



European Securities and
Markets Authority

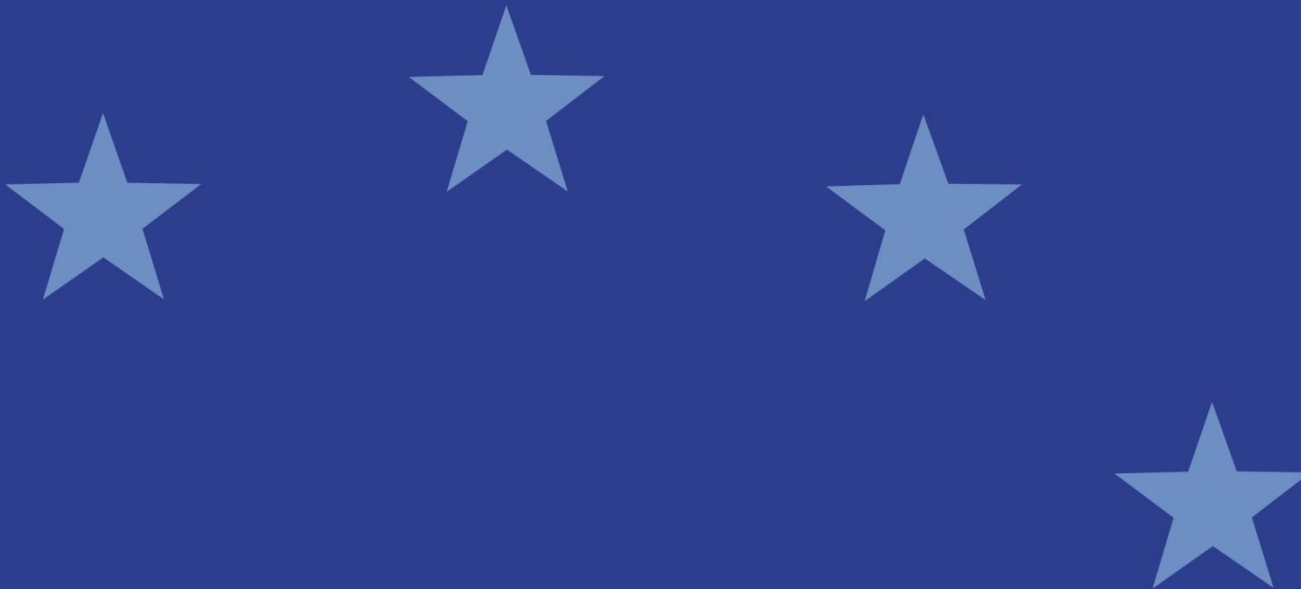
ESMA REGULAR USE

08 March 2022

SUERF - The European Money and Finance Forum

Gender, the Economy and Digitalization

Claudia Guagliano, Head of Unit – Innovation, Products and Technology, ESMA

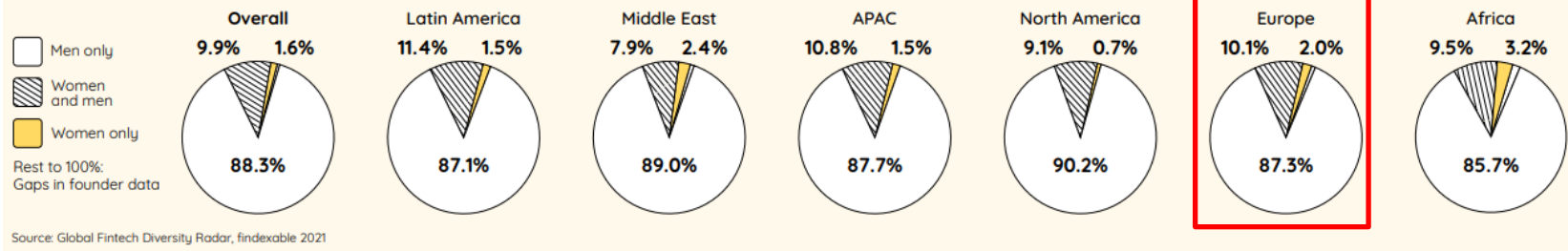




The FinTech Gender Gap (Founders)

In Europe, women-led FinTech start-ups account for **only 2%** of the total compared to **87.3%** founded just by men

Type of founder by region

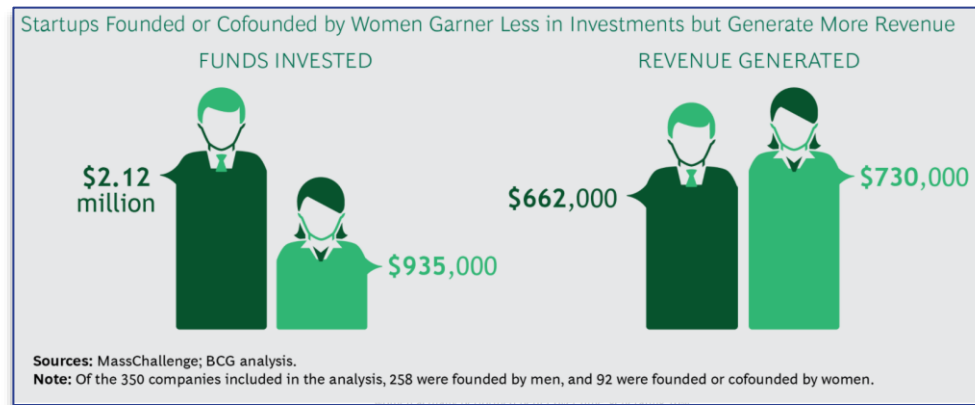


Source: [FinTech Diversity Radar](#)



The FinTech Gender Gap (VC Funding)

In 2019, **less than 3%** of all VC investment went to women-led companies despite women comprising **28% of founders or co-founders**



Source: Boston Consulting Group



A question of behavioural & learned differences?

Question:

What explains why there are fewer women engaged in financial markets, including by becoming entrepreneurs / founders on aggregate? If so, what are the implications for financial outcomes by gender?

Assumption:

1. Men and women **on average** have varying degrees of risk tolerance and this pattern applies to financial or investment decisions (i.e., men tend to accept riskier investments whereas women are more risk averse)*
2. Behavioural differences are shaped by underlying socio-economic drivers

What are the implications for FinTech?

1. The difference in risk tolerance level between the genders appears notable in their differing rates of adoption of riskier financial products
2. Different outcomes in financial literacy = fewer FinTechs founded by women

*Sources: [BCG](#), [Sapienza et al., 2009](#); [Charness and Gneezy, 2012](#), [Blake et al., 2019](#); [HBR](#)

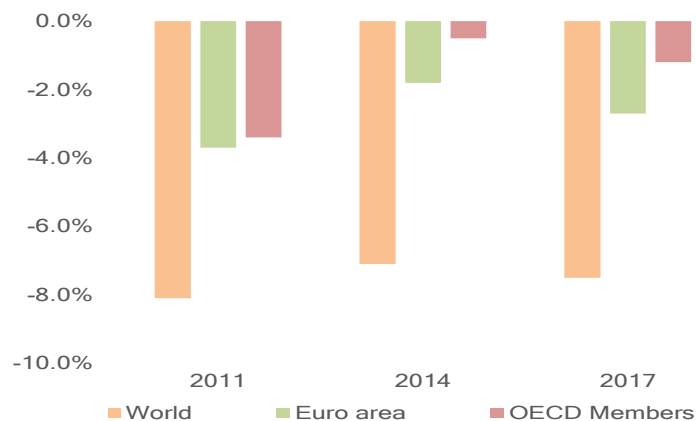


Financial inclusion and literacy impact behaviour

Women still have significantly lower access levels to financial means, including the most standard ones



Prevailing gender gaps in financial literacy



Note: Gender gap in financial account penetration in 2011, 2014 and 2016 in %

Sources: World Bank Financial Inclusion Database, ESMA.



Confident financial decision-making requires (a) access to financial means which in turn (b) enables learning patterns and boosts financial literacy



Behavioural case study: Crypto assets & risk

More men consider investing in bitcoin 'very risky' compared to women

U.S. Investors Who Consider Bitcoin Very Risky

What is your view about the risk level of bitcoin as an investment -- very risky, somewhat risky, not too risky or not risky at all?

% Very risky

	May 2018	June 2021	Change
	%	%	pct. pts.
U.S. investors	75	60	-15
Gender			
Men	83	61	-22
Women	67	59	-8

Despite their higher risk perception, men invest at higher rates than women

Percentage of U.S. Investors Who Currently Own Bitcoin

Which of the following applies to you -- you currently own bitcoin; you will probably buy bitcoin in the near future; you are intrigued by bitcoin but won't be buying it anytime soon; you have no interest in ever buying bitcoin?

% Currently own bitcoin

	May 2018	June 2021	Change
	%	%	pct. pts.
U.S. investors	2	6	+4
Gender			
Men	3	11	+8
Women	1	3	+2

Source: Gallup



The case for greater diversity in FinTech

Why we should broaden the scope of diversity and inclusion:

Costs of financial intermediation have declined in recent years thanks to technological progress and increased competition—**which is correlated with the rise of FinTechs** (source: [NBER](#))

Unbanked or underbanked populations now have access to more financing tools and investment opportunities, often supported by tech tools (e.g., trading platforms, neobrokers, crowdfunding, crypto assets)

This bolsters financial inclusion not just in terms of gender, but also across other categories (e.g., race, socio-economic status, nationality)

Given the benefits, we should embrace and encourage technological innovation, while being cautious about how these tools may affect consumers with lower levels of financial literacy