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Why women and finance do mix

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Women's spending habits have long been an area of disagreement between men and the fairer sex: 'Why do you need another pair of shoes? You can only use one handbag at a time.' Women's financial decision-making is not a new topic, but is this persona a fair one and is it changing?

We have conducted some research that shows women are much less confident than men about their finances, to the point where many refuse to take control of everyday economics. This puzzles me, as women seem to play an increasingly significant role in the financial decisions and management of households; what are they so afraid of?

According to external research from Prudential, women are managing more aspects of household finances than ever before. In fact, the 2004 study revealed that about nine out of 10 women have sole or at least joint responsibility for managing their household's financial well-being. Their joint responsibility for products like investment accounts, ISAs, annuities and car insurance policies has markedly increased over the past four years.

In addition, almost half of women (47 per cent) expect to boost their savings, or invest more money, over the next 12 months. And more than four in 10 expect to prepare a will or estate plan during the same time frame. When you consider many women have experienced the predicament of parental estates lingering in probate courts because a will did not exist, that may go some way to explaining their desire to develop a formal plan.

Factoring in the findings of our own poll, little more than half (52 per cent) of women feel confident in their financial choices, while 38 per cent admit they could do more, do not feel in control, or leave the difficult decisions to others. In contrast, 61 per cent of men claimed to be in control of their finances, with a total of just 8 per cent shying away from decision-making.

Clearly, women are more worried about how their personal finance decisions will affect what's in their pockets. Financial services companies would do well to bear people's attitudes and confidence levels in mind when promoting their products to consumers. Too much confusing information or small print could scare people away, but an educational and plain-speaking approach could improve sales and, ultimately, customer loyalty.

However, we are seeing the emergence of a generation of women who are better educated, more ambitious, and more financially confident than any before them (Reuters). Apparently, one in 20 women don't understand personal finance, and prefer not to think about it. But this generation is already becoming more likely to handle day-to-day financial matters than their male counterparts, and will demand a greater say in big money decisions.

