having and raising children, looking after elderly relatives etc – then face setbacks in their career progression and earning potential when they return to the world of work.

When we asked women why they don't save more, they told us that having the money to save was a problem, but so was knowing how best to save and having the time to do it.

Why women don't save or save more into a pension

34% Lack of available funds

25% Not knowing how best to save for retirement

25% Other saving priorities

16% Not enough time to plan my pension savings

VIEWPOINT

Szu Yi Chin, Head of Taiwan, Fidelity International – Taiwan

"A quarter of women don't save for retirement because they don't know how best to do so.

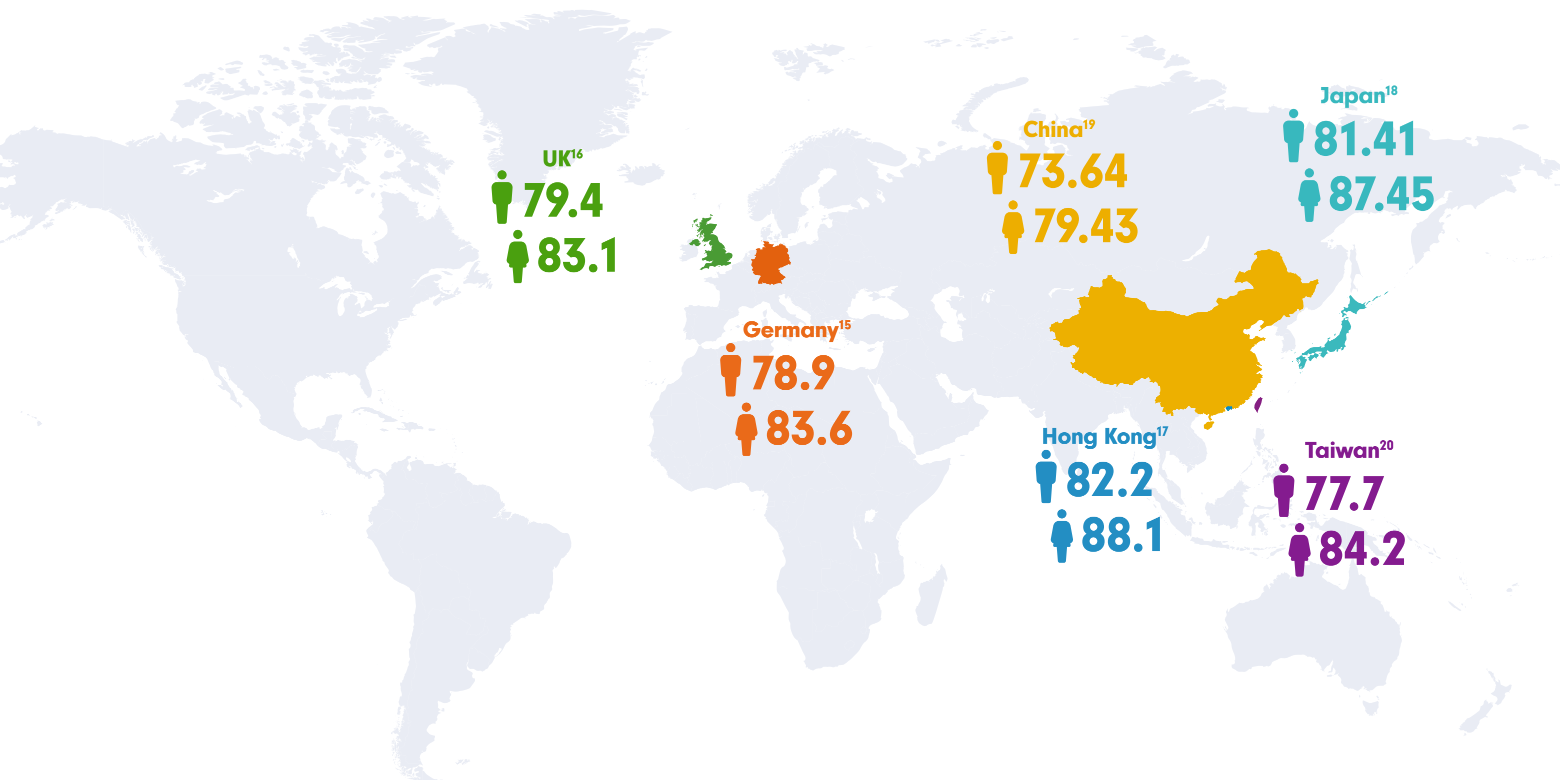
"It is a humbling figure. For a long time, governments and pension companies around the world have tried to raise both the profile and ease of access to pensions.

"To mobilise more women to invest and take a more active role in their finances, we first need to make pensions something they are engaged with. This is something that we need to delve into further as a company, as an industry, as a society, to really understand the power that women could have if they were to engage with their retirement investments. This has the potential to give women more financial freedom, control and independence, as well as reducing anxiety and, ultimately, make retirement what women want it to be."

Closing the pension savings gap

The reality is that women are likely to need more money for retirement than men. Why?

Women typically have longer retirements, which means they will have more outgoings to pay for. Global life expectancy figures estimate women will live, on average, to 75[13], whereas men will live to 70[14] and in the Asian markets life expectancy can be significantly higher than this.



51%

of single women are worried about their financial situation

There is an added pressure on single women's finances, which is evident in our research findings.

Thirty-seven per cent of single women, that's two in five, told us they don't save at all, or don't save more into their pensions because of the lack of available income, while 22% have other saving priorities. This means that half of single women don't think they will have enough money to fund retirement, even with lower retirement income aspirations of £25,419 a year.

VIEWPOINT

Charlotte Chan, Head of Distribution, Hong Kong Workplace and Personal Investing – Hong Kong

"Our lives are shifting, and so retirement is changing, too.

"One thing isn't changing though – we're all going to need money to fund the lifestyle we want to lead as we get older. In fact, due to longer life expectancies, the likelihood is that we as women will have more years to cover for our retirement savings. This makes it even more important to study and gain a better understanding of finances and investing. Our money works hardest for us when it is invested, earning interest, and being reinvested. Start with small steps – even if it's not huge sums. The more time we can give our money to do this, even in small chunks, the better."

Our research shows that many women are failing to prepare for a longer life. Twenty-eight per cent of women told us they aren't sure how many years they will need their money to last in retirement, greater than the 19% of men who said the same thing. This lack of planning is greatest among women in Japan and the UK. Fifty-five per cent of women in Japan and 51% of women in the UK said they weren't sure of how many years their pension would need to fund.

The other aspect that is important to consider, is the increasing amount of time people spend single. Globally, a growing proportion of people are reaching their late 40s without ever marrying, the average age at which people are getting married is getting higher and more people are divorcing or separating in their late forties[21].

Conclusion

Our research has provided a number of valuable insights that we can adapt, learn from, confront and revisit, to make sure that we are building a better and more inclusive financial world for women.

The report shows that when women see themselves as investors, they are more confident and in control of their financial situation, and this in some part helps turn the tide on the pension savings gap. It also shows that the pandemic has, and continues to, impacted women's finances more heavily than men's. More needs to be done to help women combat the negative impact of the last year, so it is seen as a hurdle to overcome, rather than a permanent step back.

Investing helps women feel in control of their finances, reduces worry or anxiety, and supports women in meeting their financial goals. It could also go some way to softening the impact of the pandemic and the lower savings levels many women have faced this year. And, last but not least, saving for retirement is simply just investing.

We are continuing many of the initiatives already under way in our local markets, tailored to our customers' needs, while looking at how we can help women to learn from their counterparts around the world.

The last year has taught us even more about how women are affected personally and financially in times of difficulty. It has also taught us about their strength and the importance of women in communities around the world. Let's make sure we use these learnings to help build women a better financial future.

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