December 1, 2022
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Gender Gap in Financial Literacy: A Case Study of Japan

（Executive Summary）

This study discussed the gender gap in financial literacy in Japan. Specifically, we proposed two questions, as given below.

(1) Why is the gender gap observed?

(2) What are the implications of gender gap for Japanese women?

Regarding the first question, there is no clear consensus about the reasons for the gender gap, inside and outside Japan. A widely shared view among experts is that “no single factor can explain the phenomena and further investigation is warranted.”

This is due to fact that socio-demographic factors have only limited statical explanatory power, and that a significant number of conflicting evidences have emerged against the division of housework load hypothesis. An alternative hypothesis is the effects of social conventions, which seem to work but are not easy to convert to economic data.

Regarding the second question, this study stressed the Japanese women’s need for a higher level of financial literacy. As the average life-expectancy of women is longer than that of men, women need a larger amount of financial assets than men do, despite lower income and pension benefits compared to men.

In addition to the gender gap in financial literacy, Japanese women showed (1) low self-assessment of their financial literacy; (2) low-confidence in financial transactions; and (3) better financial attitudes/behaviors compared to men, despite the low level of financial knowledge.

To close the gender gap in financial literacy in Japan, financial education, particularly designed for women, should be promoted. For this purpose, there is a strong need to share the gender gap issue with women and those participating in financial education, and to further investigate the reason.

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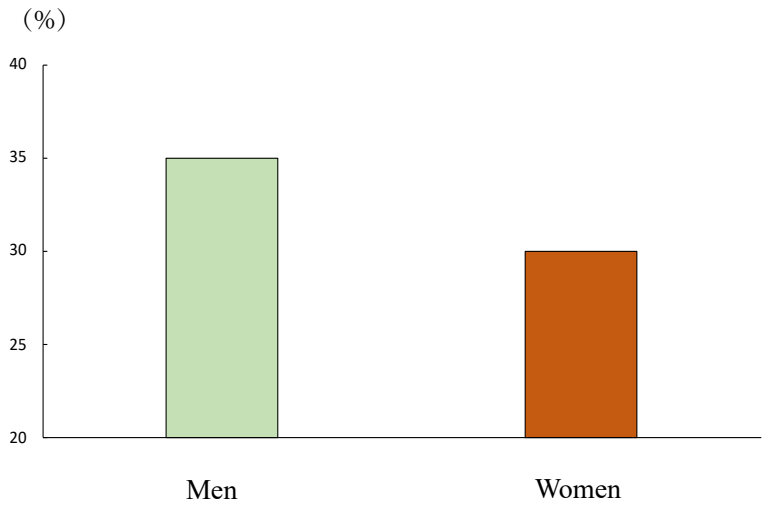
1. The gender gap in financial literacy: World-wide phenomenon

Women's financial literacy is lower than that of men. This gender gap is a world-wide phenomenon, regardless of the level of economic development (Figures 1 and 2). Financial literacy in this study is defined as knowledge and skills necessary to make proper financial transactions and investments.

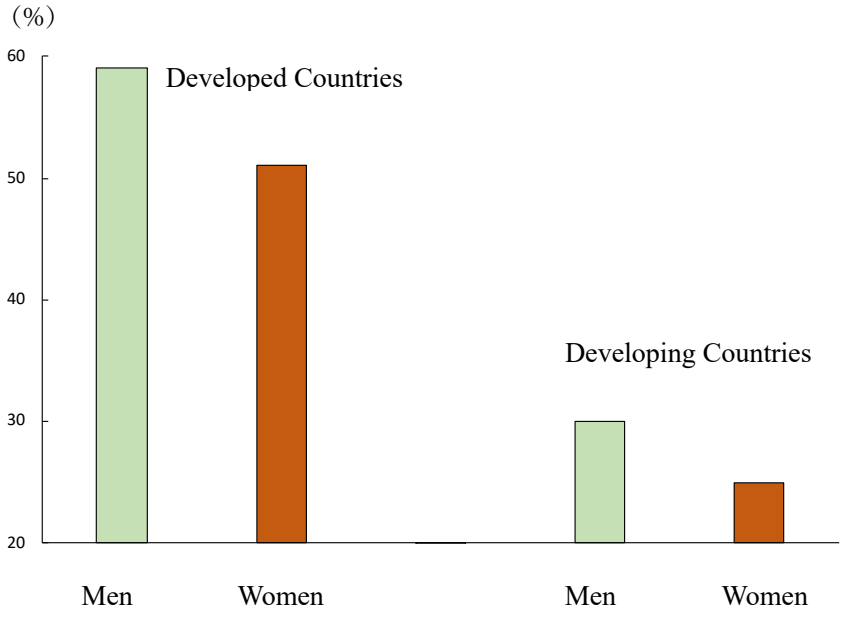
（Figure 1） World-wide gender gap in financial literacy



(Source) Standard & poor's Ratings Service Global Financial Literacy Survey.

(note) The sample size is 150,000 consisting of 140 countries. The figure shows percentage of answering three or more correct answers out of four.

（Figure 2） The Gender gap by developed and developing countries



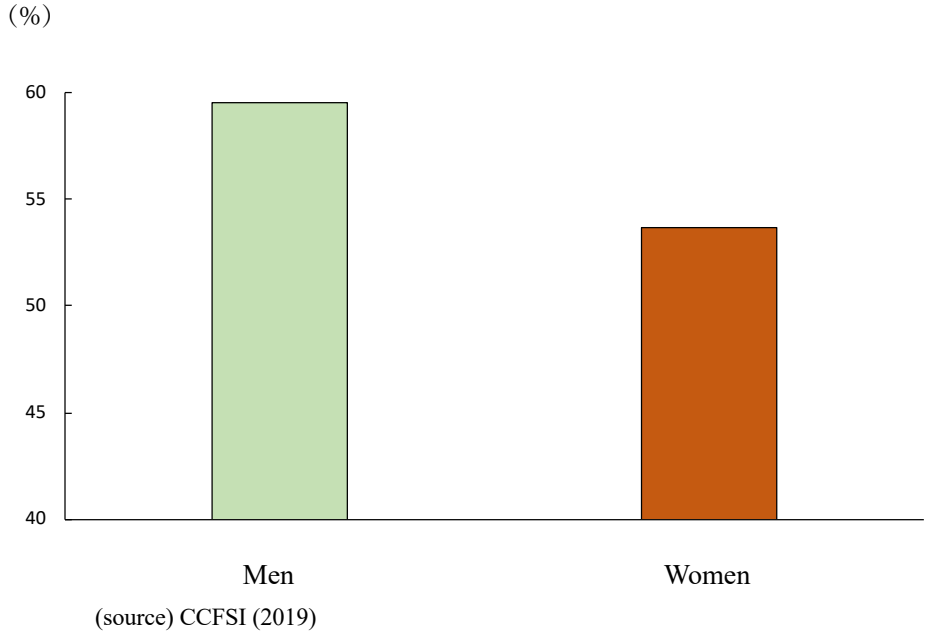
(Source) Standard & poor's Ratings Service Global Financial Literacy Survey.

OECD also conducted a survey in 2015 covering 30 developed countries.[2] The results showed that out of 30 countries, gender gap was observed in 19 countries. Similarly, surveys conducted by individual countries also confirmed the gender gap.[3]

Figure 3 shows the results of the Japanese financial literacy test conducted in 2019 by the Central Council for Financial Service Information (hereafter "CCFSI").[4] The figure indicates percentages of people choosing the correct answer from total of 25 questions. The test performance of women is about 6 percentage-point worse than men. Therefore, this result confirms that gender gap is observed in Japan.[5]

As percentage of choosing correct answers for the both genders remain around 50 to 60 percent, the financial literacy level of Japanese is relatively low.

（Figure 3） Japan's Gender Gap in Financial Literacy



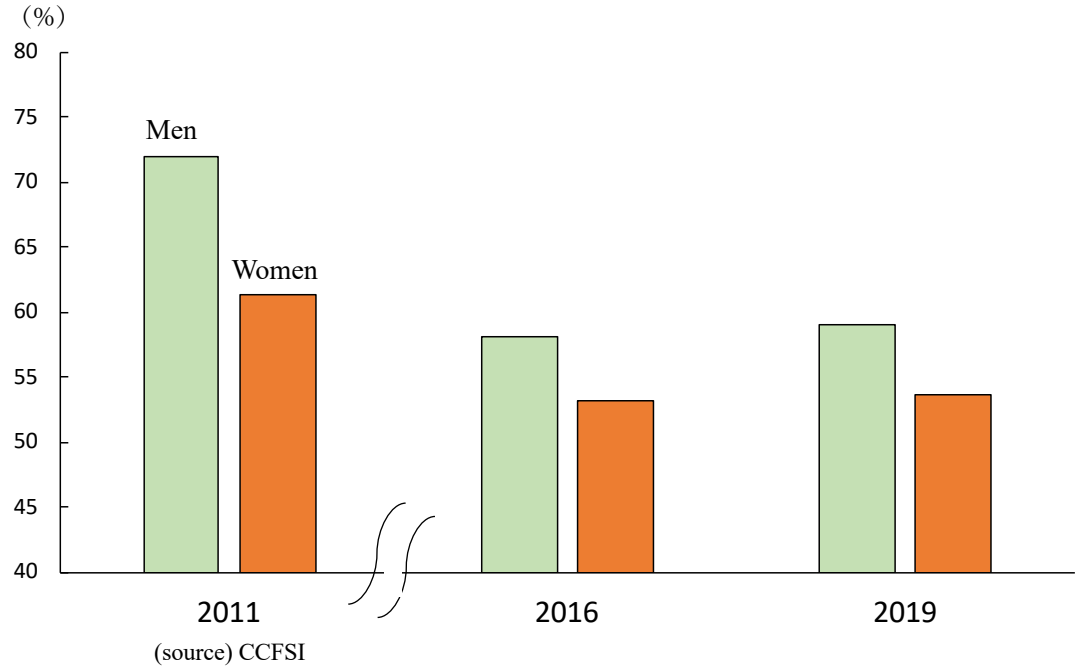
(source) CCFSI (2019)

CCFSI conducted financial literacy tests four times, namely in 2011, 2016, 2019,

[2] OECD (2016).
[3] The surveys were conducted in the U.S., Germany, Japan, Canada, France, Holland, Italy, Spain, New Zealand, Australia, and Sweden.
[4] The office of the CCFSI is ran by the staff of the Bank of Japan, the Japanese central bank.
[5] Source CCFSI (2019). The 25 questions of the test include financial knowledge, budgeting, financial planning, and seeking financial advice.

and 2022. Figure 4 clearly indicates that gender gap existed in all three tests.[6]

(Figure 4) The results of the gender gap in three financial literacy tests



(source) CCFSI

Observing the gender gap in financial literacy world-wide including Japan, we came up with two questions, as given below.

(1) Why is the gender gap observed in Japan?

(2) What are the implications of gender gap in financial literacy for Japanese women?

In Chapter 2 and 3, we discuss these two questions, starting with question one.

2. Reasons for the wide gender gap in financial literacy

2.1. Financial literacy tests and gender gap

The Financial literacy of consumers became a serious problem, as financial

[6] The questions of the 2011 survey differ from other two surveys. Therefore, the direct comparison of the percentage of correct answers between 2011 survey and other two surveys is not recommended.
The results of the latest survey conducted in 2022 was not available at the time of writing this paper.

deregulations started in 1990s and the consumers, rather than financial institutions, were held responsible for conducting financial transactions. Although consumers have gained advantages such as liberalized deposit rates and increased chances of choosing investment opportunities, they began to experience increased chances of financial losses owing to asset price declines or bankruptcies of financial institutions. Some consumers even incurred unexpected financial losses owing to purchase of financial products without understanding the risks pertaining to financial products.

Such drastic changes caused by the financial deregulation have necessitated the need to improve consumers' financial literacy through financial education.

The U.K. was one of the leading countries in this field. It established a national strategy of financial education as early as in 2003. In addition, according to the strategy, the U.K. conducted nationwide financial literacy survey in 2004, which was the first of its kind.

In the case of Japan, the Financial and Economic Education Committee published the "Financial Literacy Map," which described the minimum level of financial literacy classified by age groups.[7] In 2016, the CCFSI conducted the first financial literacy survey in Japan.

As the number of countries conducting financial literacy survey has increased, gender gap has become a widely observed phenomena. Such a finding has motivated the G20 meeting held in 2012 to conclude that the efforts to deliver financial education should be accelerated, especially for women and the young generation. Against the background of the G20 resolution, OECD published a report titled "Women and Financial Education" in 2013. The report was the first of its kind published by a world organization and covered the issue of gender gap. The report attracted the attention of academics. Various research papers have been published to explain the observed gender gap.

Unfortunately, a clear consensus about the reasons for the gender gap has not been reached. The current view among experts is that "no single factor can explain the phenomena and further investigation is warranted."

Furthermore, several hypotheses have been proposed to date. We discuss three

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[7] Kinyukeizai-Suishin Kyogikai (2014) (available in Japanese).

hypotheses and examine them using Japanese survey data, as given below.

2.2. Explaining the gender gap: socio-demographic factors

The starting point of explaining gender gap is to examine its relationship with socio-demographic factors such as age, income, financial assets, education, and marital status. Indeed, most research papers in this field started their examinations with analyzing this factor.

However, as one of studies conducted in the U.S. showed, various socio-demographic factors had only 25 percent of statical explanatory power.[8] Similar studies conducted outside the US. also arrived at similar results, that is, the explanatory power of the factor was only around 10–30 percent. The results of the statical analysis caused considerable confusion among the researchers and promoted further research efforts to identify other factors.

2.3. Hypothesis One: Division of Housework load

This hypothesis focused on the effect of uneven share of housework load. For a married couple, this hypothesis assumes that men usually play the role of conducting large sums of financial transactions, such as financial investments and applying for auto or mortgage loans. As these transactions require financial knowledge and informed decisions, they contribute to improving men's financial literacy. In addition, this hypothesis considers that women's primary role is managing day-to-day spending. As such activities do not require women to have broad financial knowledge or skills, women have less opportunities to improve their financial literacy compared to men, thus creating a gender gap.

However, a significant number of conflicting evidences have emerged after this hypothesis was published. For example, if the theory holds, unmarried women, required to conduct various financial transactions as married men do, should have almost same level of financial literacy as married men. However, the survey results conducted in OECD and European countries revealed that (1) the financial literacy level of unmarried women was lower than that of unmarried men and (2) the financial literacy of unmarried and widowed women were almost as low as married women.[9] Furthermore, a U.S. study

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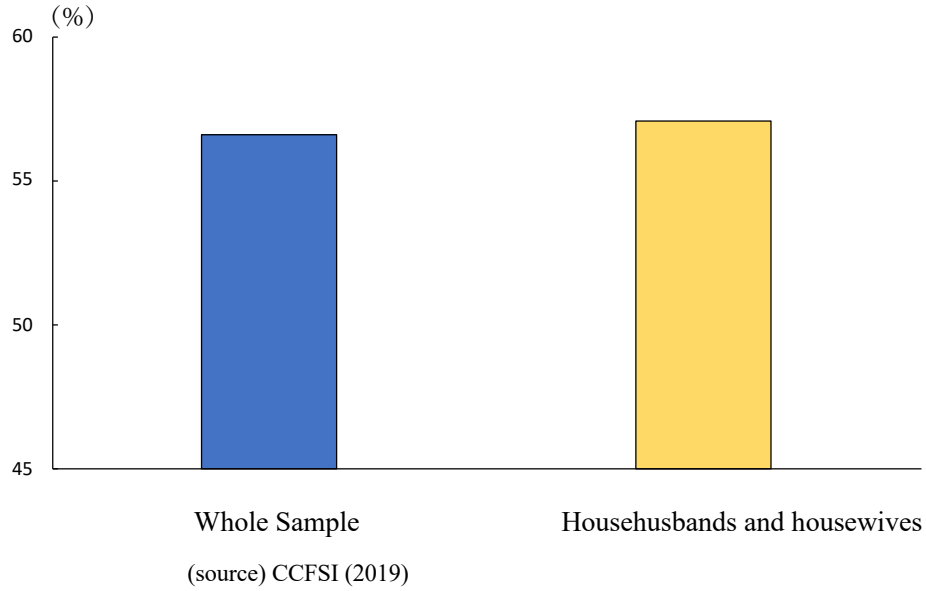
[8] Fonseca et al. (2010).

[9] Filipiak et al. (2015), Grohmann (2016), OECD (2013).

revealed that gender gap still existed in households where married women played the main role of conducting various financial transactions.[10]

Figure 5 shows a case of Japan, using the CCFSI's survey. The financial literacy level of a subsample categorized as "househusband and housewife" was slightly higher than that of the entire sample, implying that the above hypothesis does not hold in Japan.

（Figure 5）Financial literacy of househusband and housewife in Japan



(source) CCFSI (2019)

2.4. Hypothesis Two: The effect of social conventions

Academics then turned their attention to the effect of social conventions, such as gender inequality. To measure the effect, a conventional method is to examine the gender gap of universal students or high school students, who are assumed to be immune to social conventions. Social conventions can be considered a major source of gender gap, if the gender gap in financial literacy is not observed in universal/high school students.

However, the survey results obtained from the US and Australia showed that the gender gap was observed even among universal students.[11]

Figure 6 shows the case of Japanese university students. As the financial literacy of

[10] Tabea Bucher-Koenen et al. (2016).

[11] For the case of the U.S., see Chen and Volpe (2012), and for the case of Australia, see Greimel-Fuhrmann and Silgoner (2018).

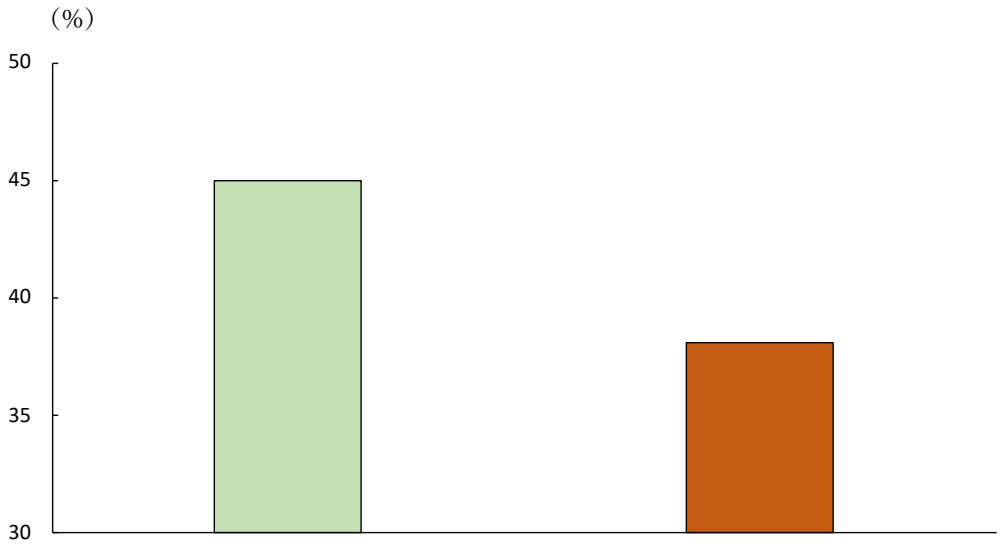
male students is clearly higher than that of female students, the social conventions hypothesis does not hold in Japan.

Next, the results of studies conducted for high school students were mixed and were not conclusive about the degree of the gender gap.

For example, an international financial literacy test, namely PISA, was conducted in 2015 for high school students aged 15, covering 15 countries and regions (Japan did not participate in the test). The test result did not show any evidence of gender gap.

Similarly, the Jumpstart Coalition, an American NPO, which has contributed to establishing financial education programs at schools, conducted the financial literacy test for high school students and found no evidence of the gender gap.[12]

（Figure 6）Japanese universal students' financial literacy by gender



(source) CCFSI (2019)

However, previous surveys have confirmed gender gap at high school level. For example, the result of another U.S. survey conducted in 2011 with over 6,000 samples showed that the financial literacy score of male students was 4.4 percentage points higher than that of women-students.[13] Similarly, the results of a survey conducted in Holland

[12] Mandell (2008).
[13] Butters et al. (2012).

covering students aged from 8 to 18 showed gender gap.[14]

The above results indicate that gender gap emerges at least at the university level. This finding is contrary to the social conventions hypothesis.

One possible reason for the gender gap observed in school-age samples is that men dominate the financial business field and such biased gender role is widely accepted in the society. In this situation, female students may think that financial business will continue to be dominated by men and loose interests in seeking employment in the field. Such a mentality may help explain the phenomena described in Section 2.2., which confirmed that unmarried women's financial literacy is inferior to that of unmarried men.

2.5. Hypothesis Three: The effect of the social system

The effect of the social system, a similar but alternative theory described in Section 2.4., could be detected by examining countries with unique characteristics. The unique system of the three countries described below, ranging from political system to family relations, exerts significant effects on the gender gap in financial literacy. As such differences in social systems are not easy to convert to economic data, it can be one reason why a statistical analysis of gender gap does not show clear results.

Case1: Germany------German statistics can be divided into two regions: former West Germany (a democratic state) and former East Germany (a communist state). This segmentation allows us to analyze how the difference in political system affects the level of financial literacy. Interestingly, while gender gap is observed in the former West Germany region, it was not discerned in the former East Germany region. This result indicates that the social conventions arising from different political systems, such as educational and business company systems, have exerted a significant degree of influence on financial literacy.[15]

Case2: Italy------According to the result of the PISA test mentioned above, Italy showed the greatest degree of gender gap among the developed countries. In addition, Italian financial literacy level varied significantly among regions. Statistical analysis has indicated that regions with a greater degree of gender equality showed higher level of financial literacy and less gender gap in financial literacy. This analysis indicated that

[14] OECD (2013).
[15] GFLEC (2016).

even within the country, social conventions such as gender inequality have significantly affected gender gap in financial literacy.[16]

Case 3: India-------Gender gap in financial literacy is also observed in India. However, in some regions with a maternal family system, the level of women's financial literacy was equal to or higher than that of men's who live in the paternal family regions.[17] Girls brought up in maternal families recognize that their mother is mainly responsible for financial transactions. Therefore, when these girls grow up, they are active in financial transactions and gathering information on financial matters, thus improving their financial literacy.

3. What are the implications of the gender gap in financial literacy for women?

Chapter 2 discussed various hypotheses to answer the first question described in Chapter 1, that is, why is the gender gap observed? The next question is why so many researchers have been attracted to this topic? In other words, what are the implications of gender gap in financial literacy for women, especially in Japan?

An important point related to the question is that despite the gender gap, women need a higher level of financial literacy compared to men. The following are reasons for women's need for higher financial literacy.

First, as the average life-expectancy of women is longer than that of men, women need a larger amount of financial assets than men. However, women's income and pension benefits are lower than that of men, mainly due to frequent job changes required to bring up children.

To compensate for lower income/pension level compared to men, women need an efficient asset management strategy, which requires a high level of financial literacy. For example, women need to engage in long-term asset management starting early in their life and to efficiently manage outflows of various expenditures and loan payments.

Second, financial deregulations have allowed emergences of complicated financial products. Specifically, the shift from a defined pension benefit plan to a defined contribution plan has required investors to choose investment products by themselves. Women with low financial literacy may incur unexpected losses if they cannot catch up

[16] L. Bottazzi and A. Lusardi (2020).
[17] Filipiak, et al. (2015).

with drastic changes in financial markets.

Third, in developing countries, when women start up new businesses, they may be forced to agree to disadvantageous loan conditions from financial institutions if they have poor financial literacy. Therefore, women with low financial literacy may encounter a significant barrier to becoming entrepreneurs.

Finally, as the example of Indian maternal family system suggests, children, especially girls, grow up by closely watching their mothers' attitude toward financial transactions. Hence, their parents, especially mothers, need to acquire sufficient level of financial literacy so that their children become active in financial matters.

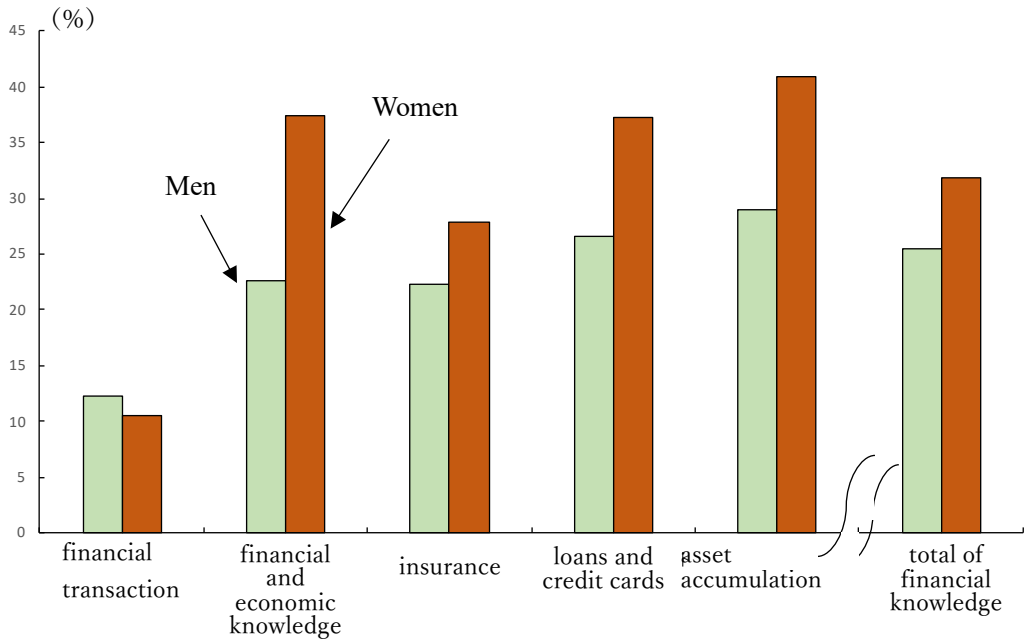
4. Women's financial attitudes

When discussing the gender gap in previous chapters, we focused on the score of financial literacy tests. These tests mainly consisted of questions asking about the financial knowledge necessary to conduct financial transactions. However, financial literacy consists of both financial knowledge and financial attitudes and behaviors necessary to conduct financial transactions. From this perspective, this chapter discusses women's financial attitudes, and the next chapter focuses on the financial behaviors of women.

Generally, financial literacy tests adopt a multiple-choice system, which includes "don't know" answers. "Don't know" answers are treated the same as wrong answers when grading. Women tend to choose "don't know" answers more often than men in financial literacy tests. This tendency is widely observed in developed countries, such as the U.S., Germany, Holland, Italy, Sweden, and Australia.

In case of Japan, the CCFSI's financial literacy test shows results similar to other developed countries. Figure 7 shows percentages of choosing "don't know" answers by gender and by fields of questions. Women particularly tend to choose "don't know" answers in "basic knowledge of finance and economy" and "financial asset building." The questions in "basic knowledge of finance and economy" include a simple interest rates calculation, understanding the effect of inflation, and the relationship between interest rates and bond prices. The questions in "financial asset building" asks about the relationship between risk and return, portfolio investment, and the deposit insurance system.

(Figure 7) Percentages of choosing "don't know" answers by gender in the Japanese financial literacy test



(source) CCFSI (2019)

In general, if a respondent is not confident in choosing the correct answer, it would be wise to choose an answer other than "don't know" to increase their chances of achieving a higher score. A hypothesis explaining women's preference for choosing "don't know" answers was that "many women feel less confident in their financial literacy compared to men, and they unconsciously choose "don't know" answers to avoid choosing wrong answers."

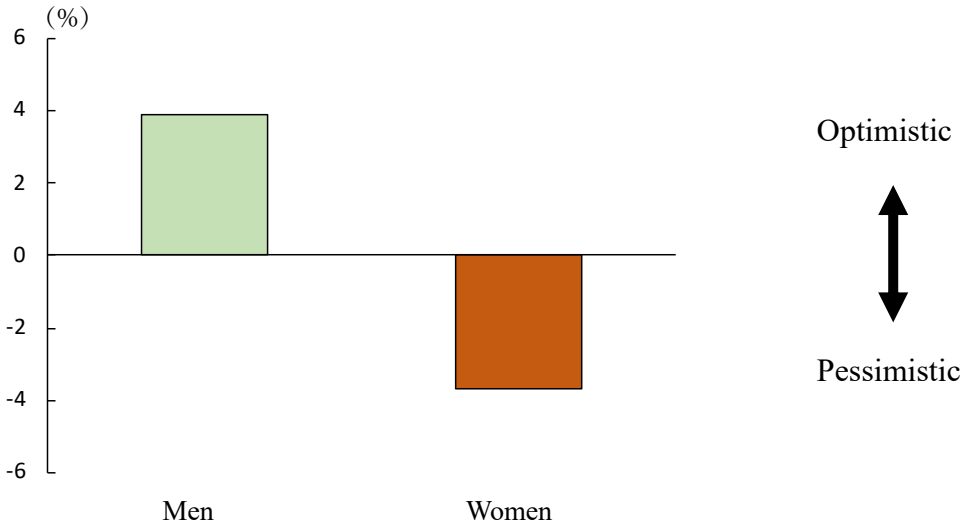
Figure 8 supports the above hypothesis, in that women's confidence in financial issues are lower than that of men's and that their self-assessment of financial literacy is lower compared to men. This tendency is observed not only in Japan but also in the U.S., Germany, Holland, and other developed countries.[18]

If we recalculate the percentage of correct answers after removing "don't know" answers from the wrong answers, gender gap shrinks from 9 percentage points to 5 percentage points (Figure 9). In another survey conducted in the U.S., the recalculation

[18] GFLEC (2016).

reduced the gender gap significantly, especially in younger generation who had experienced financial education.[19]

(Figure 8) The self-confidence of financial literacy level by gender in Japan



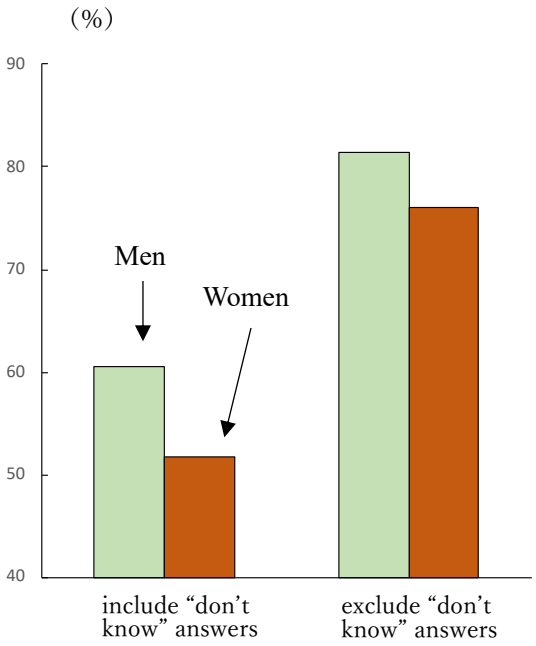
(source) CCFSI (2019)

(note) The self-confidence level is calculated by the score of the financial literacy survey minus self-assessment.

Another survey conducted in Holland has adopted a unique method, in that they conducted two tests for the same examinees with a six-week interval. The first test included the "don't know" answers, and the second test excluded them. Although the questions were the same for the two tests, gender gap decreased by around one-third in the second test[20].

[19] FINARA (2018).
[20] GFLEC (2021).

(Figure 9) Percentage of correct answers excluding “don’t know” answers by gender



(source) CCFSI (2019)

These tests results implied that women strongly recognized their weakness in financial literacy and were not confident in financial transactions. Such negative attitudes of women toward financial matters also affect their financial behaviors such as seeking information, asset allocations, and loan applications for mortgage of durable goods. Another feature of women’s financial attitude is a strong risk aversion. In many developed countries, such as the U.S., Germany, and Holland, surveys show that women are more cautious in conducting investments than men.

In case of Japan, Figure 10 shows women’s strong tendency for loss aversion and the negative attitudes toward investment transactions. For example, the percentages of people experiencing buying stock is 41.2 percent for men, whereas it was only 23.4 percent for women. Although such risk aversion reduces the possibility to incur large financial losses due to investment transactions, it also means losing opportunities to achieve capital gains from investment transactions, which is disadvantageous to their retirement asset building.

However, women with a low self-confidence enjoy a few benefits. For example, they are generally more willing to participate in financial education programs and to seek necessary financial knowledge than men, resulting in the increased efficiency of financial education activities (meanwhile, over-confident men generally dismiss the important chance of participating in financial education). Recognizing such a tendency, the OECD

and other leading organizations involved in financial education strongly advocate financial education programs addressing the needs of women.

(Figure 10) The tendency for loss-aversions and the percentage of people with stock-purchase experiences by gender

(source) CCFSI (2019)

5. Women's financial behaviors

The questions offered by financial literacy tests are often reduced to the basic "three questions," for the purpose of cost reduction and time saving. The "three questions" consist of a question each on interest rates, inflation, and portfolio diversifications.

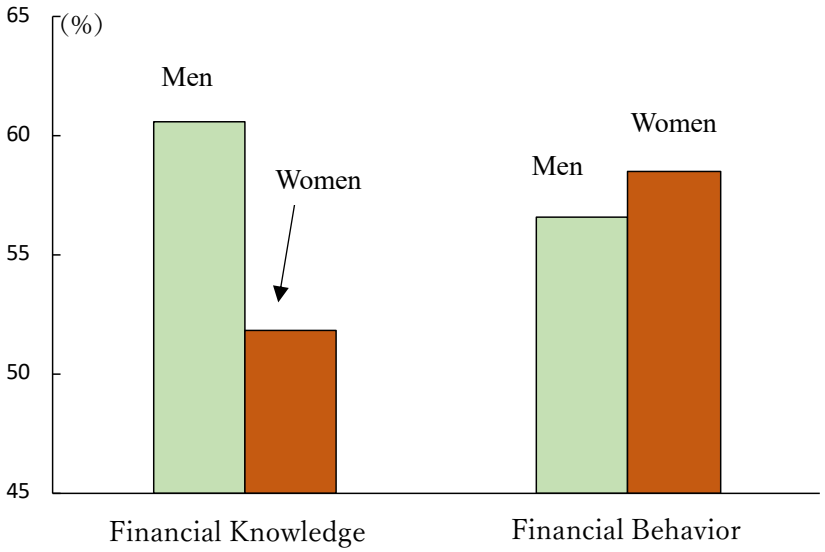
However, as we mentioned in Chapter 4, financial literacy is composed of not only financial knowledge but also financial attitudes and behaviors, and all three areas are strongly correlated.[21]

In this respect, the questions of Japan's CCFSI financial literacy survey covered all three areas. Of the total of 25 questions, 18 questions were allocated to measure financial knowledge, and the remaining 7 questions were assigned to budget management (2 questions), life planning (2 questions), and information-seeking behaviors (3 questions).

[21] OECD (2013).

The 2019 test results showed that men out-performed women in the total score (Figure 1); however, if we divide scores according to the financial knowledge and financial attitude/behaviors (Figure 11), women had higher financial behaviors scores than men.

(Figure 11) Japanese financial literacy scores for "financial knowledge" and "financial behavior" by gender



(source) CCFSI (2019)

Using the CCFSI's survey results, other research conducted in Japan also concluded, "women are not necessarily inferior to men in financial literacy as advocated, since women out-perform men in financial behaviors."[22]

The OECD also concluded in its reports that gender gap in financial "behaviors" is not as clearly expressed as in financial "knowledge," because women score high in household budgeting while men out-perform women in long-term financial planning.[23]

Other surveys focusing on the measurement of "financial well-being" concluded that women's financial well-being is not inferior to that of men. Financial well-being is a broader concept than financial literacy and measures the subjective satisfaction level of financial matters in everyday life, including one's abilities to behave actively in financial transactions.

For example, in a survey conducted in Australia to gauge financial well-being, out of

[22] Y. Kadoya and M.S.R. Khan (2020).
[23] OECD (2012), OECD (2013).

34 questions, the number of questions on financial knowledge were limited to 11 and the remaining 23 questions were devoted to financial behaviors. The survey results indicated that while men out-performed women in financial knowledge, women led men in financial behavior, because men tended to waste money while women were wise spenders. Therefore, the survey concluded that a hypothesis of "inferior well-being of women compared to that of men" could not be supported, because women compensated their lack of knowledge with their financial attitudes and behaviors.[24]

Another survey conducted in the U.S. also concluded that in terms of financial well-being, no gender gap was observed, except that in the case of single-mothers. Men's higher financial knowledge compared to women does not directly imply that men's financial well-being is greater than that of women, reflecting women's high financial behaviors scores.[25]

6. Promoting financial education designed for women in Japan[26]

The above chapters explained the reason for the gender gap in financial literacy and the urgent need for improving women's financial literacy, based on survey conducted in Japan and other countries. As financial education is an important tool to improve financial literacy, this chapter discusses three issues in promoting financial education designed for women in Japan.

The first issue is the need to investigate the details of Japanese women's financial literacy and the reason for the gender gap.

In Japan, the need to extend financial education efforts has become increasingly common. However, the fact that "women need a higher level of financial literacy than men but their actual financial literacy level is lower than men" is not widely recognized. Therefore, the first step to promote financial education for women in Japan is to share the problem not only with women but also with those participating in financial education and other interested groups.

This study heavily depended on surveys conducted by Japanese CCFSI to analyze the gender gap in Japan. However, because data on Japanese financial literacy are not sufficient to conduct a detailed analysis, further effort is required to gather data on

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[24] Greimel-Fhhrmann and Silgoner (2018).
[25] Theodos et al. (2014).
[26] OECD (2013), OECD (2017) were very helpful in writing the chapter 6.

financial attitudes/behaviors and psychological effects on financial literacy, similar to the approach adopted by other countries.

In addition, as we explained in Chapters 4 and 5, future research topics should include not only gender gap in financial "knowledge," but also (1) gender gap in financial attitudes such as women's low level of interest in financial issues and gender gap in self-confidence on financial matters; (2) the relationship between the financial knowledge and financial attitudes/behaviors; and (3) deployment of broader measurements to gauge financial and economic conditions of women, such as financial well-being.

The second issue is to develop and promote financial education, especially designed for women.

As mentioned in the first issue, the importance of financial education is increasingly recognized in Japan. For example, financial education has become a mandatory part of the school curriculum in high schools.

Although the programs for financial education are segmented by age high school/university students), working age persons, and retirees, educational programs designed particularly for women are rarely available, with a low emphasis on financial education program.[27] Such a situation may have been caused by a lack of awareness of the gender gap problem and a shortage in research work in the field, as indicated in the first issue.

As described in Chapter 2, gender gap in financial literacy seems to emerge at the level of university students and continue until after retirement age. Therefore, financial education should be started early in the life. In this respect, as mentioned above, the recent move to include financial education programs in high school curriculum is essential for improving Japanese women's financial literacy.

When creating financial education programs for women in Japan, it may be helpful to conduct research on similar programs already provided in other countries. In fact, countries like the U.K., Australia, India, Turkey, and Brazil have considered financial education programs for women as one of the main targets in their national strategy for financial education.

In case of Australia, "Women's Money Toolkit," an interactive online toolkit

[27] Kinyukeizai-Suishin Kyogikai (2014).

designed solely for women, is available on the internet. This toolkit was developed through cooperation between the Department of Prime Minister & Cabinet's Office for Women and the Australian Securities and Investments Commission (ASIC).

In case of the U.S., multiple NPOs are established for providing women's financial education, such as "Savvy Ladies," "WISER" (Women's Institute for a Secure Retirement), and "FLOW" (Financial Literacy Organization for Women and Girls).

Financial education programs designed for women have adapted teaching methods to address women's weaknesses, such as (1) conducting active financial transactions, including investing in risk assets; (2) promoting interests in financial matters in general; and (3) targeting specific women groups, such as young women, retirees, widows, and unemployed women. In addition, these programs adopt women-friendly systems, such as (1) organizing study-groups only consisting of women instructors and students,[28] (2) choosing locations and timings convenient for women to participate,[29] and (3) recommending financial products and services reflecting women's needs.

However, some issues continue to exist in the above activities, even in overseas countries. One of the problems is that educational programs designed for women have rarely tested their effectiveness. It is imperative to evaluate the cost-effectiveness of various approaches so that highly efficient programs can be selected and promoted.

To promote women's financial literacy, improving financial literacy levels regardless of gender is also urgently required. As described above, financial literacy level is generally low for both genders worldwide. In addition, when comparing country-wise data, it is observed that the lower the general financial literacy level, the greater is the gender gap.

The third issue is to coordinate financial educational efforts for women with programs to create jobs for women. Women are increasingly participating in various types of jobs,

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[28] Women rely more on word-of-mouth communications and conversations with their family for information on financial matters. Therefore, to improve the effectiveness of financial education, utilizing these communication channels is an important issue.

[29] Men have more opportunities to engage in financial education at workplace such as attending a seminar on a defined contribution pension plan compared to women. In Japan, the CCFSI survey showed that the percentage of having experience in financial education is 9.2 percent for men and 5.2 percent for women.

Even in the U.S., there is a gender gap in the percentage of having opportunity to participate in financial education seminars. Previous research indicates that this can be one of the causes of the gender gap in financial education. See FINRA (2018).

not only in Japan, but also in other countries worldwide. Such a development calls for improving women's financial literacy level, thereby promoting financial education for women. To make financial education for women more efficient, practical research and cooperation with various job-creating organizations are required.

The OECD, one of the leading organizations to promote financial education, also shares this view. While the 2013 report discussed women's financial education as an independent issue, in 2017 report, financial education for women became integrated in gender equality issues.[30]

7. Conclusion

This study discussed the gender gap in financial literacy, primarily in the case of Japan.

Specifically, we started with two questions, as given below.

(1) Why is the gender gap observed?

(2) What are the implications of gender gap in financial literacy for Japanese women?

Regarding question one, there is no clear consensus about the reasons for the gender gap, both inside and outside Japan, and a widely shared view among experts is that "no single factor can explain the phenomena and further investigation is warranted."

This is because socio-demographic factors have only limited the statistical explanatory power and a significant number of conflicting evidences have emerged against the division of housework load hypothesis. An alternative hypothesis is the effect of social conventions, which is not easy to convert to economic data.

Regarding the second question, this study emphasized Japanese women's need for a higher level of financial literacy. This is because, as the average life-expectancy of women is longer than that of men, women need more financial assets than men, despite their lower income and pension benefits compared to men.

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[30] OECD (2017).

Other features of Japanese women's financial literacy discussed in the study were as follows: (1) low self-assessment of own financial literacy and low-confidence in financial transactions and (2) women's better financial attitudes/behaviors compared to men despite the low level of financial knowledge.

To close the gender gap in financial literacy in Japan, the key is to promote financial education particularly designed for women. Therefore, there is an urgent need to investigate the reason for the gender gap and to share the gender gap issue with women and with those participating in financial education.

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