

It is time to close the knowledge gap

Young women must harness the power of technology to build financial confidence

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Some high net worth millennials are looking for a home close to a Whole Foods

Much has been written about the differences in financial attitudes between men and women. This melting pot of fact and myth can be boiled down, I would suggest, to three generalisations: more men than women embrace the stock market; men are greater risk-takers with their money than women; and men tend to be more confident about handling their finances.

Clearly these assertions don't account for the legions of women who feel that they have sufficient financial knowledge and autonomy, yet statistics show that each generalisation, however anachronistic in the 21st century, holds a kernel of truth.

One contributing factor is a lack of financial education, which became part of the national curriculum only in 2014, but this alone doesn't explain why the issue seems to persist among young women.

Research conducted last year by MyBnk, a financial education charity, showed that more girls than boys had "a crisis of confidence" in making money decisions. The charity crunched data on 1,200 people between the ages of 11 and 25 and 48 per cent of females felt uneasy about finance. They lagged behind males in confidence about borrowing by 23 percentage points, banking by 20 percentage points and insurance by 14.

I was reminded of the stats this week after a friend, who is looking to get on to the property ladder with her boyfriend, told me how overwhelming she is finding the mortgage selection process.

“We’ve mainly been using bank websites and mortgage calculators to work out what’s realistic. That part is fine, but what I’ve been struggling with is understanding the different types of mortgages, and how you judge whether to get a two-year, five-year, or even a ten-year fixed rate,” she said.

Another friend chipped in to make a similar admission (albeit expressed slightly less eloquently): “I have no *insert profanity here* idea about mortgages.”

Let me be clear: these are two cerebral, self-sufficient and well-informed young doctors, and while they have no trouble understanding the complexities of modern medicine, when it comes to money matters they feel like complete ingenues. I suspect their remarks will chime with quite a number of readers.

We’re fortunate in the sense that, thanks to technology, we have a much broader range of advice and educational resources at our fingertips than our parents and grandparents did in their youth. We should be harnessing them to plug the gaps in our financial understanding. Knowledge, after all, is power. And it’s in our power, fellow millennials, to close once and for all the gender gap in financial confidence.

Let’s hear it for Lisa

While on the subject of women, the government’s savings bill was given royal assent this week, signalling the arrival of the Lisa, the Lifetime Isa in April. This will enable anyone between 18 and 40 to save up to £4,000 a year tax-free and get a 25 per cent bonus on top. If you are saving for your first home you should give this serious thought.

The Whole Foods effect

It continues to amaze me how much my image-conscious generation is willing to spend on fitness and healthy eating. Joining an upmarket gym where you pay about £50 to £60 a month, combined with buying products such as chia seeds, kale smoothies or Acai powder (the last is £24.99 for 100g in Holland & Barrett), is a recipe for financial gruel. One colleague told me that her latest obsession is Pip & Nut’s all-natural roasted nut butters — the starting price for a 1kg jar is £6.99.

Our appetite for unprocessed food is even, in some cases, influencing where we want to live. Penny Mosgrove, the chief executive of Quintessentially Estates, the property company, says that she has seen a surge in requests, mainly from high-net-worth millennials, to be near health shops, yoga studios and Whole Foods stores. I’m all for a healthy lifestyle, but this “clean eating” phenomenon is eating far too deeply into people’s pockets.

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