”Buy him some Tesla stocks for his baptizing”

A study of gender differences within a sample of young savers

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Objective

- Parents transfer their behavior to their children, also saving behavior. We are inspired by Giddens (1984) social structuration theory, and Hibbert et al. (2004).
- We investigate how children save, from a time when parents decide to a time when children make their own decisions.
- We investigate how girls and boys save, i.e., if there are gender differences.
- We investigate how the activity among parents and children can moderate the gender differences, for example as regards age, capital amount and portfolio choice, i.e., saving in directly-owned stock and mutual funds.

The theoretical starting point…

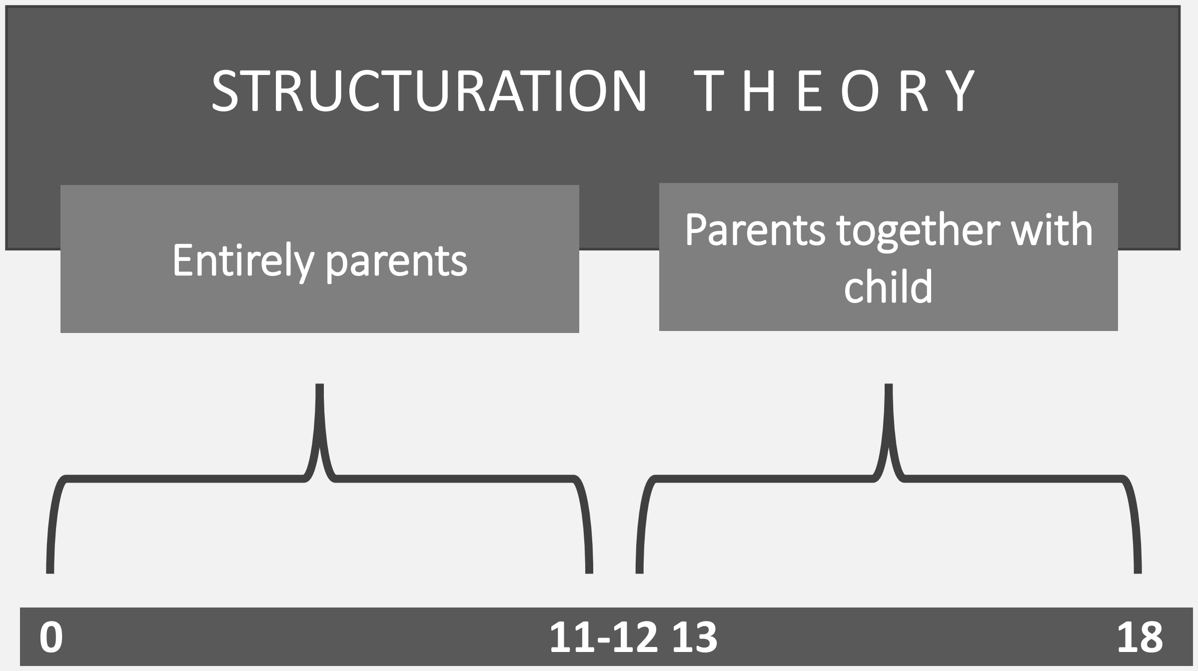
Documented gender differences regarding

- optimism
- self-confidence
- risk-taking
- interest in financial matters…
- …

The theoretical starting point…

For young savers:

- self-confidence
- interest



Real life
data from Avanza Bank

- all data for accounts belonging to children under the age of 18 (opened in the child's own name)

- removing "empty" accounts and accounts with more than SEK 250.000, the sample consists of 58,090 accounts

- 39% of sample consists of girls

Limitations

- We cannot decide whether parents make different choices for their sons and daughters, however, the sample is large and covers all children in the Avanza Bank database (saving accounts in the child’s own name).
- We have only got data from Avanza Bank. The childrens’ parents are often more interested in financial matters (mutual funds, stock and saving overall) than the average of parents. Difficult to judge the impact of this.
- We have cross-sectional data and cannot follow the children over time.
- Activity is here measured by the number of days parents or children are logged in. There are other measurements, e.g., deposits and withdrawals.

Boys

- Average 27 times login per year

Girls

- Average 4 times login per year

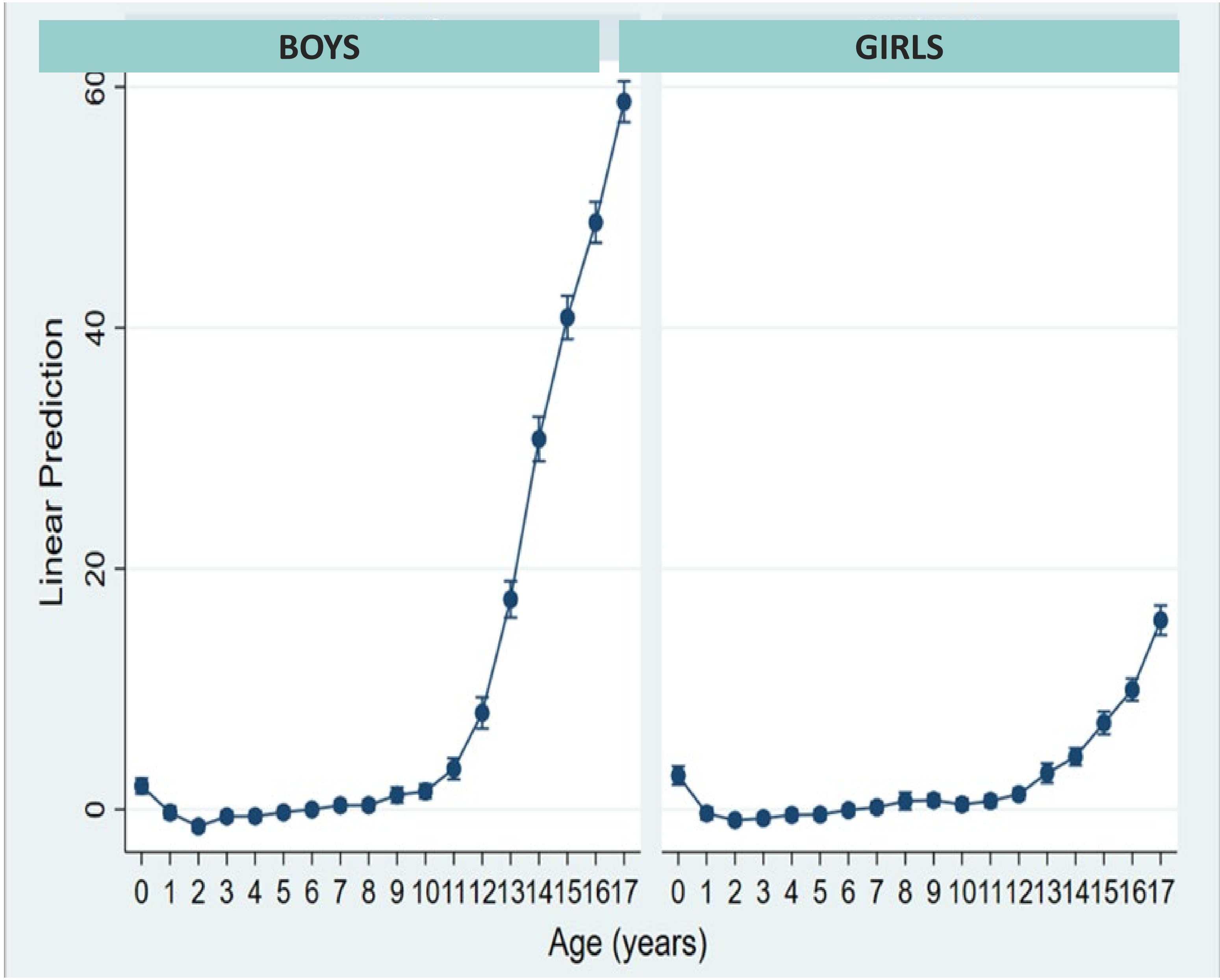
RESULTS

The older the child the more likely it’s a boy

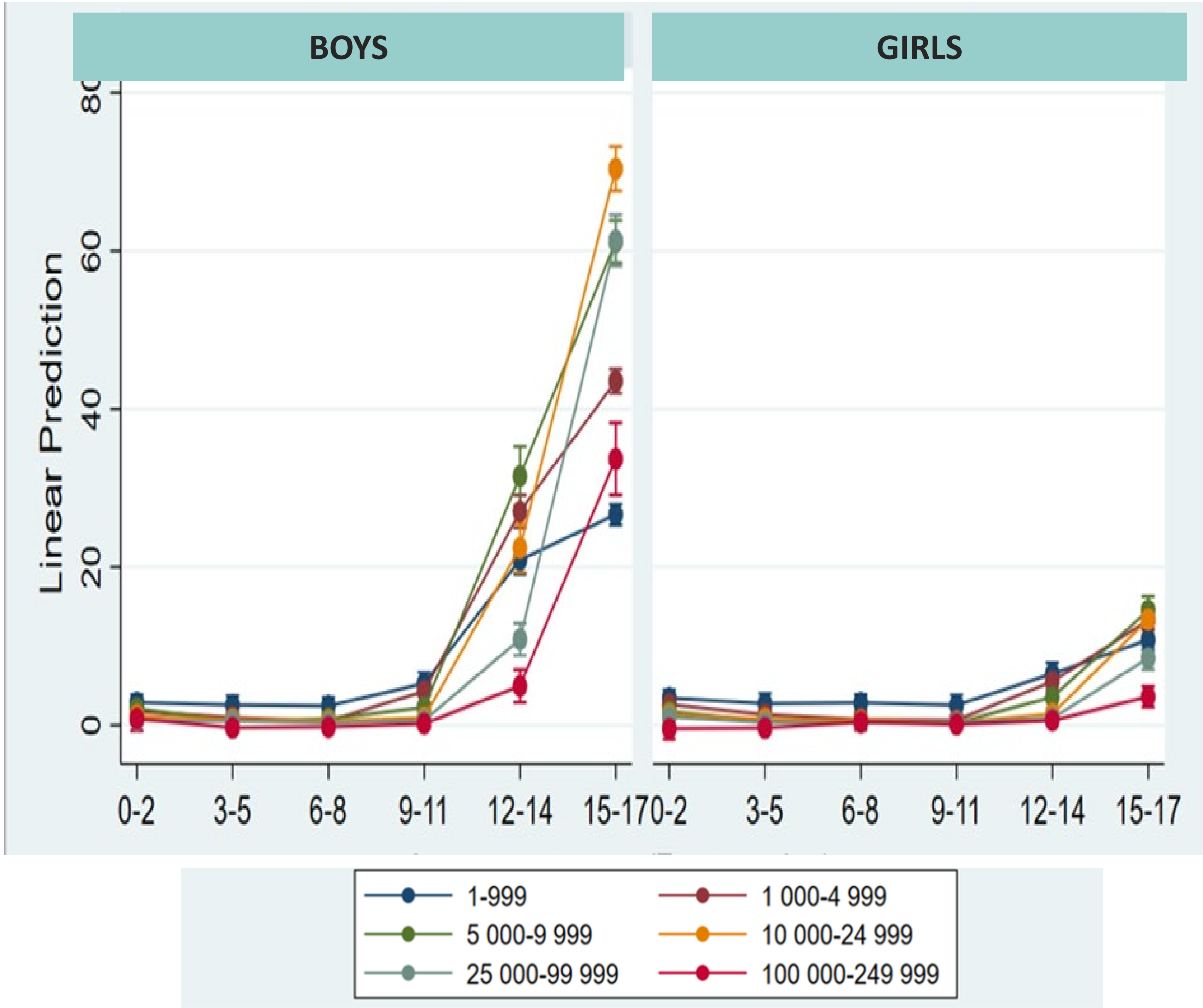
The more capital saved, the more likely it’s a girl

The more active the child, the more likely it’s a boy

Interactions between age, gender and activity – huge effects for boys



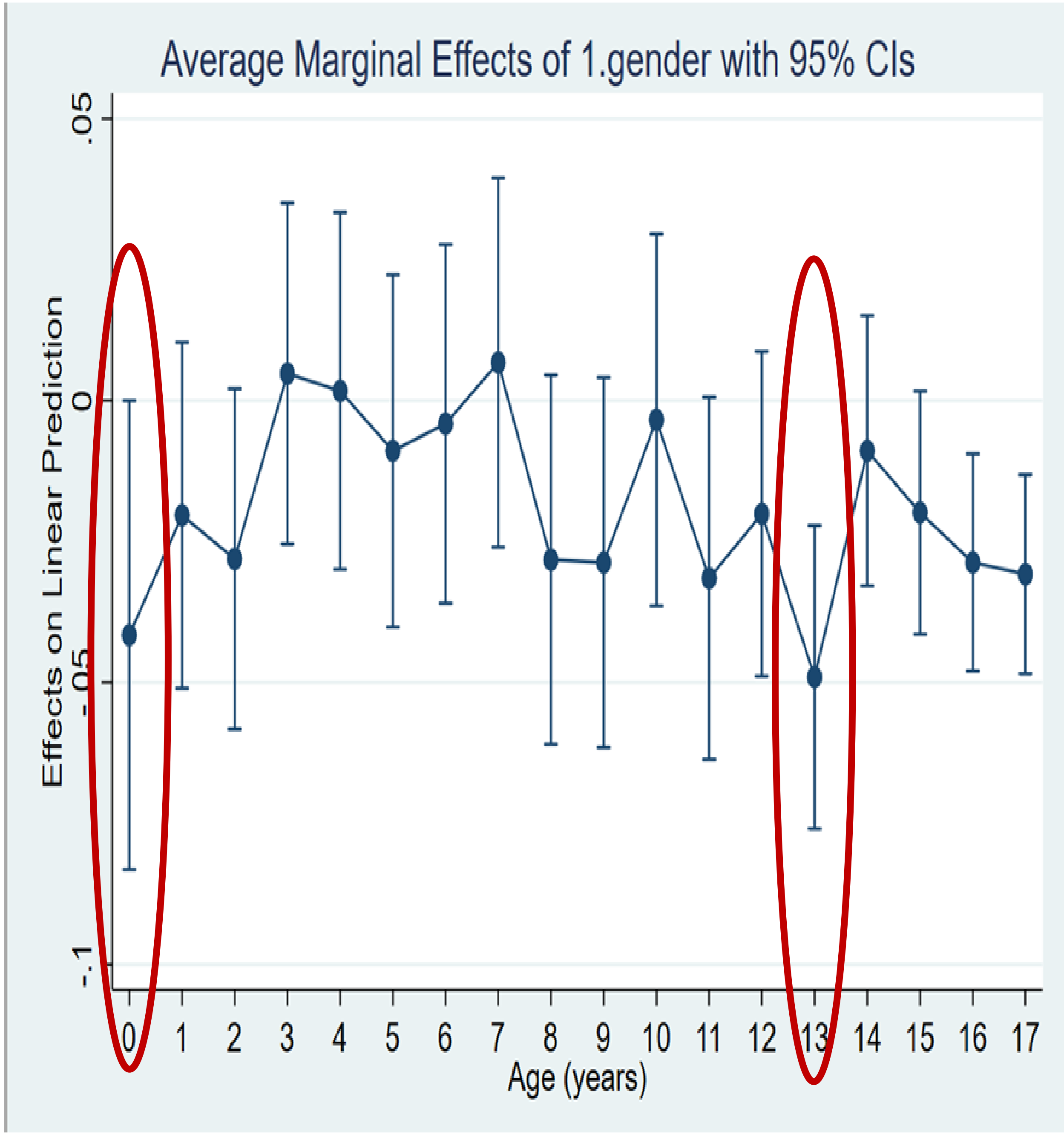
Interactions between capital, gender and activity – for all levels of capital, activity outweighs

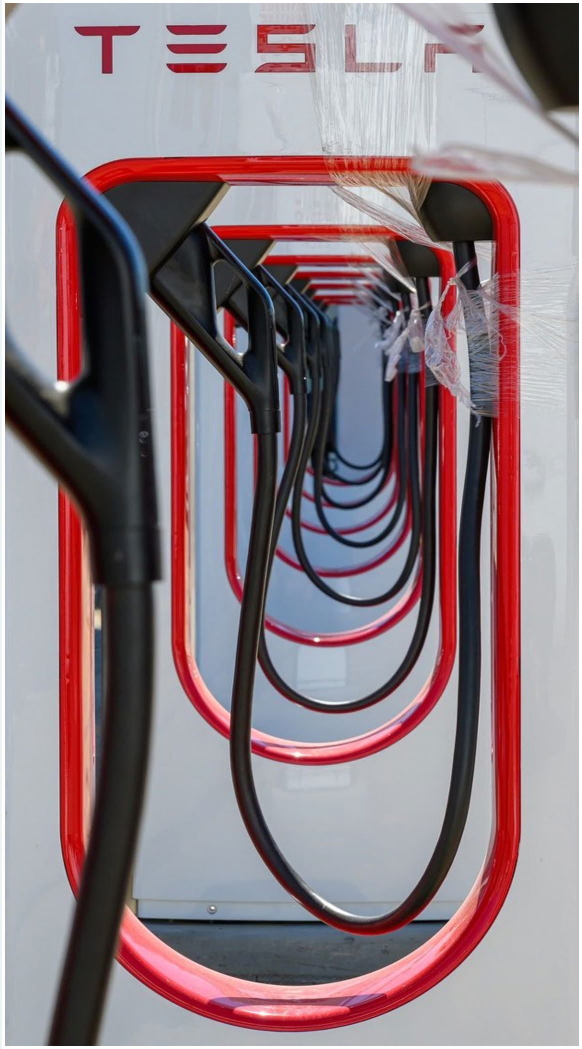


Ok.

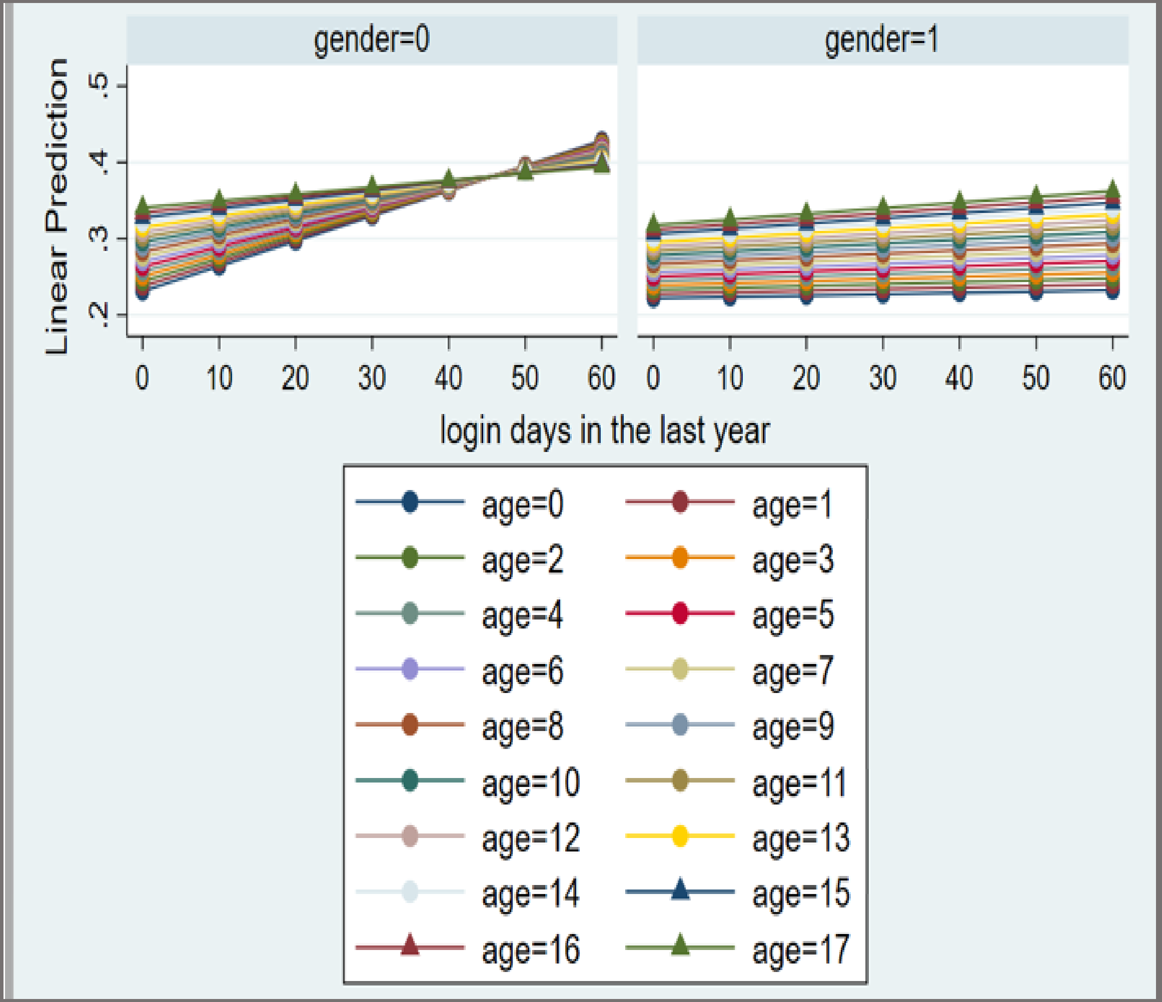
But where's the Tesla?

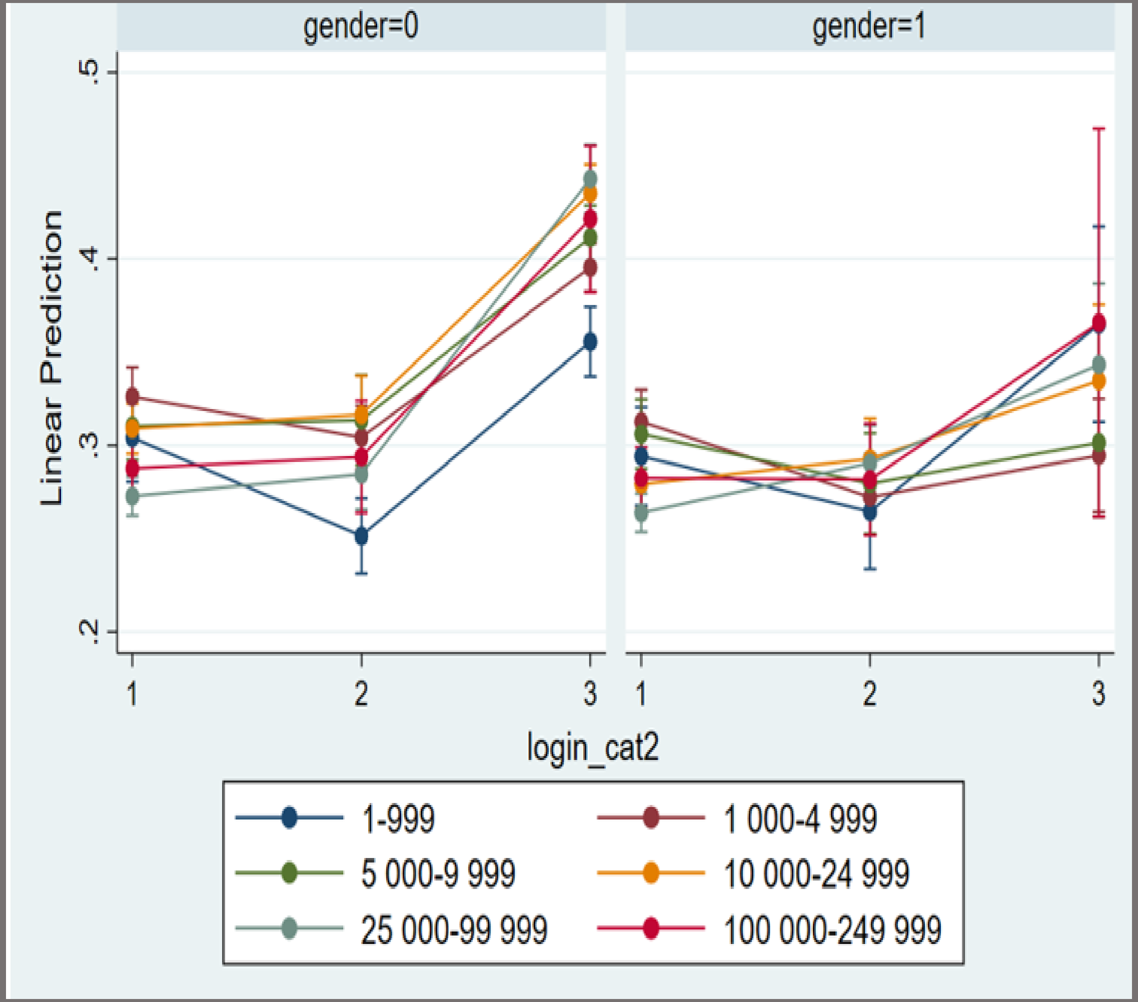
- Girls have a lower share of directly owned stock than boys.
- This holds also for age group 0-2 years.
- Year by year: the ”baptizing effect” and the ”confirmation effect”…





Activity moderates age and capital more for boys than for girls





Discussion

- Gender differences as regards age, capital and activity
- Gender differences as regards portfolio composition
- Theoretical implications
- Policy and managerial implications
- Limitations

THANK YOU!

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"Buy him some Tesla stocks for his baptism": Gender differences among young savers

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ABSTRACT

This paper investigates gender roles in children's savings, specifically defined as differences pertaining to age, capital invested, financial activity and portfolio composition, using a sample of 58,000 children. We observe gender differences between young female and male account holders. The average age and activity level of boys are significantly higher whereas girls hold more capital in their accounts. We note that activity interacts with both gender, age and capital, and is decisive in explaining financial behaviour, especially that of boys. We conclude that girls have a lower share of saving in direct-owned stock already before the age of one and among teenagers, particularly ages 15–17 years. We discuss our findings applying structuration theory, differentiating between implicit and explicit parental impact prevailing among adolescents, and the definite caring regarding younger children. For policymakers and managers, awareness that gender differences regarding financial behaviour prevail is an important insight.

1. Introduction

The transfer of adult roles to the younger generation is an important intergenerational mechanism visible in several areas of life. Given the importance of financial decisions and the increasing frequency of young adults among individuals with high credit card debts (Martinchek et al., 2022), it is not surprising that previous studies have highlighted the role of adults with regard to the financial behaviour of children (Crockett and Bingham, 2000). This underlying mechanism relies on children reproducing established patterns of rules and resources, as stipulated by social structuration theory (Giddens, 1984); something that has been verified empirically, e.g. in the study of the impact of family financial prudence on adolescents' financial strain, debt avoidance and credit card misuse behaviours (Hibbert et al., 2004). Specifically, stock market participation has been shown to be contingent on established rules and resources, and social interactions with family (Guiso and Jappelli, 2005).

related to e.g. homeownership and investments (Clarke et al., 2005). Again, this is consistent with several studies on gendered family roles, reporting an influence of behaviour modelled by parents on subsequent attitudes and behaviour of children (Cunningham, 2000; 2001). A related question is how financially oriented transferred values and beliefs, among them gender specific values and beliefs, develop over the years of the child. How are female and male babies and toddlers treated when it comes to savings and investments? How does financial behaviour differ between the sexes during the years of early adolescence, i.e. when a young boy or girl begins to make their own financial decisions?

Financial behaviour in many western societies is further specifically related to activity. Many Western societies enable and encourage active individual participation in terms of portfolio choice in the state income pension portfolio, emphasizing the role of citizens as investment managers. Many investment platforms also facilitate an active management of private savings, with many times unlimited possibility to frequently