

Title: Risk Aversion and Women Empowerment

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Introduction



Above 45



Below 45

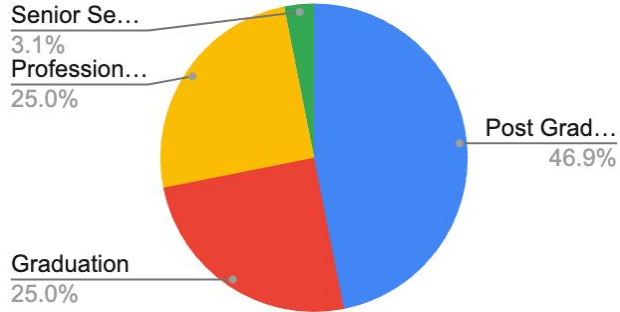
- Focus: Impact of risk aversion on women's financial decisions across generations.
- Empowerment: Financial empowerment is vital for women and economic progress.
- Method: Data from mothers and daughters, analyzed via descriptive stats and qualitative insights.
- Risk Aversion: Women generally show higher risk aversion than men due to socialization and cultural norms.

- Objective: Explore how confidence and empowerment affect risk tolerance in women aged above 45 and below 45.
- Generational Differences: Younger women take more financial risks; older women are more risk-averse.
- Findings: Younger women are more financially aware and open to riskier investments.
- Cultural Influence: Indian women's risk aversion is shaped by patriarchal norms, especially among older generations.

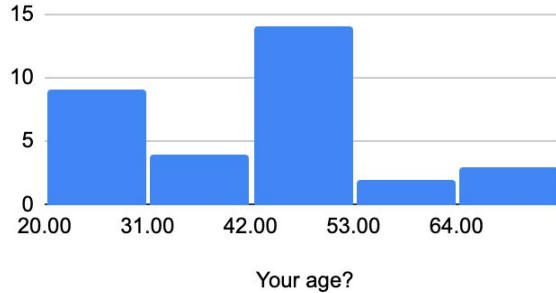
Methodology

Demography

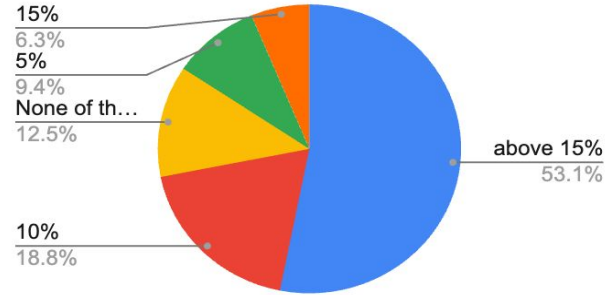
Count of Education Qualification



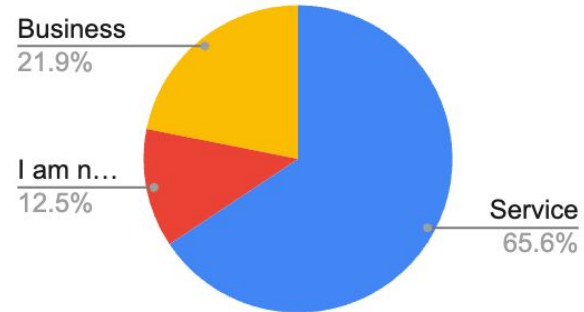
Histogram of Your age?



Count of Percentage of annual in...



Count of Your Occupation



Methodology

Research Aim: This study aims to explore the generational differences in financial risk tolerance among women, focusing on the relationship between confidence, financial empowerment, and risk aversion. By comparing the financial decision-making behaviours of women across two sets of generations namely above 45 and below 45 this research seeks to understand how risk aversion influences financial empowerment across generations.

Data Collection: Data were collected through a structured questionnaire distributed via online platforms. The questionnaire included both closed and open-ended questions about financial decision-making, investment preferences, risk tolerance, and confidence in financial matters. Participants were mothers and daughters across various generations, ensuring diverse representation. The survey was designed to minimise biases and was distributed widely to ensure broad participation from different socioeconomic backgrounds.

Data Analysis: Analysis included looking for patterns and trends within the financial behaviours of respondents, once data was collected. Next, we performed descriptive statistics to characterise trends in financial decision-making by the mothers and daughters.

Ethics: The experiment respected the confidentiality and consent of the participants, according to ethical standards, so the results are reliable and the experiment is valid and a useful study of risk aversion and women's empowerment.

Methodology

Are you aware of the following financial investment options? *

	Yes	No
Banks Saving Account	<input type="radio"/>	<input type="radio"/>
Fixed Deposits	<input type="radio"/>	<input type="radio"/>
SIP (Systematic Investment Plans)	<input type="radio"/>	<input type="radio"/>
Mutual Funds	<input type="radio"/>	<input type="radio"/>
Insurance Plans	<input type="radio"/>	<input type="radio"/>
Equity Funds	<input type="radio"/>	<input type="radio"/>
Gold	<input type="radio"/>	<input type="radio"/>
Government Bonds	<input type="radio"/>	<input type="radio"/>
Post Office Schemes	<input type="radio"/>	<input type="radio"/>
Ulip Plans	<input type="radio"/>	<input type="radio"/>
T-bills	<input type="radio"/>	<input type="radio"/>
Provident Funds	<input type="radio"/>	<input type="radio"/>
MCX	<input type="radio"/>	<input type="radio"/>
Debentures	<input type="radio"/>	<input type="radio"/>

What is your preference towards the available financial options on a scale of 1 to 5, where 1 is least preferred and 5 is most preferred

	1	2	3	4	5
Banks Saving ...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fixed Deposits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
SIP (Systemati...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mutual Funds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Insurance Plans	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Equity Funds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gold	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Government B...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Post Office Sch...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ulip Plans	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
T-bills	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Provident Funds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
MCX	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Debentures	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Methodology

⋮

Rate your degree of agreements with the following statements where 1 is strongly disagree *
and 5 is strongly agree

	1	2	3	4	5
I Prefer FD's , R...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I Prefer Prefere...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I Prefer Debts f...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I Prefer Real es...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I Prefer Gold in...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I Prefer invest...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I Prefer invest...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I Prefer Insuran...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I Prefer invest...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I Prefer invest...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

⋮

What is your primary objective when making financial investments(please rate the attributes *
on the basis of importance regarding financial investment option)

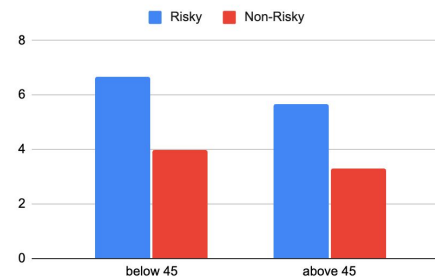
	Very Low	Low	Medium	High	Very High
To assure the s...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To generate inc...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To achieve a p...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To accumulate ...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To reduce inco...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
For financial st...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Retained earni...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contingency pl...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To gain knowle...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Results

1. Awareness of Financial Instruments

Women under 45 showed greater awareness of a wider variety of financial instruments compared to older women. They were more inclined towards exploring riskier investments, although the degree of risk they were willing to take was still measured.

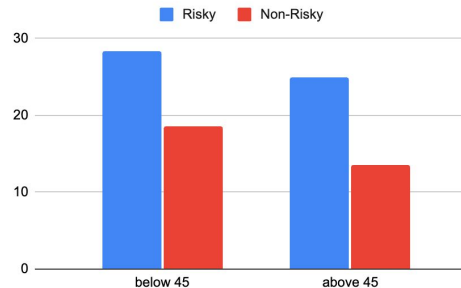
average	Risky	Non-Risky
below 45	6.6666667	4
above 45	5.6666667	3.290322581



2. Preference for Risky vs. Non-Risky Investments

Younger women displayed a stronger preference for risky investments compared to older women, though both groups preferred a balance between risk and safety in their portfolios.

average	Risky	Non-Risky
below 45	28.333333	18.5333333
above 45	24.9166667	13.5

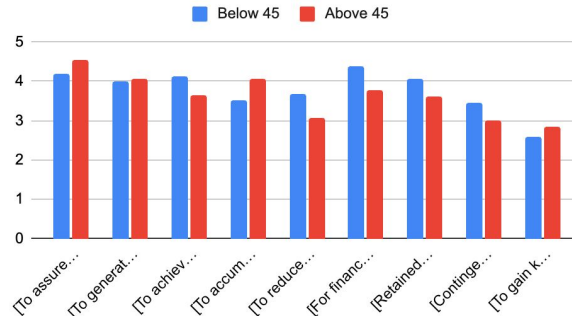


Results

3. What is your primary objective when making financial investments(please rate the attributes on the basis of importance regarding financial investment option)

	[To assure the safety of principal amount]	[To generate income]	[To achieve a particular investment goal]	[To accumulate asset for retirement]	[To reduce income tax]	[For financial stability]	[Retained earnings]	[Contingency planning]	[To gain knowledge]
Below 45	4.2	4	4.1	3.5	3.7	4.4	4.1	3.5	2.6
Above 45	4.5	4.1	3.6	4.1	3.1	3.8	3.6	3.0	2.9

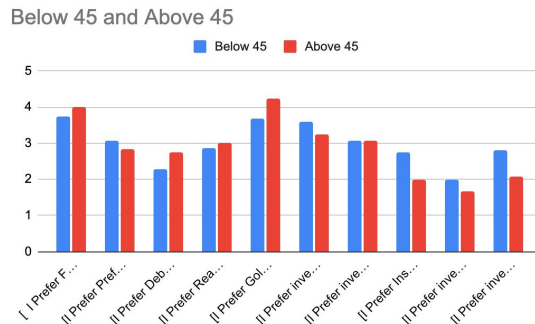
Below 45 and Above 45



Results

4. Agreement and preference over pair of investment types

1. Stock Market : Women below 45 are slightly less likely to use fixed deposits and similar instruments compared with those above 45, indicating a greater openness for stock market investments.
2. Preference Funds and Equity Funds : A middle of the bucket preference for Preference funds over and above equity by both age groups, but those below 45 lean towards equities
3. Debt Funds and Preference: Women above 45 have higher inclination to debt funds and hence are more likely, women under the age of 45 exhibit opposite behaviour
4. Real Estate and Stock Exchange: There is very little difference between both age groups in favouring real estate for their investment, and they are moderately inclined supporting it over stock exchange.
5. Gold and Bonds/Debt Funds: Women of 45 years and above are more inclined towards investing in gold as compared to their younger peers.
6. Mutual Funds/SIP and Single Investment: Both age groups favour mutual funds or SIP over single investments with women under 45 exhibiting barely better curiosity.
7. Government Bonds and Private Investment: Women of all ages prefer government bonds to private investments
8. Younger women have a greater preference for SIP Funds than insurance while, among older age groups (45 years and below), the preferences tilt significantly towards insurance.
9. MCX and Equity/Preference: Women more likely to invest in MCX, regardless of whether they are 30 or 50 years old?
10. Equity Funds and Convertible Funds Section: 3.2 shows that women below the age of 45 are more partial to equity funds than those aged over 45, but only slightly less prone to convertible funds



Discussion

Women below 45 years of age demonstrate a broader awareness of different financial instruments, showing an openness to explore riskier options as compared to women of the age group of above 45 years. While both the age groups approach investment decisions with caution, younger women appear to be more inclined to diversify higher risk financial products. This contrasts with women above 45, who show a preference for more traditional and safer options, such as fixed deposits and government bonds.

In terms of risk tolerance, younger women tend to favour risky investments more than the older women. Women above 45 lean towards non-risky investments, reflecting a more conservative financial approach driven by a desire to preserve capital.

When it comes to primary objectives for financial investments, safety of the principal amount and financial stability are paramount across both the age groups. However, younger women are focused on income generation and gaining financial knowledge, showcasing their interest in long term wealth building. In contrast, women above 45 place greater importance on retirement planning and reducing income tax, aligning their objectives with life stage priorities. Overall, young women have more of a growth mindset while the older ones are concentrated on safety and future planning.

Discussion

Women below 45 are increasingly open to investing in the stock market and equity funds, showcasing a growing confidence in handling volatile financial instruments. This shift reflects broader cultural changes, as younger women gain more financial literacy and resources. In contrast, women above 45 tend to prefer safer investments like fixed deposits and debt funds, driven by a desire to secure their principal amounts and ensure stable income as they approach retirement.

Both age groups show moderate interest in real estate, recognizing it as a stable asset class. However, older women lean more towards gold investments, valuing its security and cultural significance. Younger women, conversely, are drawn to Systematic Investment Plans (SIPs) and equity funds, indicating a proactive approach to wealth accumulation.

Mutual funds and SIPs are favored over single investments by both demographics, with younger women exhibiting slightly greater interest. Across the board, government bonds remain a popular choice, preferred over private investments, emphasizing a shared focus on security. A generational divide in risk tolerance is highlighted by these trends; younger women are more inclined to assail risks while older ones prefer safety. This divide can be bridged through specialized financial education and empowerment programs that would increase women's representation in the finance industry.

Conclusion

This research highlights the importance of addressing risk aversion in women as a key factor in financial empowerment. While younger women are becoming more confident in taking financial risks, there is still a long way to go in breaking down the societal norms that inhibit women from fully participating in the financial sector. Financial education and empowerment programs that target women across generations can help reduce risk aversion and promote more equitable participation in the economy.

References

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- Gimenez-Jimenez, D., Edelman, L. F., Dawson, A., & Calabrò, A. (2020). Women entrepreneurs' progress in the venturing process: the impact of risk aversion and culture. *Small Business Economics*, 58(2), 1091–1111.
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