FINANCIAL WELLBEING

Spotlight on Australian women

March 2023

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This report and other research into financial capability and financial wellbeing in Australia and New Zealand can be found at anz.com.au/about-us/esg/financial-wellbeing/

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ANZ acknowledges the Traditional Custodians of Country throughout Australia and recognises the continuing connection to lands, skies and waterways. We pay our respects to Aboriginal and Torres Strait Islander cultures; and to Elders past, present and emerging.

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FOREWORD

Maile Carnegie
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I am pleased to present the findings of our deep dive analysis into the financial wellbeing of women in Australia.

For 20 years, ANZ has been exploring the financial literacy, capability, attitudes and behaviours of Australian adults. This body of research has informed our approach to improving the financial wellbeing of our people, customers and communities by helping them make the most of their money throughout their lives.

Our research shows there is an ongoing gap between the financial wellbeing outcomes of men and women in Australia. Concerningly, this disparity starts early in adulthood with a number of factors influencing women's financial wellbeing at different life stages.

We hope that sharing these insights will contribute to understanding what is impacting women's financial wellbeing, and highlight where we all have a role to play in creating an environment that supports everyone to build financial confidence and long-term financial wellbeing.

EXECUTIVE SUMMARY

This report aims to improve understanding of what factors influence women's financial wellbeing throughout their lives. Using data from ANZ's **2021 Financial Wellbeing Survey**, the findings highlight a persistent gap between the financial wellbeing of women and men in Australia across all age groups considered.

In our 2021 survey analysis, we found that socio-economic factors had the greatest influence on financial wellbeing, accounting for 54.5% of the explained variation in overall financial wellbeing.[1] These findings demonstrate how basic socio-economic factors (such as health, earning potential, unemployment and supporting children) are playing a pivotal role in constraining women's capacity to earn, build resilience and improve their financial wellbeing outcomes.

This latest report is an opportunity to look in greater detail at the financial wellbeing of women at five different stages of their adult lives.

1. Overall, the structural equation model developed was able to explain 75% of the variation in people's financial wellbeing scores.

Key findings

The financial wellbeing gap between women and men appears pervasive

- Women generally had lower financial wellbeing scores than men, with an average score of 62 (out of 100) compared to 66 (out of 100). Overall, Australian women are less likely to build financial resilience and consistently express more concern for their current financial situation and long-term financial security.
- Australian women were more likely to be **struggling** or **getting by** than men, with 31% of women **struggling** or **getting by** compared to 24% of men. Around one-third (32%) of men were in the highest financial wellbeing segment, **no worries**, compared to 27% of women.

Lower financial wellbeing for women persists across all age groups

- The financial wellbeing gap between men and women was evident across all age groups, reflecting constraints such as the type of household living arrangements, financial knowledge and confidence and investment behaviours. However, there were also issues such as employment status, caring for dependent children, spending and savings behaviour and mental health that appeared to have distinct influences on financial wellbeing at different stages in life.
  - **18–24-year-olds**: Perhaps surprisingly, there was a five-point gap in financial wellbeing between women and men in this age group. Young women felt more anxious about their future financial situation, less confident in their ability to plan their financial future and had lower investment in risk assets than their male counterparts. They also exhibited less restrained spending, with almost half (48%) of women aged 18–24 years using buy-now-pay-later (BNPL) schemes (versus 22% of young men) and were more likely than young men to have one or more dependent children.
  - **25–34-year-olds**: Women in this age group exhibited a much stronger savings mindset than their male counterparts, positively influencing their saving and spending behaviours. However, household and employment status were key issues affecting financial wellbeing for women in this age group. Full-time employment was much lower amongst 25–34-year-old women (45%) than men (65%), despite the fact that the incidence of dependent children in the household was similar for both. Women in this age group still appeared to be more worried about their long-term future security than men, with only 24% feeling they would be able to save enough money to last until the end of their life (compared to 38% of men).
  - **35–49-year-olds**: Women in this age group were still experiencing the constraint on financial wellbeing associated with caring for dependent children, impacting their ability to earn, save and build financial resilience. Of those 35–49-year-olds living in a household with a partner and dependent children, only 37% of women were working full-time compared with 79% of men. In addition, one-in-six 35–49-year-old women (17%) were single parents compared to 5% of men in this age group, with single mothers in this age group having well below average financial wellbeing (42 out of 100). There was also a higher likelihood of women having no savings (22% compared to 12% of 35–49-year-old men) and of borrowing for everyday expenses, with 25% always, often or sometimes needing to borrow or go into debt because they run short of money for food or expenses (compared to 14% of 35–49-year-old men).
  - **50–64-year-olds**: While financial wellbeing outcomes improved for both men and women after turning 50, the five-point gap in financial wellbeing scores persisted. While caring for dependent children appeared to be less of an issue, spouse/partner status was possibly of greater importance; 50–64-year-old women living with a partner had considerably higher financial wellbeing scores than those who were not (71 out of 100 versus 55 out of 100). Women in this age group were generally more anxious about their financial future than men and were less likely to feel they would be able to save enough money to last them to the end of their life (35% versus 48% of men in this age group). They also felt less confident in their ability to plan their financial future and were less likely to exhibit investment behaviours than men.
  - **65 years and over**: While older women reported stronger planning and budgeting behaviours than their male counterparts, they were less likely to invest and exhibit informed product choice or decision-making; likely due to lower knowledge of financial products and their associated risks. Older women were equally likely to report their main source of income as either a government benefit/allowance or superannuation/self-funded retirement income (44% and 43% respectively), whereas older men were twice as likely to say that superannuation/self-funding was their main source of income (53%) than a government benefit or allowance (27%). Australians aged 65 years and over who mainly depended on a government benefit or allowance had much lower average financial wellbeing (64 out of 100) than those whose income was largely self-funded (85 out of 100).

Employment, household living arrangements and looking after dependents has a greater impact on women's financial wellbeing than men

- Having children living at home is much more likely to impact the employment status of women, their ability to earn and build financial wellbeing. Of all women with dependent children at home, only 30% were working full-time (compared with 67% of men in this situation), 33% worked part-time (versus 8% of men), while 18% described their work status as 'home duties' (versus 2% of men).
- The nature of living arrangements also impacted financial wellbeing. Average financial wellbeing was at its highest for women when they were living in a partnered household without children (71 out of 100) and at its lowest when they were living in a single parent household (42 out of 100). Women's average financial wellbeing was lower than men for each type of living arrangement except where they were living alone.

Financial confidence is lower for women, influencing long-term investment behaviours

- On the whole, women felt less confident about their finances, in particular, confidence in their ability to plan their financial future (64% versus 71% of men) and to make decisions about financial products and services (66% versus 73%).
- At all age groups considered, women were less likely to feel they understood the risks associated with financial products, in particular long-term investment products. Women over 25 years were also less likely to say they had a good or very good understanding of long-term investments and, in some instances, finding information to make financial decisions.
- This flow through of lower financial knowledge, particularly in long-term investments and their associated risk, to feeling less confident about their finances, is likely influencing the fact that women are making fewer long-term investments that support their future financial security and build financial wellbeing.

Mental health may be impacting the financial wellbeing of some female groups

- While on the whole, women were generally more likely to report mental health issues than men (30% described their mental health as fair or poor compared to 25% of men), the discrepancy was much higher for young women aged 18–24 years, 55% of whom reported their mental health as fair or poor (compared to 32% of 18–24-year-old men).
- Incidence of fair or poor mental health was also well above the average amongst:
  - women with disability or long-term health conditions
  - women reporting fair or poor physical health
  - single mothers
  - female renters and
  - unemployed women looking for either full-time or part-time work.
- Those women who described their mental health as fair or poor had lower average financial wellbeing (46 out of 100) than all other women who described their mental health as good, very good or excellent (68 out of 100). They were also more likely to have no savings and feel anxious about their future financial situation.

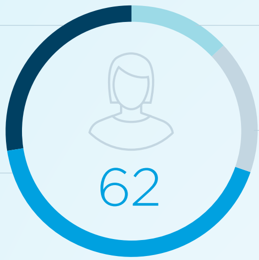
With these findings in mind, supporting women to build financial resilience and long-term financial security despite challenging socio-economic conditions appears key to their financial wellbeing. Programs and tools to help develop financial confidence and positive saving and spending habits such as MoneyMinded and Saver Plus can provide the skills to develop resilience and lessen the impact of socio-economic disruptions on financial wellbeing.

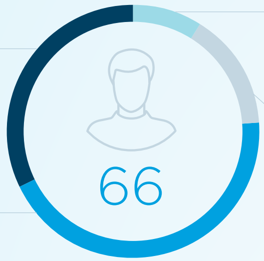
FOSTERING OPPORTUNITIES TO BUILD FINANCIAL KNOWLEDGE, PARTICULARLY IN LONGER-TERM INVESTMENT RISKS AND NURTURING A WORKPLACE CULTURE THAT SUPPORTS ALL PEOPLE TO BALANCE WORK AND FAMILY COMMITMENTS WILL ALSO AID IN GROWING FINANCIAL CONFIDENCE, BEHAVIOURS AND WELLBEING.

AT A GLANCE

Financial wellbeing of Australian women

Financial wellbeing score (out of 100) and categories in Australia





Financial wellbeing score of Australians by gender and age group (out of 100)

	Women	Men
18–24	49	54
25–34	57	60
35–49	58	63
50–64	63	68
65+	73	80

Socio-economic factors influence more than half of an individual's financial wellbeing score

HEALTH CONCERNS

UNEMPLOYMENT

EARNING POTENTIAL

LIFE JOURNEY

ACCESS TO SOCIAL SUPPORT

FINANCIAL STABILITY

MALE GENDER

FINANCIAL SUPPORT TO A DEPENDENT

Employment status

	Women	Men
Working full-time	28%	46%
Working part-time	22%	9%
Home duties	9%	1%

Australians receiving a government benefit as main source of income

Women 23%

Men 15%

Reported fair or poor mental health

30% of Australian women (25% of men)

55% of women aged 18–24 years

45% of women with disability or long-term health conditions

41% of single mothers

47% of women renting

56% of women looking for part-time work

Australians who don't have any savings

Women 17%

Male 10%

'I find it more satisfying to save than spend'

Women 54%

Men 48%

Impact of household type on women's financial wellbeing score (out of 100)

Living with spouse no children 71

Living with spouse with children 61

Single parent 42

Living alone 65

Australians feeling confident they can plan their financial future

Women 64%

Men 71%

Australians feeling anxious about their future financial situation

Women 47%

Men 37%

Australians putting money aside for investment purposes

Women 23%

Men 30%

'I will be able to save enough money to last me to the end of my life'

Women 35%

Men 45%

Source: All data is from ANZ's 2021 Financial Wellbeing Survey.

ABOUT THIS REPORT

The **2021 Financial Wellbeing Survey** and subsequent specialist reports **Exploring Digital Capability in Older Australians** (September 2022) and **Financial Wellbeing: people with disability and long-term health conditions** (December 2022) aimed to improve our understanding of why people might behave the way they do, what is driving their behaviours and what factors, both internal and external, are 'blocking' or 'enabling' financial wellbeing.

This report looks deeper into how those factors influence the financial behaviours, attitudes and wellbeing of Australian women throughout their lives, using data from ANZ's **2021 Financial Wellbeing Survey.**

FINANCIAL WELLBEING IS THE EXTENT TO WHICH SOMEONE IS ABLE TO MEET ALL THEIR CURRENT COMMITMENTS AND NEEDS COMFORTABLY AND HAS THE FINANCIAL RESILIENCE TO MAINTAIN THIS IN THE FUTURE.

The measurement of financial wellbeing outcomes includes four dimensions which are averaged to make up an overall financial wellbeing score (out of 100):

- Meeting everyday commitments
- Feeling comfortable about their current financial situation (next 12 months)
- Financial resilience – the ability to cope with financial setbacks and
- Feeling secure for the future.

Our research found that socio-economic factors had the greatest influence on financial wellbeing, accounting for 54.5% of the explained variation[2] in overall financial wellbeing. Behaviour traits such as a person's orientation towards the future, impulsivity, optimism or frugality accounted for 13.4%. Financial behaviours such as saving and spending behaviours, investment behaviours and money management behaviours, accounted for 19.3% of the explained variation in financial wellbeing in the 2021 survey (see Figure 11).

A summary of the **2021 Financial Wellbeing Survey** approach, the financial wellbeing conceptual model applied in this research and the key factors found to influence financial wellbeing can be found at the end of this report. Our investigation of the financial wellbeing of women was guided by the models shown in Figures 10 and 11. That is, consideration was given to the relationship between gender and each of the drivers shown in Figure 10. There is a particular focus on the more detailed subsections of these drivers (for example, earning potential and unemployment, providing financial support to a dependent and access to social support) as presented in Figure 11.

Consistent with the 2021 Census,[3] 50.8% of respondents to the **2021 Financial Wellbeing Survey** were female. A further 48.3% of respondents were male and 1% reported being non-binary.[4] Around one-third (31%) of survey respondents said they lived with a partner without children, slightly lower for women than men in the sample (29% versus 33%). Women were also less likely to respond that they lived with a partner with children than men (25% versus 31%). Women were also more likely to say they were living alone (20% compared to 15% of men); this was particularly case for older women aged 65 years and over (44% versus 23% of men in this age group) (Figure 1).

2. Overall, the structural equation model developed was able to explain 75% of the variation in people's financial wellbeing scores.
3. Australian Bureau of Statistics. (2021). *Snapshot of Australia.* ABS. **https://www.abs.gov.au/statistics/people/people-and-communities/snapshot-australia/2021.**
4. Due to the small sample size, comparisons in this report are made between binary male and female.

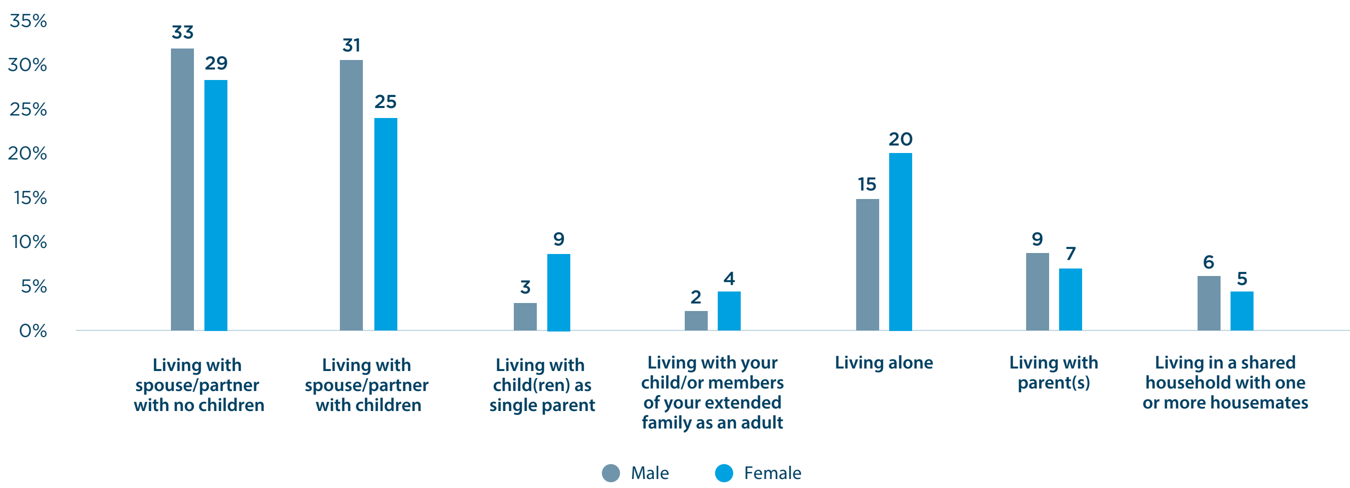
One-quarter (26%) of survey respondents reported a university degree or higher as their highest level of educational attainment (25% of men and 26% of women). Similarly, one-quarter (25%) of Australians reported a TAFE/technical certificate or diploma as their highest level of education (23% of men and 26% of women). There were some notable differences, with men more likely to report a trade or apprenticeship than women (9% versus 2%) and women more likely to report year 11 or below as their highest level of educational attainment (14% of women compared to 9% of men).

WOMEN WERE MUCH LESS LIKELY TO BE EMPLOYED FULL-TIME THAN MEN (28% VERSUS 46%) AND MUCH MORE LIKELY TO BE EMPLOYED PART-TIME (22% VERSUS 9%).

They also more often reported their current employment situation as 'home duties' than men (9% versus 1%). Women were less likely to report their current or previous occupation as a professional (e.g. doctor, dentist, solicitor, accountant, chemist, geologist, university lecturer, IT professional) (12% of women compared to 21% of men), as senior level management (3% of women compared to 8% of men) or as a skilled tradesperson (2% of women compared to 15% of men). They were more likely to report their current or previous occupation as an office worker (e.g. admin officer, customer service representative, personal assistant, receptionist) (29% of women compared to 11% of men), as a sales representative or retail assistant (8% of women versus 4% of men) or 'other professional' (e.g. nurse, police officer, social worker, teacher, marketing professional) (21% of women versus 12% of men).

More than half of women and men reported wages or salary as their main source of income (58% of men and 54% of women). Women were less likely to report their main source of income as self-employed earnings or proceeds from a business (6% of women and 8% of men), which is consistent with 4% of women reporting they run a business full-time compared to 9% of men, and 6% reporting running a part-time business compared to 8% of men. A government benefit or allowance (such as parenting payment or aged pension) was the main source of income for 23% of women compared to 15% of men, perhaps reflecting their higher likelihood to be a single parent or living alone at a later stage in life, with 44% of women 65 years and over living alone compared to 23% of men aged 65 plus.

FIGURE 1 HOUSEHOLD STATUS BY MALE/FEMALE (%)



KEY FINDINGS

01. The financial wellbeing gap between women and men appears pervasive

Women generally had lower financial wellbeing scores than men, with an average score of 62 (out of 100) compared to 66 (out of 100). This gap has remained consistent since our 2017 research. Women also had lower scores than men for each of the four separate components of financial wellbeing (Figure 2).

Despite this, the majority of women aimed to have a buffer for unexpected expenses.

FIGURE 2 FINANCIAL WELLBEING BY COMPONENT BY MALE/FEMALE (OUT OF 100)

	Male	Female
Overall financial wellbeing	66	62
Meeting commitments	79	76
Feeling comfortable	66	62
Financial resilience	64	58
Feeling secure for the future	59	54

54% of women have a plan to make sure money is available for unexpected expenses

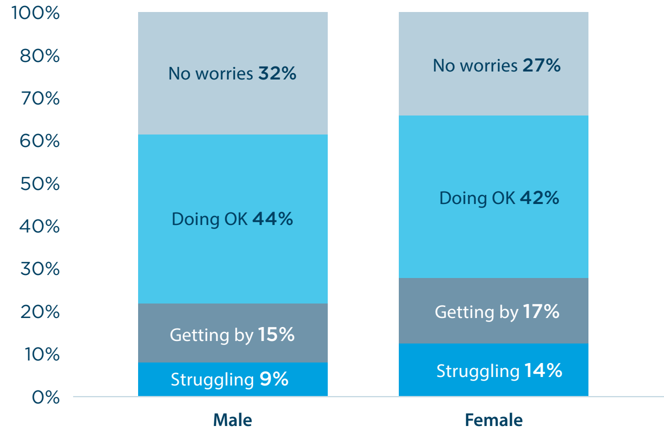
73% of women try to save even if only a small amount

With financial wellbeing unevenly spread across the population, survey respondents were divided into four segments according to their financial wellbeing score (out of 100). These segments were described in the 2021 Financial Wellbeing Survey:

- **Struggling:** (0–30) Most describing their current financial situation as 'bad', having little or no savings and finding it a constant struggle to meet bills and credit payments. They were less optimistic or future oriented and had poor mental and physical health. Most felt anxious about their future financial situation, did not have any superannuation and did not think owning a home was a realistic goal for them.
- **Getting by:** (>30–50) Many describing their financial situation as 'bad', and feeling less confident in their money management skills and their ability to control their financial future. They were less likely to be frugal than other segments.
- **Doing OK:** (>50–80) Current financial situation is 'fair' or 'good' and reasonably confident about their financial situation over the next 12 months. They were more likely to budget or plan and to have their savings put aside automatically.
- **No worries:** (>80–100) Strongly future-oriented, goal-oriented, optimistic and frugal, contributing positively to financial wellbeing. High levels of confidence in managing money and substantial amounts in savings, investments and superannuation. More likely to report excellent or very good mental and physical health.

Australian women were more likely to be **struggling** or **getting by** than men, with 31% of women **struggling** or **getting by** compared to 24% of men (Figure 3). This was significantly higher for single parents with 58% of single mothers and 55% of single fathers either **struggling** or **getting by**. Around one-third (32%) of men were in the highest financial wellbeing segment, **no worries**, compared to 27% of women.

FIGURE 3 FINANCIAL WELLBEING SEGMENTS BY MALE/FEMALE (%)



WOMEN STRUGGLING WITH THEIR FINANCIAL WELLBEING

Three-fifths (62%) of people **struggling** with their financial wellbeing were women. For those women who were **struggling**, the following characteristics were over-represented:

23%
Were single parents

47%
Had been divorced

9%
Were living with a child or extended family as an adult

21%
Current employment status was home duties

18%
Were employed or self-employed for 35 hrs per week or more

14%
Were university educated

44%
Were living with disability or long-term health conditions

64%
Reported mental health as fair or poor

49%
Received a government benefit or allowance as their main source of income

Women and men who were **struggling** recorded very similar scores for financial wellbeing (19 and 20 out of 100 respectively). Around three-quarters of women and men **struggling** with their financial wellbeing reported having no savings in place (74% and 71% respectively) compared to 14% of the general population.

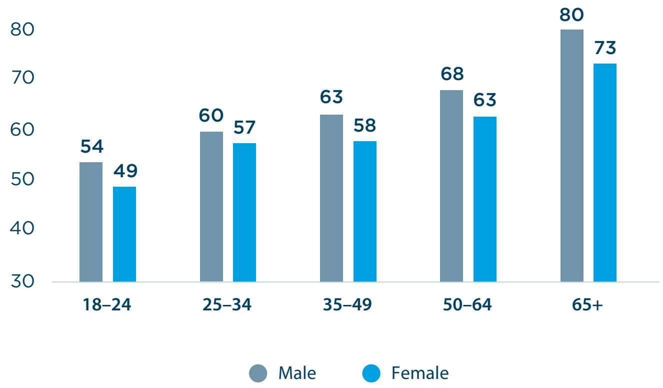
However, women with the lowest financial wellbeing demonstrated more restrained spending behaviours and higher levels of planning and budgeting behaviours than **struggling** men. They also had more of a savings mindset in their financial attitudes to money:

	Women struggling with their financial wellbeing	Men struggling with their financial wellbeing
SPENDING RESTRAINT		
'I run short of money because I overspend'	20%	27%
PLANNING AND BUDGETING		
'I have an exact or rough plan or budget for how I use my income'	76%	64%
SAVING AND SPENDING ATTITUDES		
'I prefer to spend money than save for an unexpected expense'	24%	40%
'I find it more satisfying to spend money than save it'	32%	48%

02. Lower financial wellbeing for women persists across all age groups

The financial wellbeing gap between men and women was evident across all age groups, although some degree of variation was present at different ages. The gap was at its smallest (three points) between men and women aged 25–34 years, when the highest proportion of women (45%) were in full-time work. The financial wellbeing gap widened for 35–49-year-olds (five points) and continued to diverge through to retirement, where the gap was seven points between men and women aged 65 years and over. Perhaps surprisingly, the financial wellbeing gap was five points for the youngest cohort (18–24-year-olds) (Figure 4).

FIGURE 4 FINANCIAL WELLBEING SCORE BY AGE AND MALE/FEMALE (OUT OF 100)



At different ages, there are common themes but also some unique issues that appear to be influencing the gap in financial wellbeing between Australian women and men.

18–24-YEAR-OLDS

The discrepancy in financial wellbeing scores between younger women aged 18–24 years and their male counterparts appeared most strongly associated with their concerns about long-term future financial security and their lower levels of financial resilience.

With respect to future financial security, women in this age group were much more likely to report feeling anxious about their future financial situation, with 59% feeling this way compared to 39% of young men. Perhaps coupled with this, young women were also significantly more likely than young men to describe their mental health as fair or poor (55% versus 32%).

In addition, young women had slightly lower knowledge of financial product risk. While 18–24-year-old women rated their knowledge of risks associated with term deposits, online banking and going guarantor for a loan at similar levels to young men, they were less confident in their knowledge of investing in the share market, with 27% reporting they understood the risks associated with investing in shares well or very well, compared to 45% of men aged 18–24 years. Similarly, only 17% reported understanding the risks associated with margin loans well or very well (compared to 29% of young men) and 32% reported they understood the risks of borrowing money to invest (compared to 41% of young men). This lower level of knowledge is likely to be at least partly responsible for young women feeling less confident in their ability to plan their financial future than their male counterparts (46% versus 57%), for less investment in risk assets and consequently, for negatively impacting their long-term financial wellbeing.

IN RELATION TO FINANCIAL RESILIENCE, YOUNGER WOMEN GENERALLY EXHIBITED LESS SPENDING RESTRAINT.

18–24-YEAR-OLDS

FINANCIAL FUTURE	Female	Male
'I feel anxious about my financial future'	59%	39%
'I feel confident in my ability to plan my financial future'	46%	57%
SPENDING RESTRAINT		
'I tend to buy things when I can't really afford them'	37%	25%
Use Buy Now Pay Later	48%	22%

In relation to financial resilience, younger women generally exhibited less spending restraint. In particular, this was evidenced by the 48% of women aged 18–24 years using buy-now-pay-later (BNPL) schemes (versus 22% of young men) and 47% of these women had failed to make at least one of their scheduled BNPL payments in the last 12 months. This less restrained approach to spending may partly reflect the fact that women aged 18–24 years were generally more concerned about how others viewed them than young men were in this age group; 62% of these young women felt they were described by the statement 'I care about how others see me' compared with 52% of young men.

Another potential influence on financial resilience and, hence financial wellbeing, was the higher incidence of dependent children in the household amongst 18–24-year-old women. One-quarter (25%) of women aged 18–24 years had dependent children living with them (compared to 11% of 18–24-year-old men). The mean financial wellbeing score for these women (47 out of 100) was below that of all 18–24-year-old women and was particularly low for those young women who were single parents (42 out of 100).

25–34-YEAR-OLDS

The gap in financial wellbeing outcomes was slightly narrower between men and women aged 25–34 years, possibly reflecting the more restrained approach to spending and saving evident amongst the women in this age group.

Women aged 25–34 years exhibited a much stronger savings mindset than their male counterparts, positively influencing their saving and spending behaviours. They were less likely to say they 'prefer to buy things on credit than wait to save up' (16% compared to 26% of men aged 25–34 years). They were also less likely to spend money than save for unexpected expenses (17% compared to 27% of men aged 25–34 years) and were much less likely to say they found it more satisfying to spend money than save it (27% compared to 34% of men aged 25–34 years). The use of BNPL schemes (35%) was significantly lower than that of 18–24-year-old women and no different from that of 25–34-year-old men (34%).

'I make a plan to put money aside for investment purposes'	Female	vs	Male
	25%		34%

25-34-YEAR-OLDS

HOUSEHOLD AND EMPLOYMENT	Female	Male
Single parents	9%	4%
Working full-time	45%	65%
Working part-time	27%	11%
Home duties	12%	2%

Nevertheless, financial wellbeing was still lower amongst women than men in the 25–34-year age group. Several factors appeared to be present:

- The level of full-time employment – an important contributor to financial wellbeing – was much lower amongst 25–34-year-old women (45%) than men in this age group (65%). This has occurred despite the fact that the incidence of dependent children in the household, a negative influence on participation in full-time employment and on financial wellbeing, was not significantly higher amongst women (38%) than men (36%). It is noteworthy that in households where both dependent children and a partner were present, only 21% of women were working full-time (versus 81% of 25–34-year-old men in such households), while 38% of these women were working part-time (compared with just 11% of men) and 30% described their work status as 'home duties' (compared with 3% of men). Hence, it appeared that the main constraint on participation in full-time work was not so much the presence of dependent children in the household but rather which partner takes the most responsibility for the care of those children.
- There is a discrepancy in reported financial knowledge, with women aged 25–34 years having lower overall financial knowledge scores as a result of reporting lower knowledge of financial product risk, online risk and knowledge of financial products. In particular, 25–34-year-old women were less likely to report understanding the risks associated with longer-term investment products such as investing in shares, borrowing to invest, margin loans and term deposits. Reflecting this, men aged 25–34 years were much more likely to invest for their long-term future financial security than women in this age group. One-fifth (20%) of males aged 25–34 years reported having a share portfolio compared to 11% of women at the same age; 8% had a managed fund versus 2% of women; and 15% had an investment property compared with 8% of women.
- Finally, 25–34-year-old women still appeared to be more worried about their long-term future security than men in this age group, where 56% of women in this age group agreed they felt anxious about their future financial situation compared with 45% of men. One-quarter of 25–34-year-old women (24%) felt they would be able to save enough money to last until the end of their life compared to 38% of men in this age group.

35–49-YEAR-OLDS

The gap in financial wellbeing outcomes was five points between men and women in the 35–49-year age group with women scoring lower for most components of financial wellbeing – the ability to meet everyday commitments, financial resilience and level of comfort with their current financial situation.

Women in this age group were still experiencing the constraint on financial wellbeing associated with caring for dependent children impacting their ability to earn, save and build financial resilience. As a consequence, only two-fifths (41%) of 35–49-year-old women worked full-time (versus 73% of 35–49-year-old men), while 29% worked part-time (versus 6% of 35–49-year-old men) and 12% described their employment status as 'home duties' (compared to 1% of men in this age group). Of those 35–49-year-olds living in a household with a partner and dependent children, only 37% of women were working full-time compared with 79% of men.

In addition, one-in-six 35–49-year-old women (17%) were single parents compared to 5% of men in this age group. Single parent status was generally associated with below average levels of financial wellbeing, with 35–49-year-old single mothers having a financial wellbeing score of 42 out of 100.

Other limitations on the financial wellbeing of 35–49-year-old women included:

- Lower financial stability with 43% reporting their income was very stable month-to-month compared to 51% of 35–49-year-old men.
- A higher likelihood of having no savings (22% compared to 12% of 35–49-year-old men) and of borrowing for everyday expenses, with one-in-four (25%) reporting they always, often or sometimes needed to borrow or go into debt because they run short of money for food or expenses (compared to 14% of 35–49-year-old men).

	Female		Male
'I don't have any savings'	22%	VS	12%

35-49-YEAR-OLDS HOUSEHOLD AND EMPLOYMENT	Female	Male
Single parents	17%	5%
Working full-time	41%	73%
Working part-time	29%	6%
Home duties	12%	1%

- Women aged 35–49 years were less likely to demonstrate informed financial behaviours such as informed product choice or decision-making, essentially whether someone considers different options, information or advice when choosing products or making financial decisions.

Our research found the key drivers of informed financial behaviours were financial knowledge and experience and this was reflected in 35–49-year-old women being less likely to say they understood financial products and their associated risks, particularly longer-term investment products. Women were less likely than men to rate their knowledge of long-term investments as good or very good (37% versus 47%) or of how to find information to make an informed decision as good or very good (55% versus 67%). Further, fewer women in this age group said they understood the risks associated with investing in the share market (31% compared to 44% of men in this age group), understood the risks of borrowing money to invest (34% compared to 51% of 35–49-year-old men) and understood term deposit risks (44% versus 57% of men).

Financial knowledge was also influencing the financial confidence of 35–49-year-old women, a key factor in whether an individual exhibits the saving, spending and investment behaviours important to higher levels of financial wellbeing. Women in this age group felt less confident in their ability to plan for their financial future (60% versus 68% of men), make decisions about financial products (63% versus 72% of men) and in some instances, manage money day-to-day (76% versus 81% of men). In these circumstances, it is not unexpected to find a somewhat lower incidence of holding investment products (such as shares, managed funds and investment property) amongst 35–49-year-old women (30%) than men of this age (35%).

50–64-YEAR-OLDS

While financial wellbeing outcomes improved for both men and women after turning 50, the five-point gap in financial wellbeing scores persisted in the 50–64-year age group. Factors influencing the lower scores for women included the following:

- Caring for dependent children appeared to be less of an issue in this age group with only 25% of 50–64-year-old women (8% as a single parent) having dependent children living in their household. However, despite this only 28% of 50–64-year-old women were working full-time (compared to 46% of 50–64-year-old men) and 25% were working part-time (versus 12% of 50–64-year-old men); a significant drop-off in workforce participation compared to women aged 30–49 years.
- Possibly of greater importance in explaining lower levels of financial wellbeing is its relationship with spouse/partner status. Those 50–64-year-old women who were living with a partner had considerably higher financial wellbeing scores than those who were not (71 out of 100 versus 55 out of 100). This is possibly reflecting the relatively high incidence of divorce amongst 50–64-year-old women (46% had been divorced or separated at some point), only 56% of women in this age group said they were living with a partner, compared with 70% of 50–64-year-old men. As a consequence, the lower scores for women in this age group are not entirely unexpected.

	Female		Male
'I own an investment property (with/ without mortgage)'	17%	VS	28%
'I own a self-managed super fund'	7%	VS	12%

50-64-YEAR-OLDS	Female	Male
FINANCIAL FUTURE		
'I will be able to save enough money to last me to the end of my life'	35%	48%
'I feel confident in my ability to plan my financial future'	66%	72%
'I feel anxious about my financial future'	49%	38%
LONG-TERM INVESTING		
'I make a plan to put money aside for investment purposes'	22%	28%
'I own a share portfolio'	15%	26%

- In addition, 50–64-year-old women were less likely to exhibit investment behaviours than men in this age group, with 15% owning a share portfolio (versus 26% of men), 7% owning a self-managed super fund (versus 12% of men) and 17% reporting that they owned an investment property with or without a mortgage (compared to 28% of men in the same age group). They were also less likely to say that they understood the risks associated with investing in shares, borrowing money to invest, margin loans and term deposits.
- Women in this age group were generally more anxious about their financial future than men and were less likely to feel they would be able to save enough money to last them to the end of their life (35% versus 48% in this age group). They also felt less confident in their ability to plan their financial future (66% versus 72% of men).

65 YEARS AND OVER

The gap in financial wellbeing outcomes between men and women was at its widest for Australians aged 65 years and over with average scores of 73 out of 100 for women and 80 out of 100 for men. At the same time, it should be noted that these scores for both women and men are well above the average financial wellbeing scores for people under 65 years of age possibly reflecting the low incidence of dependent children, relatively low levels of debt and high levels of outright home ownership.

However, factors which appear to have a role in accounting for the discrepancy between the financial wellbeing scores of women and men in the 65 years and over age group included:

- Older women were much more likely to be living alone than their male counterparts (44% versus 23%) or to be living with their child or members of their extended family (5% versus 1%) and less likely to be living with a partner without children (47% versus 65%). As discussed previously for 50–64-year-olds, living with a partner is generally associated with higher levels of financial wellbeing. Amongst all those aged 65 years and over (women and men) who lived with a partner, the average financial wellbeing score was 79 out of 100 while the average score for those living alone was 73 out of 100.
- Women 65 years and over were equally likely to report their main source of income as a government benefit/allowance or superannuation/self-funded retirement income (44% and 43% respectively), whereas older men were twice as likely to say that superannuation/self-funding was their main source of income (53%) than they were to nominate a government benefit or allowance (27%). It is worth noting that those aged 65 years and over who were mainly dependent on a government benefit or allowance typically displayed lower levels of financial wellbeing (average score of 64 out of 100) than those whose income was largely self-funded (average score of 85 out of 100).

65 YEARS AND OVER

HOUSEHOLD AND INCOME	Female	Male
Living alone	44%	23%
Living with a partner/ no children	47%	65%
Living with your child/or members of extended family	5%	1%
Main source of income is government benefit or allowance	44%	27%
Main source of income is superannuation/self-funded retirement income	43%	53%

- While women in this age group reported stronger behaviours in planning and budgeting than their male counterparts, they were less likely to exhibit informed financial behaviours such as informed product choice or decision-making. This in turn was influenced by lower levels of financial knowledge and experience, with women 65 years and over exhibiting less knowledge of financial products and their associated risks. While this was particularly the case with longer-term investment products, older women were also less likely to rate their knowledge of bank products for managing day-to-day as good or very good (61% versus 75% of older men) or report that they understood the risks associated with term deposit accounts (67% versus 82% of older men).
- Consistent with the above and with the lower incidence of superannuation/self-funded retirement income, women 65 years and over were much less likely to hold investments than older men, with around twice as many men 65 years and over owning a share portfolio, self-managed super fund or investment property. This difference seemed likely to be influenced by older women feeling less financially confident, particularly in their abilities to plan for their financial future (79% confident compared to 88% of older men) and to make decisions about financial products (74% confident compared to 89% of older men). They also felt less in control of their financial situation (52% compared 62% of older men) and concerningly, twice as many older women than men reported not having any savings to fall back on (15% versus 8%).

03. Employment, household living arrangements and looking after dependents has a greater impact on women's financial wellbeing than men

Our research has highlighted that socio-economic factors account for more than half of what is influencing a person's financial wellbeing score. Factors such as earning potential, unemployment and having dependent children all have a direct impact on an individual's financial wellbeing (see Figure 11).

As discussed earlier, having children living at home is much more likely to impact the employment status of women, their ability to earn and build financial wellbeing. Of all women with dependent children at home[5], only 30% were working full-time (compared with 67% of men in this situation), 33% worked part-time (versus 8% of men), while 18% described their work status as 'home duties' (versus 2% of men).

The nature of living arrangements also impacted financial wellbeing. Average financial wellbeing was at its highest for women when they were living in a partnered household without children and at its lowest when they were living in a single parent household. Women's average financial wellbeing was lower than men for each type of living arrangement except where they were living alone (Figure 5).

The women in our sample were more likely to say they had been divorced or separated than male respondents (32% versus 26%). Respondents who said they had been divorced or separated had lower average financial wellbeing scores (59 out of 100) than those who had not (65 out of 100). However, being divorced appeared to have a greater negative impact on women, where the mean financial wellbeing score was 57 out of 100 amongst divorced women, compared to 63 out of 100 for divorced men.

5. Including single parents.

Not surprisingly, the proportion of women reporting they had been divorced or separated at some time increased with age, from 12% of women aged 18–24 years to 43% of women aged 65 years and over. Notably, there is a clear gap between the average financial wellbeing scores of women who had been divorced or separated and those who had not regardless of age (Figure 6).

However, this gap was most prominent for women through the majority of their working life, aged 25–64 years. Within this age group, financial wellbeing of divorced women was relatively low with an average score of 52 out of 100 (versus 63 out of 100 for 25–64-year-old women never divorced/separated). Almost half (46%) did not feel their finances allowed them to enjoy life (versus 22% of women in this age group never divorced or separated) and 50% had borrowed money to buy food or pay expenses at some time (versus 35% of women in this age group never divorced or separated). One-in-three (34%) had less than $1,000 in savings and investments compared to 14% of 25–64-year-old women never divorced or separated.

One-in-three (32%) divorced or separated women in this age group were employed full-time (versus 40% of those never divorced) and 27% reported a government benefit as their main source of household income (versus 9% of women aged 25 to 64 who had never been divorced or separated). This was reflected in relatively low household incomes with 31% of this group reporting an annual household income under $35,000 compared to 10% of 25–64-year-old women who had never divorced or separated.

Also notably, 45% of 25–64-year-old women who had been divorced or separated were renting their home (versus 29% of women in this age group who had never divorced or separated) and 19% were experiencing at least some difficulty in paying the rent. Average financial wellbeing scores were particularly low (39 out of 100) amongst this 45% of divorced or separated women aged 25 to 64 years who were renting their home.

FIGURE 5 FINANCIAL WELLBEING SCORE BY HOUSEHOLD STATUS AND MALE/FEMALE (OUT OF 100)

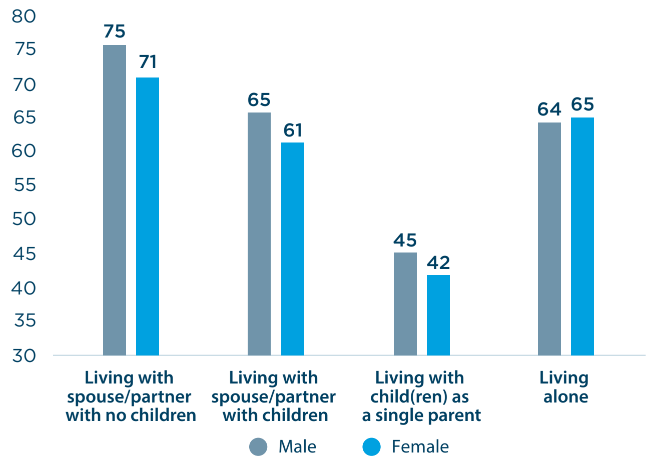
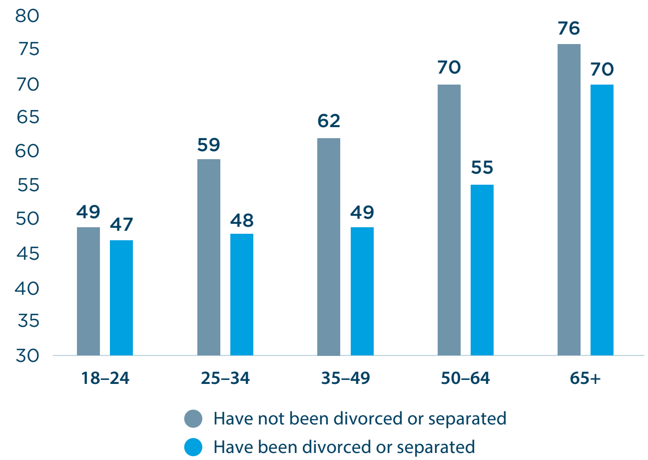


FIGURE 6 WOMEN'S FINANCIAL WELLBEING SCORE BY AGE AND DIVORCED OR SEPARATED STATUS (OUT OF 100)



04. Financial confidence is lower for women, influencing long-term investment behaviours

Our 2021 Financial Wellbeing Survey analysis demonstrated the role that financial confidence and a sense of control over our financial lives plays in influencing saving, spending and investment behaviours (see Figure 10).

While the strongest direct effects on saving and spending behaviours were people's attitudes to saving and spending (whether you are more of a spender or saver), their sense of financial confidence and control over their financial lives and their money management behaviours were also key influences. Further, a person's behaviour traits, socio-economic situation and financial knowledge indirectly affect saving and spending behaviours through their attitudes, financial confidence and control and money management behaviours (see Figure 10).

Financial confidence and control played an even stronger role in whether someone exhibited strong long-term investment behaviours. These behaviours were also influenced, to a lesser extent, by an individual's money management behaviours, in particular whether they were demonstrating informed product choice and decision-making. In turn, both of these factors were influenced primarily by a person's level of financial knowledge and how optimistic they are (see Figure 10).

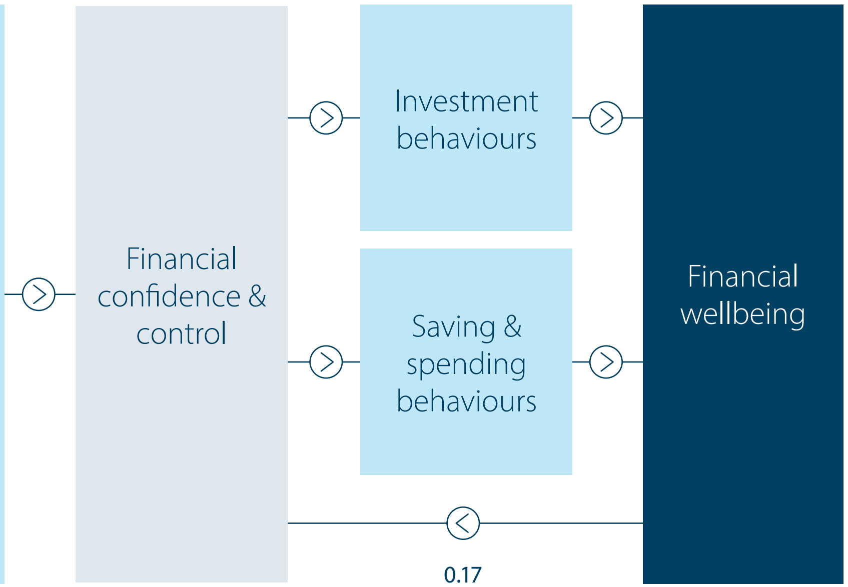
On the whole, women felt less confident about their finances. This was particularly the case for confidence in their ability to plan their financial future (64% versus 71% of men) and to make decisions about financial products and services (66% versus 73%). The discrepancy in confidence in planning their financial future was present at all age groups considered.

Figure 7 shows the primary influences on financial confidence and control in the financial wellbeing conceptual model used in this research, with financial knowledge key to developing a solid foundation for financial confidence. Our research showed that at all age groups considered, women were less likely to feel they understood the risks associated with financial products, in particular long-term investment products. Women over 25 years were also less likely to say they had a good or very good understanding of long-term investments and in some instances, finding information to make financial decisions.

This flow through of lower financial knowledge, particularly in long-term investments and their associated risk, to feeling less confident about their finances, is likely influencing the fact that women are making fewer long-term investments that support their future financial security and financial wellbeing. On the whole, men were more likely to make sure they had money available for long-term investment purposes (30% compared to 23% of women) and to have used a budgeting tool to help achieve savings or investment goals in the last 12 months (22% compared to 17% of women). Concerningly, the difference between the proportions of men and women putting aside money for long-term investment purposes was greatest amongst younger Australians with 30% of 18–24-year-old men putting money aside compared to 19% of 18–24-year-old women. Ultimately, these attitudes and behaviours appear to be reflected in women being less likely than men to hold investments such as shares (14% for women versus 22% for men), investment property (12% versus 17%) and self-managed superannuation funds (6% versus 10%).

FIGURE 7 INFLUENCES ON FINANCIAL CONFIDENCE AND CONTROL (STANDARDISED REGRESSION COEFFICIENTS)

Financial knowledge	**0.36**
Optimism	**0.29**
Goal orientation	0.16
Future orientation	0.15
Self-control	0.12
Financial experience	0.12
Action orientation	0.08
Financial stability	0.08
Life journey	0.08
Frugality	0.07
Health concerns	-0.07
Financial support to a dependent	-0.04
Access to social support	0.03



Note: only statistically significant results are shown.

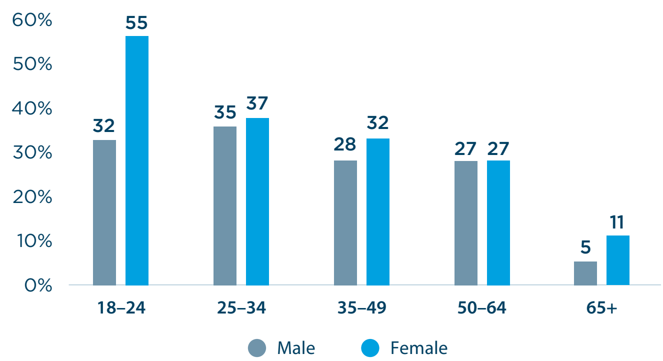
05. Mental health may be impacting the financial wellbeing of some female groups

Our research showed that health concerns such as experiencing poor physical and/or mental health is one of the most significant potential disruptors of financial wellbeing. In fact, it had a larger impact on personal financial wellbeing than an individual's saving and spending behaviours, accounting for 13.7% of the overall financial wellbeing score (see Figure 11).

While women and men were similar in reporting their physical health as fair or poor (28% and 26% respectively), women were more likely to report a disability or long-term health condition, with 27% doing so compared to 21% of men.

Women were also somewhat more likely to report mental health issues with 30% describing their mental health as fair or poor compared to 25% of men. The discrepancy was much higher for young women aged 18–24 years, 55% of whom reported their mental health as fair or poor compared to 32% of their male counterparts. While the difference was not significant for middle age groups, 11% of women 65 years and over reported fair or poor mental health compared to 5% of men in the same age group (Figure 8).

FIGURE 8 PROPORTION REPORTING FAIR OR POOR MENTAL HEALTH BY AGE AND MALE/FEMALE (%)



Incidence of fair or poor mental health was well above the average for all women, amongst women with disability or long-term health conditions (45%), women reporting fair or poor physical health (64%), single mothers (41%), female renters (47%) and unemployed women looking for either full-time (44%) or part-time work (56%).

Those women who described their mental health as fair or poor had lower financial wellbeing (46 out of 100) than all other women who described their mental health as good, very good or excellent (68 out of 100). They were also more likely to have no savings (30% compared to 12% of all other women) and to say they always, often or sometimes have to borrow money or go into debt to buy food or pay expenses because they run short of money (37% compared to 11% of all other women). They were also more likely to be using Buy Now Pay Later schemes (36% compared to 17% of all other women).

Around three-quarters (72%) of women with fair or poor mental health felt anxious about their future financial situation (compared to 36% of all other women with good, very good or excellent mental health) and they were less likely to be investing than women with good, very good or excellent mental health with 13% saying they make sure money is available for investment purposes (compared to 27%). Around 9% of women reporting fair or poor mental health had a share portfolio (compared to 16% of all other women) and very few invested in property with (5%) or without (1%) a mortgage (compared to 10% and 6% respectively of women with good, very good or excellent mental health).

CONCLUSION

This report focuses specifically on the financial wellbeing of Australian women using data from ANZ's **2021 Financial Wellbeing Survey** and aims to improve understanding of what factors influence women's financial wellbeing throughout their lives. The findings highlight that, in Australia, women have consistently lower levels of financial wellbeing than men. While some factors appear to be influencing women's financial wellbeing regardless of age, issues such as workforce participation, responsibilities as the principal carer for dependent children, mental health and spending behaviours appeared to have differential, albeit substantial, influence on a woman's financial wellbeing at different stages in life.

In our 2021 survey analysis, we found that external factors such as a person's socio-economic situation has the strongest direct influence on their financial wellbeing, while their financial behaviours, confidence, attitudes, knowledge, experience and personality traits all have important roles to play. These findings are further emphasised in our analysis of the factors affecting women's financial wellbeing.

Overall, Australian women are less likely to build financial resilience and consistently express more concern for their current financial situation and long-term financial security. Paradoxically, at an aggregate level, women exhibit financial behaviours such as active saving, not borrowing for everyday expenses and spending restraint in line with men and are more likely to have a savings mindset. These findings highlight how basic socio-economic factors (health, unemployment, child support etc.) are playing a pivotal role in constraining women's capacity to earn, build resilience and improve their financial wellbeing outcomes.

The survey findings also demonstrate that women are less likely to exhibit investment behaviours that would contribute to their long-term financial security. At all age ranges, women felt less confident than men in their ability to plan for their long-term financial future, due to lower reported levels of financial confidence – a critical factor influencing investment behaviours. While a number of factors may be leading to lower financial confidence, women also reported lower knowledge of financial products and product risk, particularly in relation to longer-term investing.

ANZ's body of research on financial wellbeing over the past two decades consistently highlights that the economic conditions an individual faces have a strong impact on their financial wellbeing. With this in mind, supporting women to build financial resilience and long-term financial security despite challenging socio-economic conditions appears key to their financial wellbeing. Programs and tools to help develop financial confidence and positive saving and spending habits such as MoneyMinded and Saver Plus can provide the skills to develop resilience and lessen the impact of socio-economic disruptions on financial wellbeing. Fostering opportunities to build financial knowledge, particularly in longer-term investment risks and nurturing a workplace culture that supports all people to balance work and family commitments will also aid in growing financial confidence, behaviours and wellbeing.

ABOUT THE 2021 FINANCIAL WELLBEING SURVEY

The **2021 Financial Wellbeing Survey** is the seventh iteration in the series ANZ has been producing since 2002. The key findings were drawn from an online survey of 3,552 randomly selected adults (over 18 years of age) conducted over two weeks in May and June 2021.

The **2021 Financial Wellbeing Survey** and analysis is based on the revised Kempson et al. model (2018)[6] and takes into account the evolution in international thinking about financial wellbeing and capability.

The measurement of financial wellbeing outcomes includes four dimensions with participants' responses converted into scores (out of 100) against each dimension considered to make up overall personal financial wellbeing (Figure 9). Scores for each dimension were calculated and an overall financial wellbeing score was created as an average of the four dimensions:

The revised Kempson et al. model (2018) is one of the few 'large-scale' models in the financial wellbeing literature that ties together the multitude of potential influences on financial wellbeing. The structure of the model is based on research into how the various variables interact and affect financial wellbeing (Figure 10).

FIGURE 9 FOUR DIMENSIONS OF FINANCIAL WELLBEING

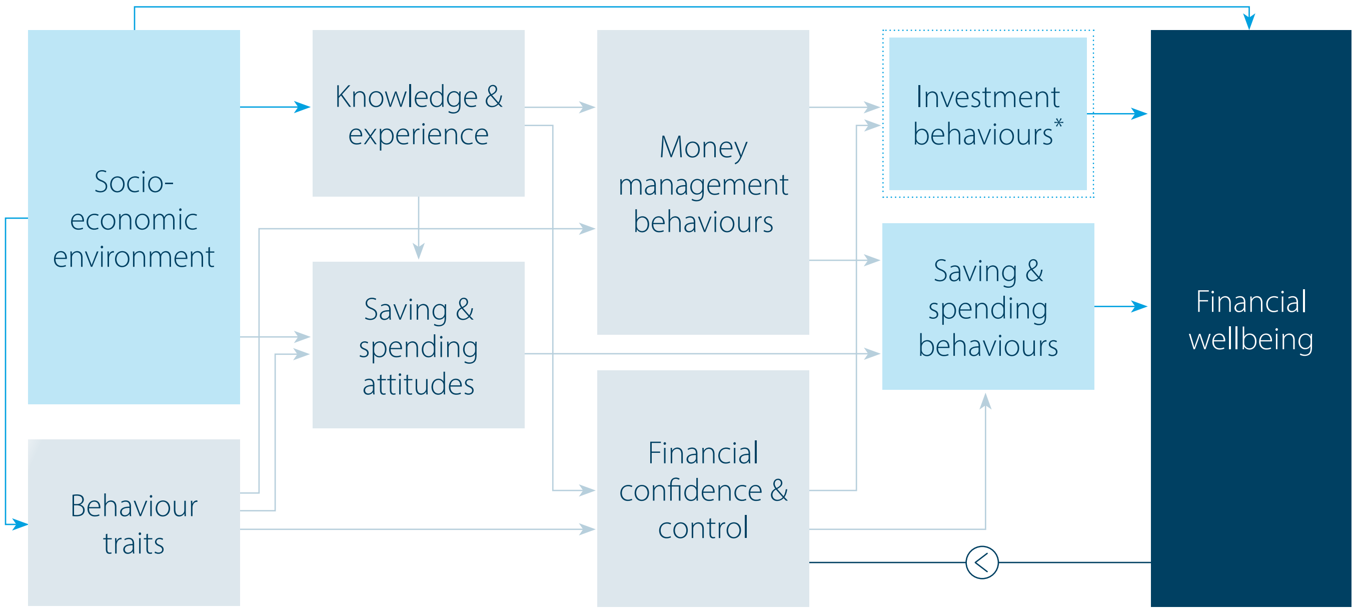
MEETING EVERYDAY COMMITMENTS
How well people meet their current expenses

FEELING COMFORTABLE
How comfortable people feel about their current financial situation (next 12 months)

FINANCIAL RESILIENCE
The ability to cope with financial setbacks

FEELING SECURE FOR THE FUTURE
A long-term view of future financial security

FIGURE 10 THE FINANCIAL WELLBEING CONCEPTUAL MODEL APPLIED IN THIS RESEARCH



Direct impact   Indirect impact   Feedback loop

Source: Augmented version of the Kempson, E., & Poppe, C. (2018) Financial Wellbeing Conceptual Model.
* Inclusion of a fourth dimension of financial wellbeing – feeling secure for the future – in this survey has identified 'investment behaviour' as an additional financial behaviour with a direct impact on financial wellbeing.

6. Kempson, E., & Poppe, C. (2018). *Understanding financial wellbeing and capability.* A revised model and comprehensive analysis. Professional report no.3. Retrieved from: https://www.researchgate.net/publication/326847922_Understanding_Financial_Well-Being_and_Capability_-_A_Revised_Model_and_Comprehensive_Analysis

Specifying the revised Financial Wellbeing Conceptual Model as a basis for analysis, the 2021 survey uses structural equation modelling (SEM) to analyse the network of relationships along the different paths and determine their direct and indirect influence on financial wellbeing.

Application of this model in our analysis in the Australian context is mostly consistent with Kempson et al. (2018), however inclusion of a fourth dimension of financial wellbeing – feeling secure for the future – in our measure identified 'investment behaviour' as an additional financial behaviour with a direct impact on financial wellbeing (Figure 10).

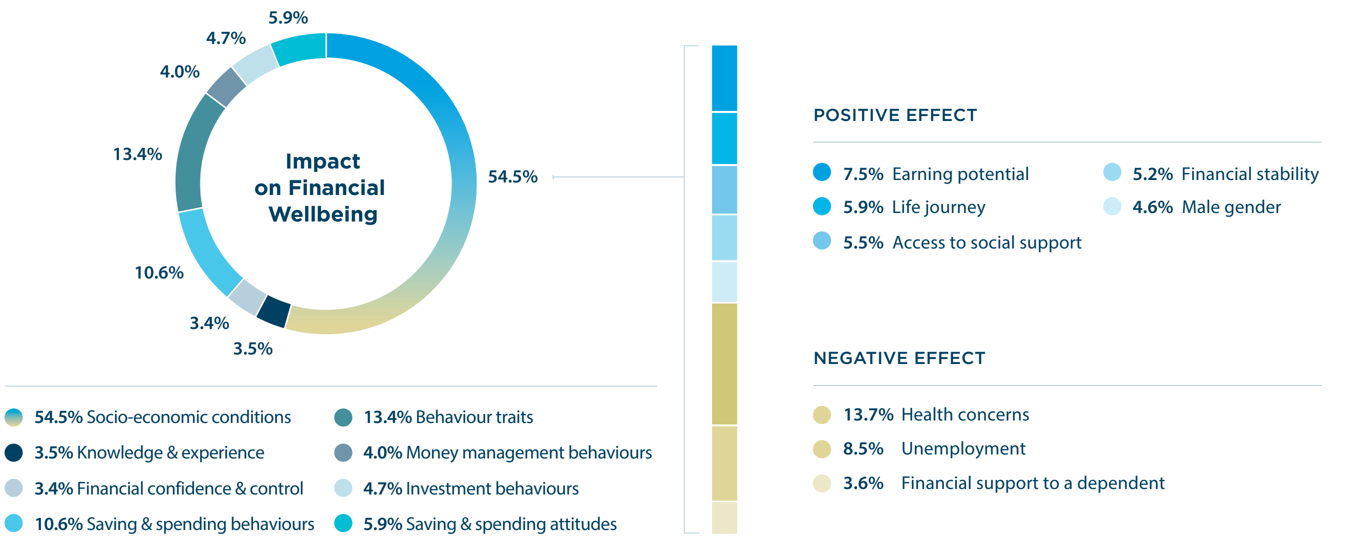
A summary of the survey methodology and technical approach can be found in the **2021 Financial Wellbeing Survey** report.

Our research found that socio-economic factors had the greatest influence on financial wellbeing, accounting for 54.5% of the explained variation[7] in overall financial wellbeing. Behaviour traits such as a person's orientation towards the future, impulsivity, optimism or frugality accounted for 13.4%. Financial behaviours such as saving and spending behaviours, investment behaviours and money management behaviours, accounted for 19.3% of the explained variation in financial wellbeing in the 2021 survey (Figure 11).

While health, unemployment, earning potential and stage in life journey[8] were the strongest socio-economic influences on financial wellbeing, other socio-economic factors such as access to social support from family, friends and community, financial stability, gender and providing financial support to dependents were all significant influences on financial wellbeing. Gender played a strong role in financial wellbeing, with whether or not someone was of male gender accounting for 4.6% of the explained influence on overall financial wellbeing. In fact, this had a greater influence on financial wellbeing outcomes than financial knowledge and experience or financial confidence and control.

FIGURE 11 WHAT CAN INFLUENCE FINANCIAL WELLBEING?

Socio-economic conditions have the largest influence on financial wellbeing



7. Overall, the structural equation model developed was able to explain 75% of the variation in people's financial wellbeing scores.
8. Reflecting the tendency for people, on average, to accumulate assets as they progress through life.