



CORNERSTONE ADVISORS

# Improving Financial Services for Women

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**RON SHEVLIN**

Director of Research  
Cornerstone Advisors

COMMISSIONED BY

**axiom.**

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# INTRODUCTION

The topic of marketing financial services to—or designing financial services for—women has been popular for about 20 years. The fact that it's still a popular topic suggests the industry hasn't gotten it right yet.

There are two sides of the coin regarding the state of women and financial services. On one hand, women now: 1) control two-thirds of consumer spending,<sup>i</sup> 2) hold 40% of total global wealth,<sup>ii</sup> 3) account for 40% of entrepreneurs worldwide,<sup>iii</sup> and 4) are the main breadwinner in 49% of U.S. households.<sup>iv</sup>

On the other hand, however, women: 1) have 30% to 40% lower retirement account balances than men;<sup>v</sup> 2) are 30% less likely to have sufficient access to funding for their entrepreneurial efforts;<sup>vi</sup> 3) are eight times more likely than men to look after sick children, which impacts their work day or other daily responsibilities;<sup>vii</sup> and 4) are more likely than men to switch to a job with greater work-from-home flexibility—which can result in lower pay—after becoming a parent.<sup>viii</sup>

While some observers blame financial institutions' bias for these gaps, the data suggests that other factors are in play. For example:

- Women spend from two to 10 times more hours per week on unpaid housework and caregiving than men.<sup>ix</sup>
- Between the ages of 30 and 50, women are less likely to make sacrifices in their private lives than men, with societal expectations about caring for children or elderly parents.<sup>x</sup>
- Women's household income decreases by 41% after divorce in the United States, more than twice as much as men's income decreases.<sup>xi</sup>

There's no shortage of statistics that depict the challenges or shortcomings women face in managing their financial lives. **The key question to address, however, is: What can—and should—financial institutions do to improve the delivery of financial services to women?**

To help answer that question, Cornerstone Advisors surveyed U.S. consumers to understand how men and women manage their finances, and to identify their perceptions, attitudes and beliefs about financial management and financial providers. In addition, we interviewed experts on the topic to get their perspectives on what financial institutions can, and should, do.

## About the Data

In the first quarter of 2020, Cornerstone Advisors conducted an online survey of 2,487 U.S. consumers. The sample was recruited to be representative of the overall U.S. population in terms of age, gender and geographic location. Please note that all percentages listed are column percentages—that is, they represent the percentage of respondents listed in the tables' column headers.

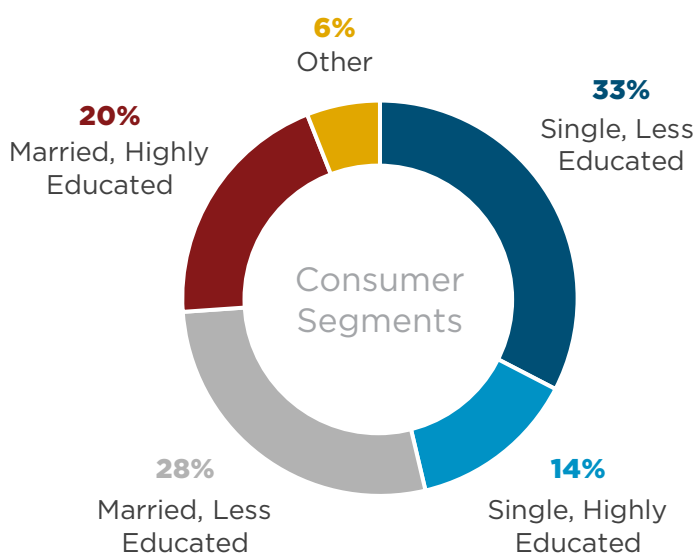
## Structuring the Analysis

Simply comparing how men and women manage their financial lives would overlook critical factors that influence financial management behavior. For some aspects of the analysis, we incorporated (and combined) two of those factors: marital status and education level.

Specifically, we created four consumer segments: 1) Single, Less Educated; 2) Married, Less Educated; 3) Single, Highly Educated; and 4) Married, Highly Educated (Figure 1). These four segments account for 95% of the population.

The “less educated” segments included consumers who have some college or who have achieved a lower level of education, while the “highly educated” group included consumers with a bachelor’s degree or higher. “Single” consumers may still have significant others, but those significant others are not part of the single consumers’ households. Of the 6% of consumers who didn’t fit into the other four segments, four in 10 are retired and/or unable to work, nearly half have annual household incomes below \$35,000, and just a quarter have a bachelor’s degree or higher.<sup>xii</sup>

**FIGURE 1: Consumer Segments**

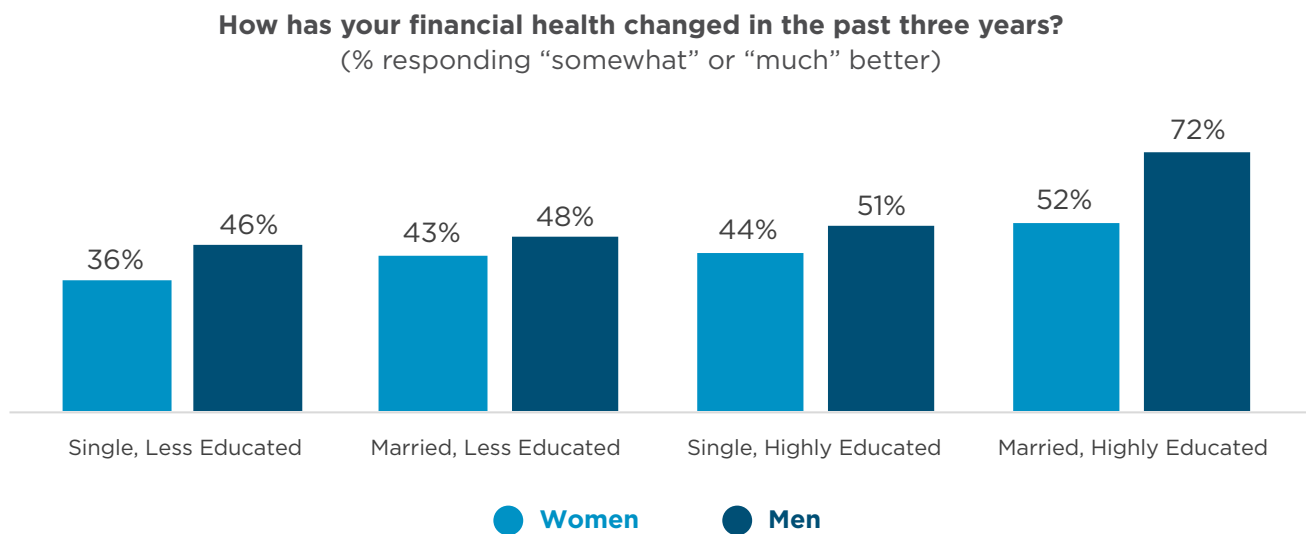


Source: Cornerstone Advisors survey of 2,487 U.S. consumers, Q1 2020

# FINANCIAL HEALTH AND PERFORMANCE

Although few consumers report that their financial health has declined from three years ago, there are gender differences regarding those who say that their financial health is “somewhat” or “much” better. The gender gap is particularly large among married, highly educated consumers: 52% of these women reported their financial health to be somewhat or much better than it was three years ago, in contrast to 72% of men (Figure 2).

**FIGURE 2:** Financial Health Changes from Three Years Ago



Source: Cornerstone Advisors survey of 2,487 U.S. consumers, Q1 2020

For the most part, fewer women (than men) say they: 1) earn higher returns on their investments, 2) have a higher credit score, and 3) pay less in checking account fees than they did three years ago (Table A).

**TABLE A: Financial Performance Changes**

Compared to three years ago, which of the following describes your situation?

	Single, Less Educated		Married, Less Educated		Single, Highly Educated		Married, Highly Educated	
	Women	Men	Women	Men	Women	Men	Women	Men
<b>Earning higher returns on investments</b>	37%	40%	38%	52%	42%	57%	43%	60%
<b>Credit score has improved</b>	36%	41%	45%	56%	45%	53%	49%	67%

Source: Cornerstone Advisors survey of 2,487 U.S. consumers, Q1 2020

There are identifiable financial health behaviors or attributes contributing to this gender gap (Table B). In each of the four segments, a lower percentage of women:

- **Have sufficient savings to cover emergencies.** The gap was particularly large among single, highly educated consumers, with 43% of women saying they have sufficient savings in contrast to 61% of men.
- **Are on track for long-term savings.** This was particularly true among the two highly educated segments.
- **Plan ahead for their expenses.** There was more than a 10-percentage-point gap between men and women in both married segments.
- **Earn competitive rates and returns on their deposits, savings and investments.** Roughly four in 10 single, highly educated women said they're earning competitive rates and returns compared to 60% of men.
- **Pay reasonable interest rates on outstanding loans.** About half of single, highly educated women said they're paying reasonable interest rates compared to nearly two-thirds of men.

**TABLE B: Financial Health Attributes**

Thinking about your household's financial life, how often do the following attributes describe your situation? (% responding "most" or "all" of the time)

	Single, Less Educated		Married, Less Educated		Single, Highly Educated		Married, Highly Educated	
	Women	Men	Women	Men	Women	Men	Women	Men
<b>Have sufficient savings to cover emergencies and six months of living expenses</b>	31%	36%	31%	41%	43%	61%	61%	71%
<b>Have or on track to have sufficient long-term savings and/or assets</b>	30%	34%	30%	39%	38%	54%	55%	72%
<b>Plan ahead for expenses (budget, move money into savings/investments)</b>	45%	49%	49%	59%	60%	68%	68%	81%
<b>Earn competitive rates on deposits/savings and returns on investments</b>	27%	37%	29%	45%	41%	60%	54%	72%
<b>Pay reasonable interest rates on outstanding loans</b>	40%	44%	43%	54%	51%	65%	65%	76%

Source: Cornerstone Advisors survey of 2,487 U.S. consumers, Q1 2020

Overall, married consumers demonstrate stronger financial health and performance than single consumers, and highly educated consumers are financially fitter and higher-performing than less-educated consumers. So, what accounts for the discrepancies in financial health and performance between the genders? To answer that, we explored consumers' financial behaviors and attitudes.

# WOMEN'S FINANCIAL BEHAVIORS

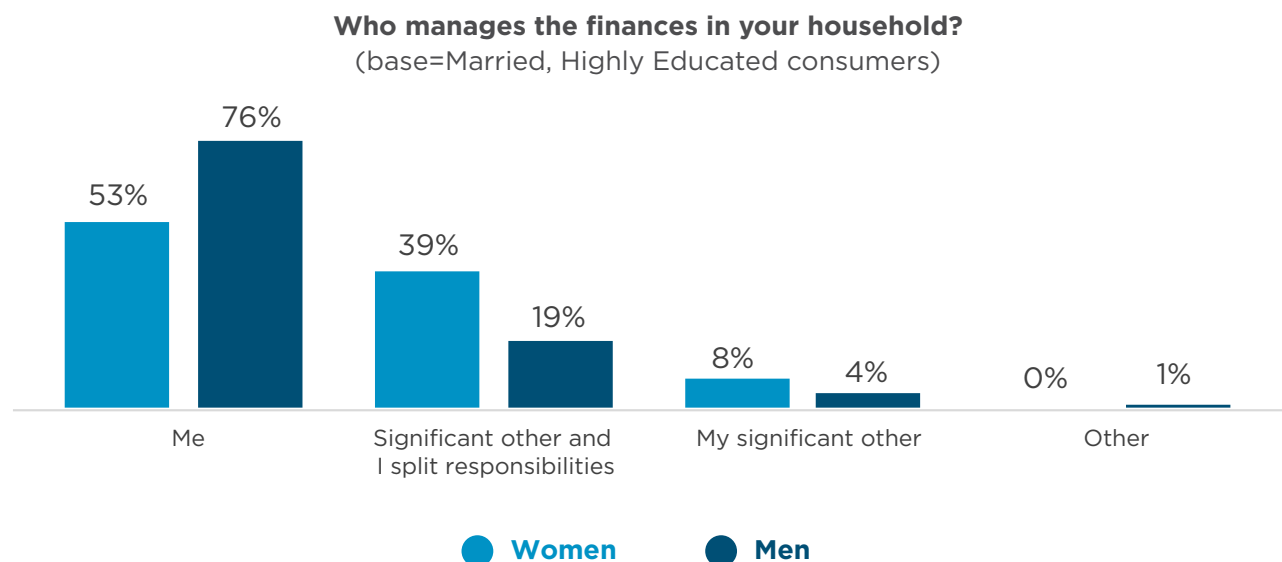
To better understand what might be influencing the difference in the genders' financial health and performance, we looked at: 1) how they manage their financial lives, and 2) who they turn to for help in managing their finances.

## Household Financial Management

Not surprisingly, an overwhelming majority of single consumers—roughly equal across the genders—say they manage their household's finances. Among Millennials in their 20s, about one in five say their parents manage the finances in their household.

One interesting gender difference, however, is among the married, highly educated consumers. A little more than half of women say they manage the household's finances, but 76% of men say they do. Nearly four of 10 female respondents say they split financial management responsibilities with their significant others, twice the percentage of male respondents in that segment (Figure 3).

**FIGURE 3:** Household Financial Management



Source: Cornerstone Advisors survey of 2,487 U.S. consumers, Q1 2020

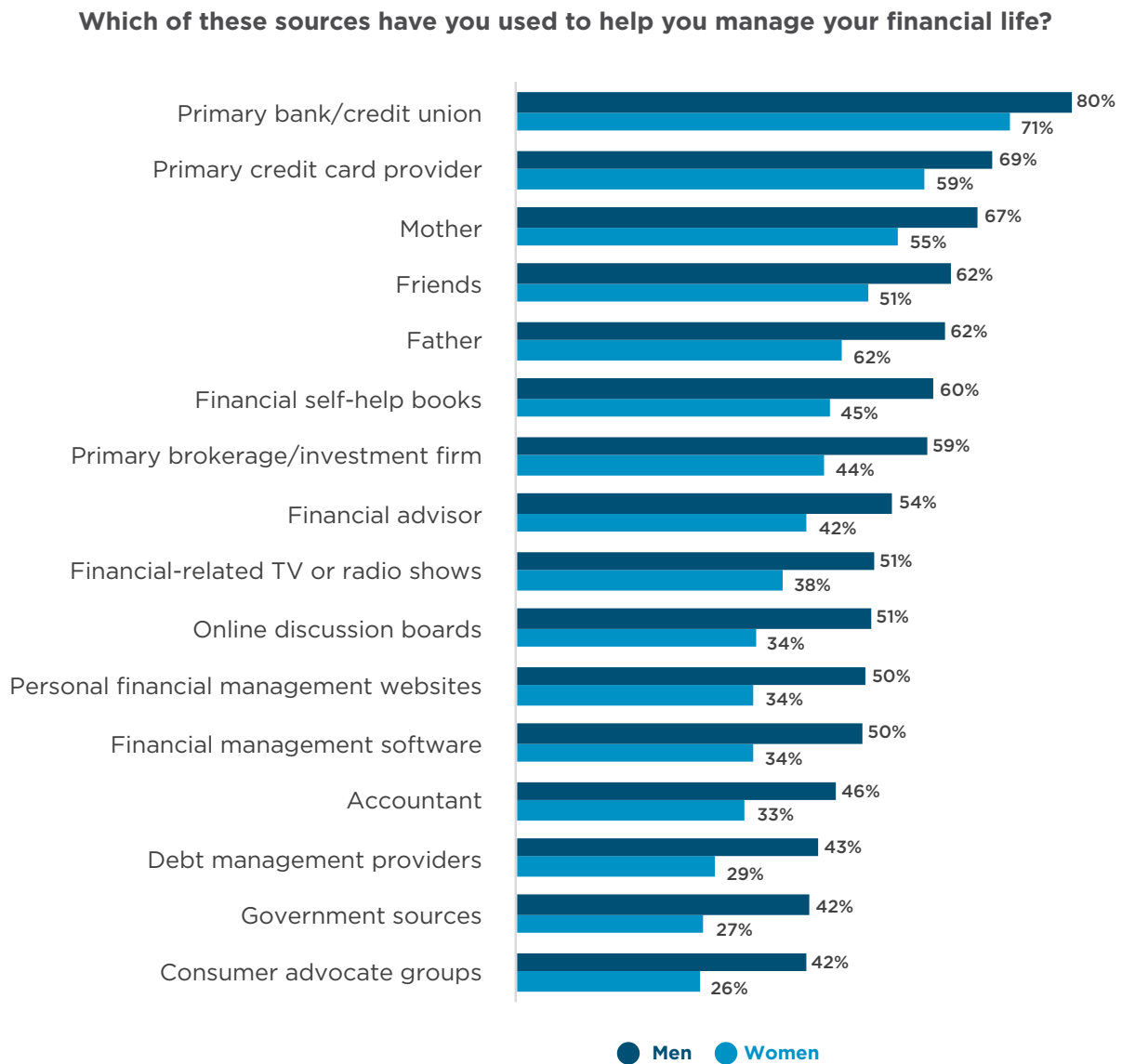
This finding leads us to speculate that this discrepancy is the result of misperceptions among couples regarding who manages the household finances or miscommunication between couples.



# Sources of Financial Help

Who consumers turn to for financial help—and how effective that help is—differs by gender. Across 16 different sources, a larger percentage of men have used the sources to help them manage their financial lives than women have (Figure 4).

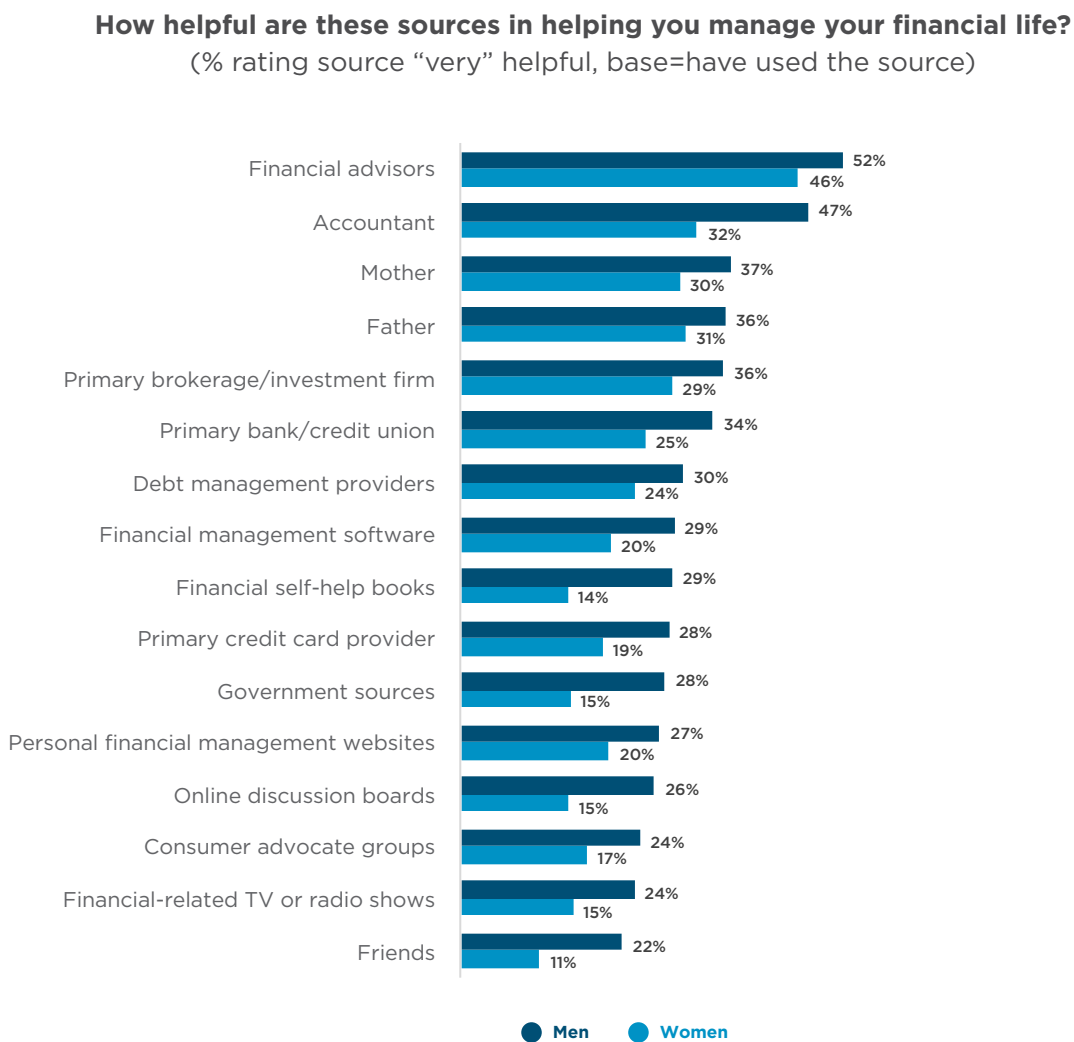
**FIGURE 4:** Sources of Financial Management Help



Source: Cornerstone Advisors survey of 2,487 U.S. consumers, Q1 2020

Across each of the 16 sources of financial management assistance, a larger percentage of men than women rated the sources as “very helpful” (Figure 5).

**FIGURE 5: Ratings of Financial Management Help Sources**



Source: Cornerstone Advisors survey of 2,487 U.S. consumers, Q1 2020

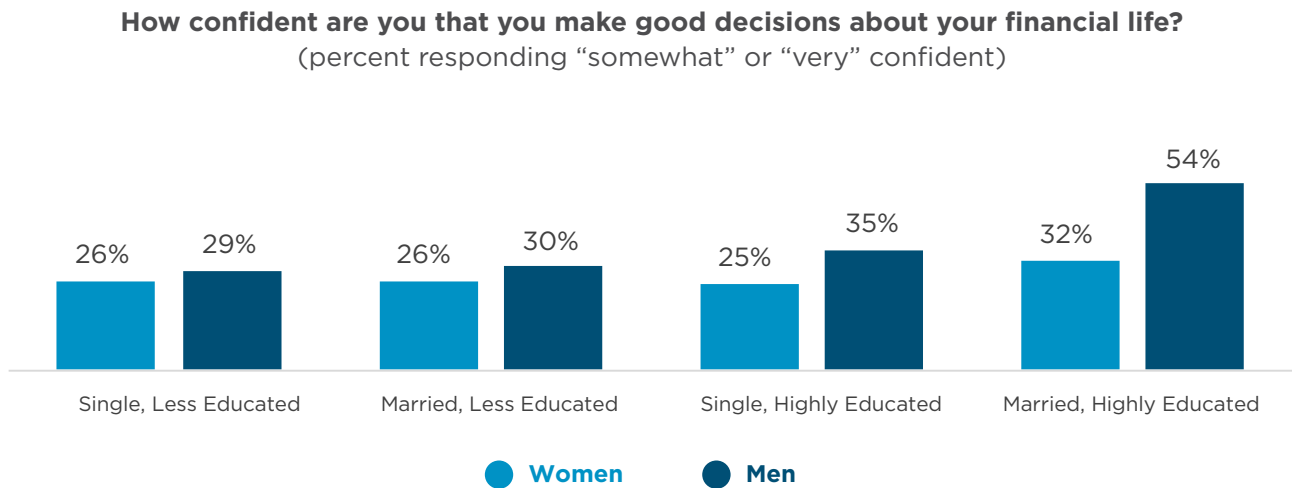
# WOMEN'S ATTITUDES ABOUT THEIR FINANCES

To explore and attempt to explain the differences in financial health between the genders, we evaluated consumers' beliefs about their: 1) confidence in making financial decisions, 2) level of financial literacy, 3) comfort level in discussing their finances, 4) perceptions of their primary institutions' ability to help them manage their financial lives, and 5) gender support preferences.

## Financial Confidence

Generally speaking, few consumers are highly confident that they make good financial decisions. But among married, highly educated men, 54% said they're "very confident" about their financial decisions, in contrast to just 32% of married, highly educated women (Figure 6).

**FIGURE 6:** Confidence in Financial Decisions

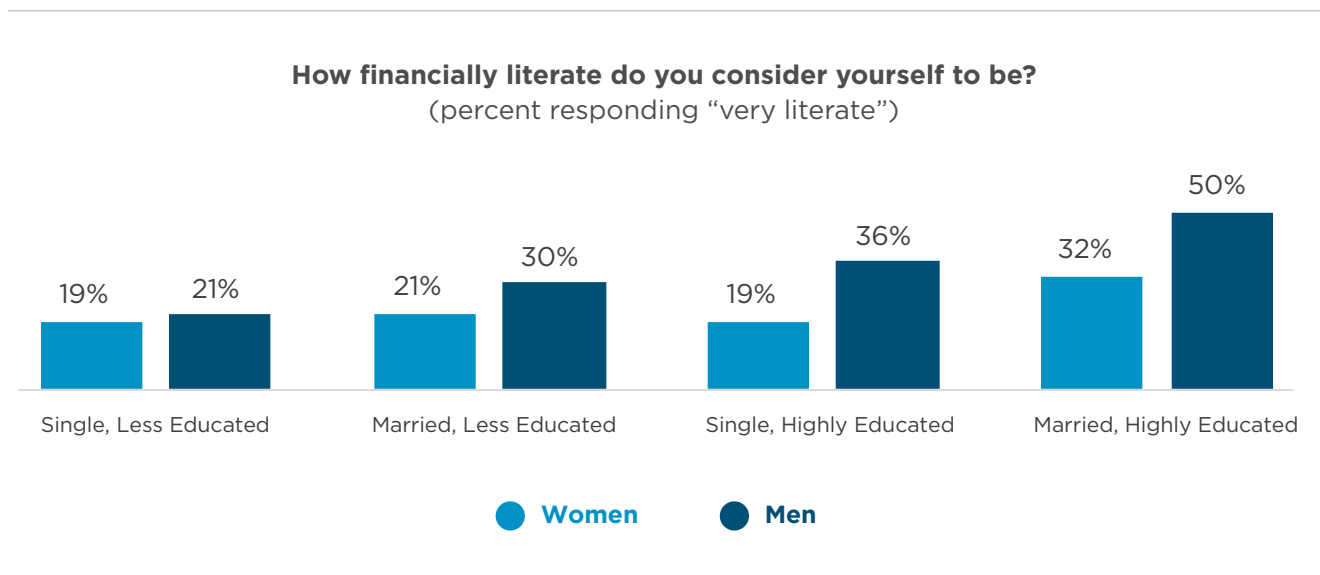


Source: Cornerstone Advisors survey of 2,487 U.S. consumers, Q1 2020

## Financial Literacy

Perceptions of their level of financial literacy may explain the confidence gap. Among single, highly educated consumers, 19% of women consider themselves to be very financially literate compared to 36% of men. And among the married, highly educated segment, half of the men consider themselves to be very literate versus just a third of the women (Figure 7).

**FIGURE 7:** Financial Literacy



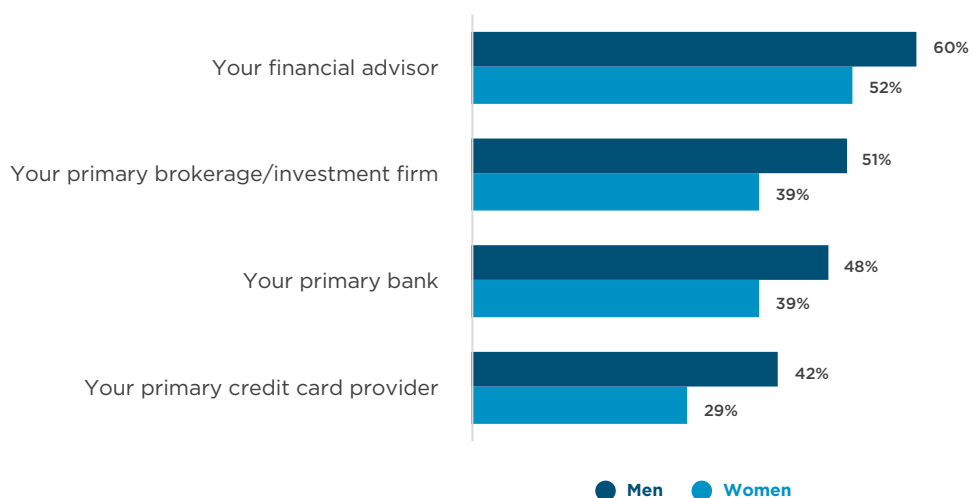
Source: Cornerstone Advisors survey of 2,487 U.S. consumers, Q1 2020

## Comfort Level

One reason women use fewer sources to help manage their finances is that fewer (relative to men) are comfortable discussing their financial lives with financial services providers (Figure 8).

**FIGURE 8:** Comfort Discussing Financial Lives with Financial Providers

**How comfortable are you discussing your financial life with the following companies?**  
(% rating source “very” comfortable)



Source: Cornerstone Advisors survey of 2,487 U.S. consumers, Q1 2020

## Primary Provider Perceptions

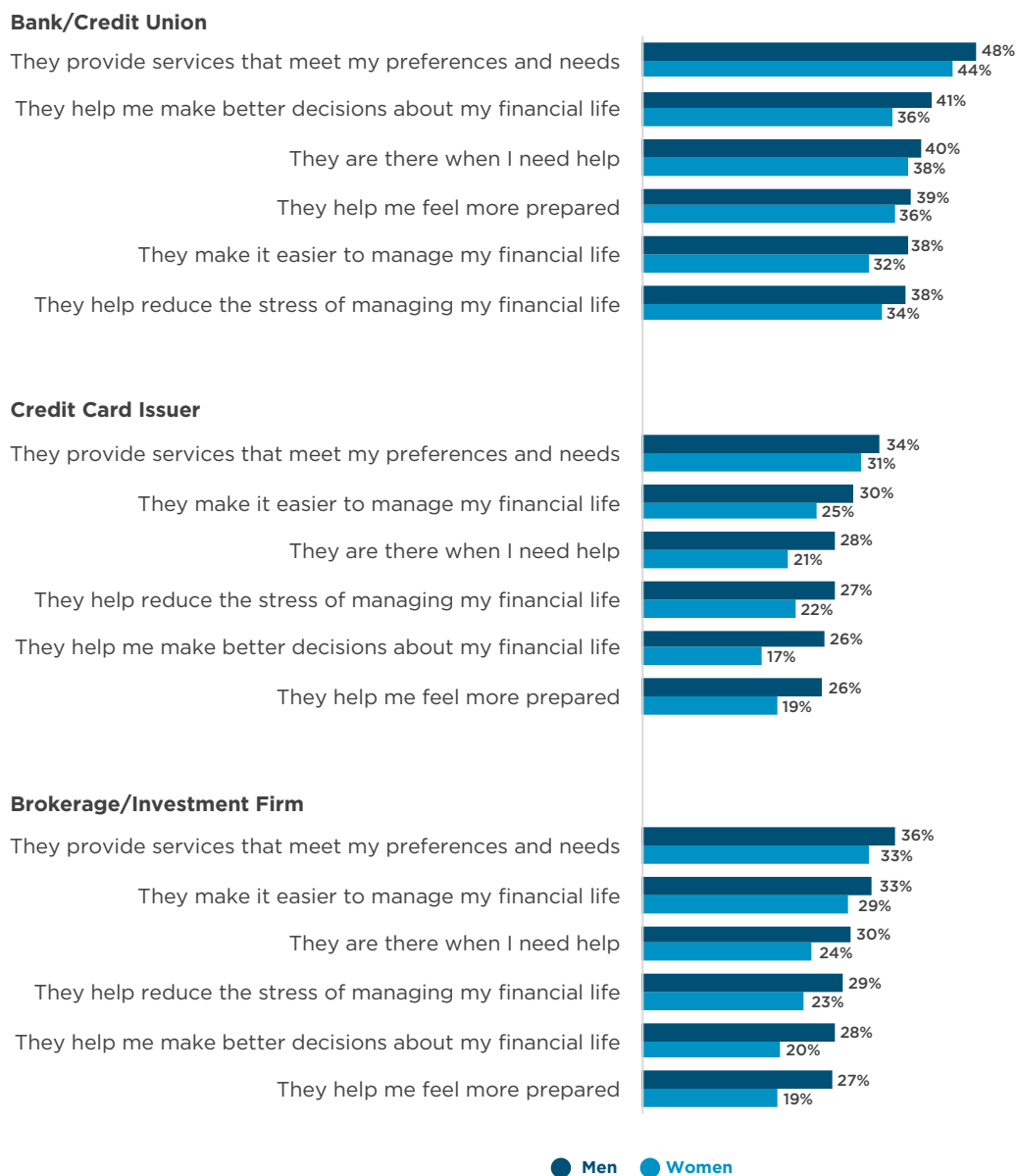
We asked survey respondents how well their primary providers—bank, credit card issuer and brokerage/investment firm—performed on six aspects of financial management support. In every attribute across each of the three types of providers, few women rated their providers as highly as men did.

Concerning banks, the gaps were generally small; the biggest difference was a 6-percentage-point gap regarding banks’ ability to make it easier for consumers to manage their financial lives. That was the lowest-rated attribute among women, with only 32% saying their primary bank does that to a great extent.

Ratings for credit card issuers were lower for both men and women, with a larger percentage of women rating their card issuers lower on all six attributes. The pattern was consistent among brokerages/investment firms (Figure 9).

**FIGURE 9: Perceptions of Primary Financial Providers**

**To what extent do you agree with these statements about the way your primary providers help you manage your financial life? (% responding “to a great extent”)**

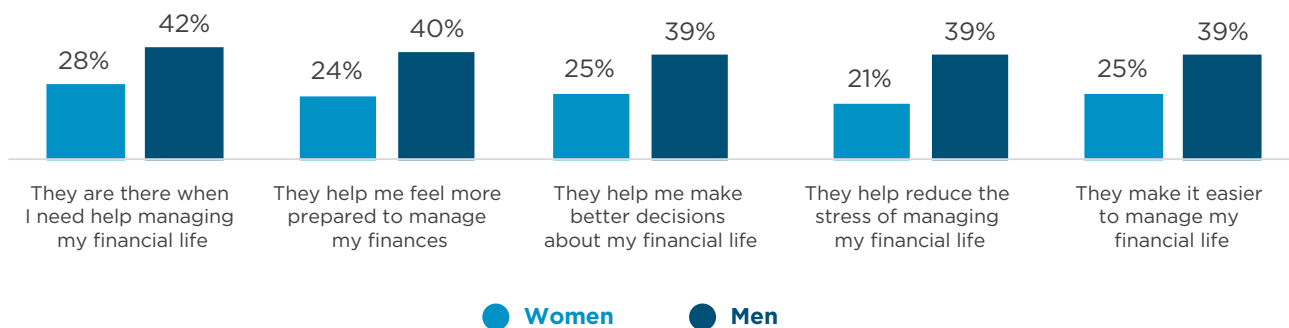


Source: Cornerstone Advisors survey of 2,487 U.S. consumers, Q1 2020

Gender differences regarding perceptions of the quality of support from consumers' primary banks are particularly acute among married, highly educated consumers. A significantly greater percentage of men than women rate their primary banks highly on each of five attributes (Figure 10).

**FIGURE 10: Perceptions of Primary Bank Among Highly Educated, Married Consumers**

**To what extent do you agree with these statements about your primary bank?**  
(% responding "to a great extent" Base=Married, Highly Educated consumers)



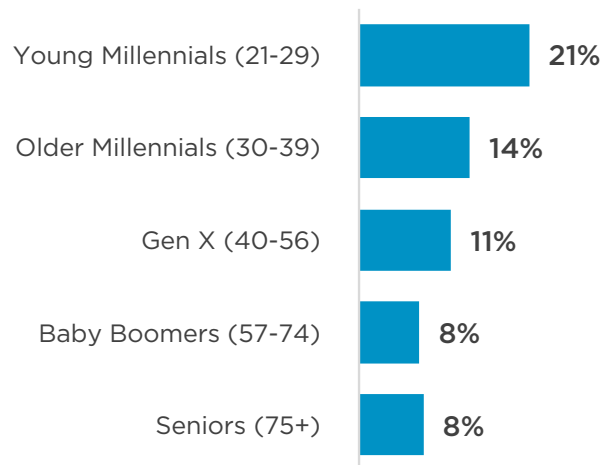
Source: Cornerstone Advisors survey of 2,487 U.S. consumers, Q1 2020

## Gender Support Preferences

It's tempting to think that financial institutions could just hire more women to interact with—and presumably, better support—other women. The data doesn't suggest this is what women want. Overall, just 12% of women would prefer to interact with an employee of the same gender (versus 13% of men). That might be changing, however. Among young Millennial women, 21% expressed an interest in interacting with women, a percentage that declines as age increases (Figure 11).

**FIGURE 11: Women's Support Preferences**

**“When interacting with an employee from one of my financial services providers, I prefer to interact with someone of my own gender.”** (Base=Women)



Source: Cornerstone Advisors survey of 2,487 U.S. consumers, Q1 2020



# IMPROVING FINANCIAL SERVICES FOR WOMEN

How women manage their financial lives—and their financial attitudes, behaviors and preferences—provides clues as to why there is a gender gap in financial health and performance. The question, then, remains: What can financial institutions do to close the gap?

Simply improving “marketing to women” efforts won’t do the trick. If, as one study found, women make 89% of the banking decisions for their families, then why bother marketing to men? Désirée Dosch, chief marketing officer at SmartPurse and former head of women segment at UBS Global Wealth Management, commented, “It’s dangerous to see women as one segment and to market to them this way. The diversity of women is very broad, and stereotypical missteps/flaws can happen very quickly.”

Instead, correcting the gender gap in personal financial management requires creating and improving customer experiences that help overcome four hurdles to better personal financial management: 1) confidence, 2) convenience, 3) communication and 4) collaboration.

## Confidence

It’s true that, compared to men, fewer women have a high level of confidence in their financial decisions. It’s possible, however, that 1) confidence levels are too low for both genders and/or 2) men are overconfident in their ability to make good financial decisions. This last point was supported by a female marketing executive at a wealth management firm:

*“Men tend to over-value their own expertise. Women, on the other hand, are more realistic with their skill level with investing and more likely to reach out to professional advisors.”*

Improving financial confidence—versus financial literacy—is important because, according to a study from the Social Research and Demonstration Corporation, financial confidence is a better predictor than financial knowledge when it comes to outcomes associated with day-to-day money and debt management. Maggie Germano, a certified financial education instructor and financial coach, writes:

*“Just because you don’t currently feel confident about your money management skills doesn’t mean you can’t change that. It’s a process that doesn’t happen overnight, but it has to be deliberate and consistent. The more you understand about your own finances, the more in control you will feel. That control will then lead to confidence.”*

## Convenience

For the past few years, financial institutions have assumed that introducing tools like mobile banking equates to providing additional levels of convenience. Women's low ratings on the level of convenience their primary providers deliver suggest there's more banks could be doing. Financial institutions need to better understand the realities of many women's lifestyles and tailor service delivery to these needs. According to Kathryn Petralia, CEO of Kabbage:<sup>xvi</sup>

*“Successful products embraced by working women—such as grocery delivery services, meal-kit subscriptions and dog-walking apps—save users time. Financial services must adapt, too. Create timesaving, straightforward tools to help women control their finances in the pediatrician's waiting room, the curbside pickup and the business-class lounge. Women need easy-to-use, versatile technologies that give more control over our time.”*

## Communication

Most women aren't very comfortable discussing their finances with their providers. This can't be solved by simply putting more women on the front lines of customer support. Without a higher level of comfort, women will persist in relying on fewer sources of financial management help and will continue to lag in financial health and performance. According to the marketing executive at a leading wealth management firm:

*“Older women tend to get their financial advice from their oldest son, even if their daughter is an accountant. They rely more on their daughters for healthcare advice even if their son is a doctor.”*

In addition, there's a disconnect between married couples regarding the management of their financial lives. If 40% of highly educated, married women say they split financial management responsibilities with their significant others, then somewhere close to 40% of men should be saying they split responsibilities—but they don't. The actual percentage is only half of that. To better serve women, financial institutions need to address the communication gap that is causing this discrepancy.

## Collaboration

Communication—not just between women and the institutions they do business with, but between women and the entire network of providers they could and should be communicating with—can be improved with tools and technologies that enable better collaboration in the management of women’s financial lives.

Fintech firm Honeyfi surveyed 500 Millennial couples and found that: 1) couples who have specific goals and consistently save for them are happier, fight less and feel more secure; and 2) couples who regularly talk about their financial goals are happier and have better sex lives.<sup>xvii</sup>

That should give financial institutions something to market with. Honeyfi CEO Ramy Serageldin advises financial institutions to enable better collaboration by being the neutral third party. According to Serageldin:

*“For too many couples, an advisor is ‘his’ advisor or ‘her’ advisor. In other cases, the financial institution will need to drive more equal collaboration from both parties. We do this by ‘gamifying’ financial management with spending and investment challenges.”*

## Recommendations for Financial Institutions

To better serve women, financial institutions should:

- **Take a segmented approach.** According to Wendy Coburn, principal consultant at Acxiom and former head of lending and card product marketing at TD, “Good content is a great way to engage women, but it has to be timely, relevant and segment-specific.” Verity Credit Union addressed that issued by identifying “moms” as the segment it wanted to market to. Although the market of moms is large, Verity narrowed its scope to women between 25 and 45 years old. To reach this segment, the credit union created a “mommy blog” and hired a mom to blog, tweet and be the “face” of Verity to this market segment.
- **Develop gender-specific advisor engagement strategies.** Training programs designed to educate advisors on how women are different often fall short of their goals because many advisors have years (if not decades) of experiences shaping their attitudes and behaviors—and one or two training classes won’t change that. Instead, financial institutions should focus on changing the process, not the attitudes. According to SmartPurse’s Dosch, “Many advisors say they don’t act differently with their female clients than they do with their male clients, but they should.” Dosch counsels financial institutions to have advisors more actively discuss risk tolerance and purposes for investing with female clients.

- **Deploy collaboration tools and technologies.** Many young, married women face a challenge when managing—or participating in the management of—their financial lives: separate accounts. Unlike older generations, younger consumers tend to keep their financial accounts separate and don't combine them until well into their marriage. Technology platforms like Honeyfi were designed to enable couples to collaborate in managing their finances.

According to Honeyfi's Serageldin, "Even when married couples split responsibilities for managing their finances, they often take on separate tasks and one person often doesn't know what the other is or isn't doing." A collaboration platform that aggregates accounts and provides a capability for messaging—like Venmo does—can help address this challenge.

- **Create or sponsor a podcast.** "Written content from financial institutions can come off sounding like 'mansplaining,'" according to Julie Kustoff, principal consultant at Acxiom. Podcasts don't suffer from that problem. A study from Edison Research found that the percentage of women who listen to podcasts grew from 21% in 2017 to 29% in 2019.<sup>xviii</sup> In addition, women are spending an increasing amount of time listening to podcasts, from 4.6 hours per week in 2017 to 5.5 hours in 2018.<sup>xix</sup> Creating a podcast is a big endeavor for most financial institutions; sponsoring may be a more feasible approach for many.


# ABOUT

## CORNERSTONE ADVISORS



Cornerstone Advisors delivers consulting services, industry insights and executive forums focused on helping financial institutions improve profitability and elevate performance quickly and efficiently. Cornerstone helps clients develop more meaningful business strategies, negotiate better vendor contracts, make smarter technology decisions and strategically re-engineer critical processes.

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# ABOUT

## ACXIOM



Acxiom provides the data and technology foundation for the world's best marketers. We enable people-based marketing everywhere through a simple, open approach to connecting systems and data to drive better customer experiences for people and greater ROI for business. A leader in identity, customer data management and the ethical use of data for more than 50 years, Acxiom now helps thousands of clients and partners around the globe work together to create millions of better customer experiences, every day. Acxiom is a registered trademark of Acxiom LLC and is part of The Interpublic Group of Companies (IPG). For more information, visit [Acxiom.com](http://Acxiom.com).

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<b>Shari Storm</b>	CEO, Category 6 Consulting

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- <sup>xi</sup> U.S. GAO, Women Still Face Challenges, GAO-12-699: Jul 19, 2012
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- <sup>xiii</sup> <https://blog.strands.com/bridging-the-gap-connecting-banks-and-women>
- <sup>xiv</sup> <http://www.srdc.org/media/199917/fcac-es-on-financial-confidence-en.pdf>
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Have questions  
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**CONTACT:**

**Ron Shevlin**

Director of Research | Cornerstone Advisors

[rshevlin@crnrstone.com](mailto:rshevlin@crnrstone.com)

480.424.5849

