

# Gender Differences in Financial Advice presented by C. Laudenbach (University of Bonn)

Discussion by Efi Adamopoulou (University of Mannheim)

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# Stereotyping



## Frauen und Finanzen? Ein starkes Team!

Hallo Effrosyni Adamopoulou,

Sie denken, dass Finanzen langweilig, kompliziert und so ein Männerding sind? Und dass Sie sich auch irgendwann später darum kümmern können? Ganz ehrlich: Nicht aufschieben, sondern jetzt loslegen! Und das Beste dabei: Wir unterstützen mit allem Geldwissen, das dafür nötig ist. So wirds einfach!

**Finance female – weil Frauen das können!**

Women and finances? A strong team!

"Do you think finances are boring, complicated and such a man's thing? And that you can take care of it at some point later? In all honesty: don't procrastinate, get started now! And the best thing about it: We support you with everything you need to know about money. It's easy! Finance female - because women can do it!"

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- Open policy Q: Is there a way to align the incentives of the advisors with those of the clients?

# Investment behavior of women that reject the recommendation

- Finding: Women with high financial literacy skills are more likely to reject financial advisors' (bad) recommendations.
- Q: What do they do **instead**? Do they make **better investments**? Or are they **discouraged** and do not invest at all?
  - Estimated effects on those who accept may be a lower bound.
- Gallen and Wasserman (2021) "Gender gaps in career advice".
  - Relative to male students, female students receive substantially more information on work/life balance by professionals
  - ⇒ female students become less likely to enter their preferred career path relative to male students
  - ⇒ **gender gaps in information** received **translate into gender gaps in career outcomes**.

# Italian households with female heads are less likely to invest

	Prob(own bonds or stocks)
Female hhd head	-0.039*** (0.010)
N	7,169
Region FE	Yes

Controls: Age, age sq., marital status, occupation, education, equivalized log(hhd income), equivalized log(hhd wealth), having a credit card, presence of small children. Survey weights used.

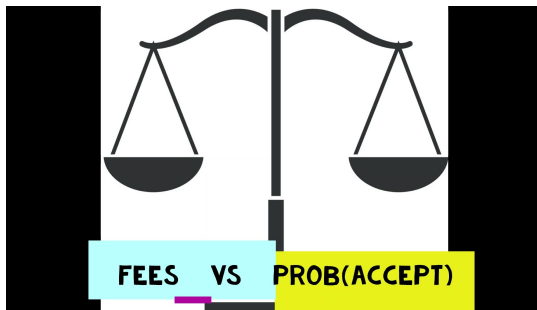
Data source: Italian Survey of Household Income and Wealth, 2008.

# Gender gap in investment vs gender gap in recommendation

	Bank own fund		Bank own balanced fund		Share bank own balanced fund
	(1)	(2)	(3)	(4)	(5)
Female	0.04*** (0.01)	0.01*** (0.01)	0.06*** (0.01)	0.03*** (0.01)	0.04*** (0.01)

- Magnitude of the estimated effect of gender on investment in Italy remarkably similar to that on the recommendation in Germany.

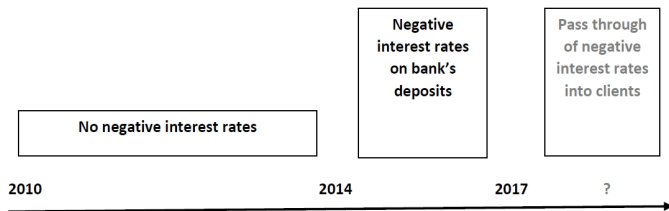
# Trade-off bw higher fees and probability of acceptance



- Advisors seek to maximize fees to boost their career progression.
- As they cannot observe the financial literacy of female clients, they face the risk that some of them will reject the offer.
- Rejecting the offer may be of concern if the bank's target is to contain holdings of excess liquidity.



# Heterogeneity by time period



- Period of analysis: 2010-2017
  - 2010-2013: weight on **fees** > weight on acceptance rate
  - 2014-2017: weight on fees < weight on **acceptance rate**  
⇒ Advisors' incentives more aligned to the clients' incentives?