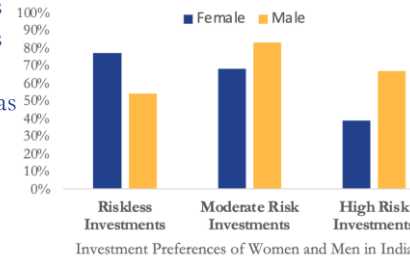


# Gender Investing Gap: Evidence from India

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Respondents Located All Over India (n=2167)



## Objective:

To understand the perceptions, patterns, and barriers to financial investments faced by women in India from a behavioral lens, beginning with experimental evidence on risk aversion and status quo bias

## Background:

Existing literature lacks studies on investment gap—a natural consequence of the wage gap and likely to be exacerbated by behavioral biases that vary across genders and culture

These are likely to have far-reaching consequences on the lives of women in terms of their financial freedom, wealth creation, retirement decisions, and overall quality of life

## Methods:

- Over 2000 participants from India filled a survey designed to elicit their demographics, investment histories, saving patterns, and perceptions
- They were randomized into 4 treatment arms to measure risk aversion and status quo bias at an aggregate level
- Data on autonomy over investment decision, impediments to getting started and other key insights collected to design “nudges to invest” in the next phase

## Results:

### OBSERVATIONAL DATA

- **Autonomy:** Women found less likely to have a say in the management of their finances, stating someone else manages their savings and investments, invariably fathers or husbands
- **Risk Appetite:** Women gravitated towards no and low-risk vehicles like simple savings or fixed deposit accounts, whereas men were prone to high-risk investment vehicles
- **Peers:** Significantly more men reported discussing investing with peers compared to women
- **Perception:** Both reported similar levels of apprehension when it came to not knowing where and how to start

### EXPERIMENTAL DATA

**Status Quo Bias:** Both men and women exhibited status quo bias to a similar degree

**Risk Aversion:** Women were found more risk averse even going as far as making suboptimal choices to avoid undertaking any amount of risk in their choices during the experiment

## Conclusion:

- Study points to the existence of a gender gap in investments in India
- Both men and women found to exhibit status quo bias
- Women found to be significantly more risk averse than men
- With no preceding work on biases in investment behavior across genders in developing economies, this study underscores the need to delve further into empirical evidence on what shapes behavior, and what has the potential to change this behavior

## Next steps:

- Complement this analysis with larger observational dataset from financial firms in India to understand the extent of the investment gap and delve into understanding other biases like loss aversion, and social proofing
- Test a series of nudges to find the most effective ones in getting women to start investing