The Gendered Nature of Financial Technology

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How did I get here?

- Cupák, Andrej, Pirmin Fessler, and Alyssa Schneebaum. 2021. "Gender differences in risky asset behavior: the importance of self-confidence and financial literacy." *Finance Research Letters* 42.
- Cupák, Andrej, Pirmin Fessler, Alyssa Schneebaum, and Maria Silgoner. 2018. "Decomposing gender gaps in financial literacy: new international evidence." *Economics Letters* 168: 102-106.

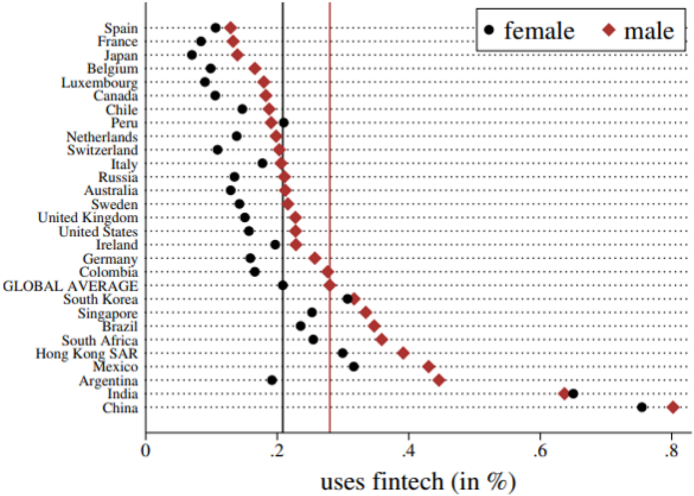
Main findings

- Confidence is a strong determinant of risky financial behavior and accounts for a large part of the gender gap in participation
- In many countries, confidence is more important than financial knowledge
- Results differ across countries – institutional background matters
- Depending on the country: along with confidence, risk aversion matters

My talk today

- FinTech as an example and reflection of gender in the economy
- How can we understand the importance of confidence, risk, and actual knowledge?
- Using these insights to see positive change

Social norms and institutional context matter



Source: Chen, Doerr, Frost, Gambacorta & Shin (2021), Figure 1(a). Percent using products offered by FinTech entrants, "defined as companies providing innovative, technology-enabled financial services."

"Country characteristics and several individual-level controls explain about a third of the unconditional gap... Gender differences in the willingness to use new financial technology or fintech entrants if they offer cheaper services account for over half of the remaining gap."

More gender gap statistics...

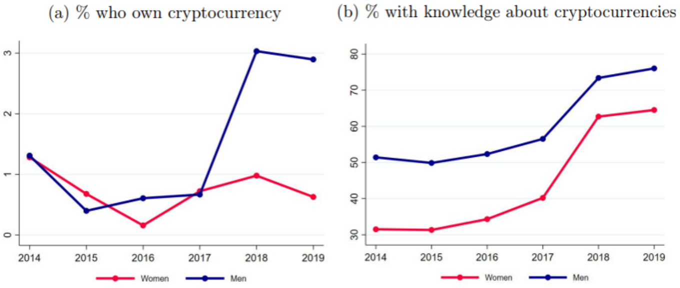
- Global gender gap in consumer usage about 8% (Findex, 2021; Chen et al., 2021)
- Among married partners with the same financial sophistication (both working in finance!), men have more influence on stock market investing (Ke, 2021)
- Differences in education do not drive the gap in developed countries (Sioson & Kim, 2019)

Known drivers of the gap

- Differences in attitudes toward FinTech (sustainability, data leaks, risk preference, price elasticity, confidence)
- Holistic (education, children demands) and complementary versus subsitutionary use (Findex, 2021)
- Bias in algorithms giving credit supply (Chen et al., 2021; Sahay et al., 2020)
- Large part of gap (ca. 25%) remains unexplained

The case of cryptocurrencies

Figure 8: Cryptocurrency trends (2014-19).

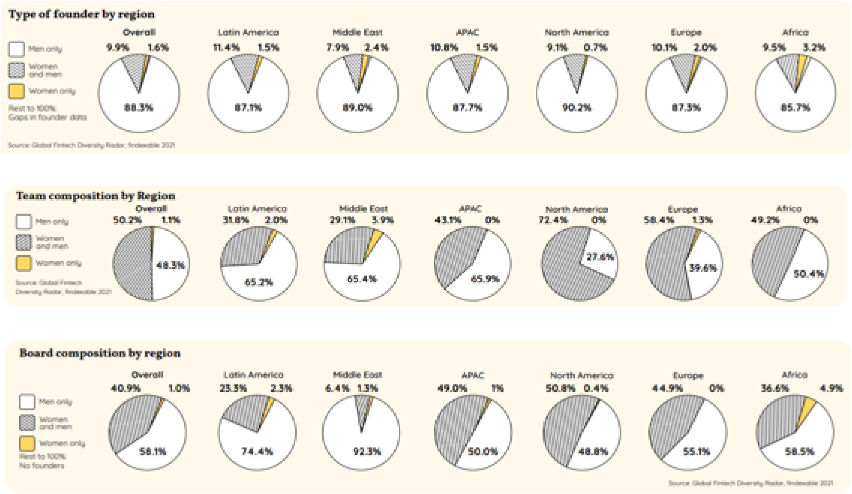


Source: Auer & Tercero-Lucas (2021)

Let's consider willingness to participate.

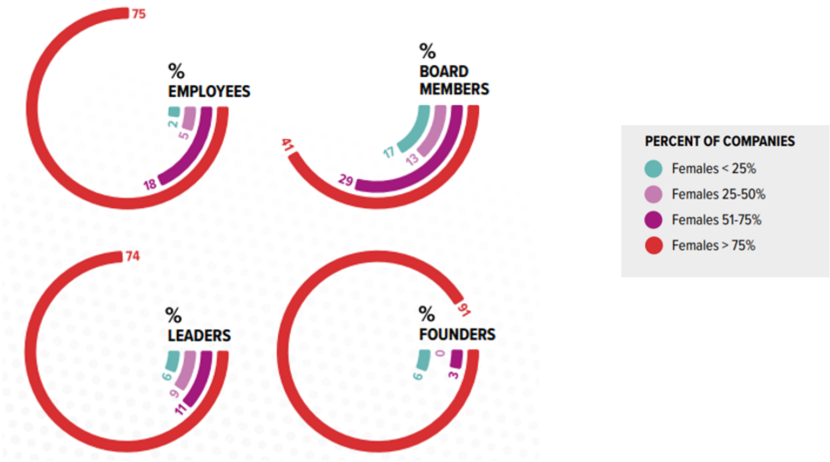
- Gender-appropriate traits, competencies, interests
- Group A Group B
- Who will enter the brave new competitive technical world of FinTech?
- These differences enhanced by policy (e.g. educational tracking; parental leave; collective bargaining agreements)
- Subtle barriers, e.g. Carlana (2019)

That was consumers. What about producers?



Source: Findex (2021)

FinTech marketed to women



Source: Findex (2021)

- 60% of top-performing FinTechs have no women on board – compared to top 40 traditional banks, where only 12% have no women
- Of 1,000 firms: 49.8% founded by men; 1.1% by women
- 90% of venture funding goes to male-only founder teams; 0.14% goes to female-only founder teams
- Women-founded firms more profitable
- Per funded dollar, mixed boards generate 78 cents profit; male-founded firms generate 31 cents (Findex, 2021)
- Female founder teams see 12% higher average revenue product of capital (Mozzaroni & Sy, 2022)

In the grand scheme of things...

- ...these facts are not surprising.
- My view: deeply-rooted gender roles are at the core of the gaps.
- These influence expectations about interests and competencies.
- Interventions in gender gaps in STEM are helping (Gartner & Schneebaum, 2022)
- Recognition and early intervention is key
- Early childhood education and media critical - positive examples help! (e.g. Riley 2022)

Comments very welcome! Now and at

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