

Overcoming the gender investment disparity

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A recent study has spotlighted women and investing, offering critical insights that aim to empower women to take the reins of their financial destinies and forge paths toward a prosperous future. Notably, an impressive majority of women (68%) engage in investment activities at least once a month, with over two-fifths (42%) diligently monitoring their savings and investments via online platforms or apps at least once weekly.

This proactive stance leads to nearly one in five (19%) women having a precise understanding of the value of their investments at any given time. However, the distribution of investment vehicles among women reveals a tendency towards traditional savings accounts (61%) and Cash ISAs (35%), with a notably smaller segment (17%) opting for Stocks & Shares ISAs, in stark contrast to 30% of men.

PREFERENCES AND BARRIERS IN WOMEN'S INVESTMENT CHOICES

When it comes to selecting a savings or investment product, an equal number of women (37%) value 'easy access to funds' and the protection offered by the Financial Services Compensation Scheme (FSCS) above other factors. Additionally, 'low or reasonable fees' are paramount for nearly one in four (23%), while digital accessibility is deemed essential by almost one in five (19%).

Alarmingly, a substantial proportion of women (37%) report not investing at all, a figure that exceeds that of men (24%). The reasons cited for this abstention are diverse, with the most common being a lack of disposable income for investment purposes (45%), followed by concerns over high risk (18%), complexity (10%) and liquidity (9%). These findings underscore an urgent need for bespoke financial education and empowerment initiatives for women.

WOMEN TAKE A BALANCED APPROACH TO INVESTMENT

The study further reveals a commendable balanced approach to investment risk among women, with a significant majority (85%) describing their investment strategy as either medium (35%) or low (50%) risk. This cautious yet strategic approach is laudable, especially in light of evidence suggesting that female investors often outperform their male counterparts over the long term, thanks to a patient and disciplined investment style.

In an age where financial independence is a coveted goal for many, it becomes crucial to address and surmount the unique obstacles that women may encounter in the investment landscape.

CULTIVATING FINANCIAL LITERACY

The journey towards becoming an adept investor commences with the acquisition of a solid grounding in financial literacy. This foundational step involves understanding diverse investment concepts, terminologies and strategies, thereby enabling one to make well-informed decisions.

ESTABLISHING CLEAR FINANCIAL OBJECTIVES

Articulating your immediate and long-term financial aspirations is paramount. These objectives not only direct your investment strategy but also keep you concentrated on your ultimate financial targets. The decision to save or invest is pivotal; while savings offer security, their value may diminish due to inflation. On the other hand, investments seek to grow your wealth, though they come with the risk of potential loss.

SIGNIFICANCE OF AN EMERGENCY FUND

Before embarking on investment ventures, setting up an emergency fund is wise. This acts as a financial buffer for unexpected expenses, ensuring that you are not forced to liquidate investments during unforeseen circumstances. How much you put aside will depend on your circumstances.

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EMBRACING DIVERSIFICATION

A critical investment principle is diversification – the practice of spreading investments across various assets, funds and tax-efficient vehicles. This strategy aims to mitigate risk and foster long-term wealth growth. Interestingly, the research indicates that only 7% of women engage in diversified investing compared to 18% of men, highlighting the need for greater awareness and participation among female investors.

STAYING INFORMED AND ADAPTABLE

An informed investor keeps abreast of local and international market trends and emerging opportunities that could influence investment decisions. Regular portfolio reviews are crucial to ensure your portfolio remains aligned with your financial goals and risk tolerance. Adjustments may be necessary in response to personal financial changes or shifts in the market landscape.

RISK TOLERANCE AND INVESTMENT STRATEGY

Understanding your risk tolerance is essential for creating an investment portfolio that reflects your comfort level with risk, balancing it against the potential for returns. It's important to remember that investments can fluctuate, resulting in both gains and losses.

DO YOU NEED SUPPORT AND ADVICE TO NAVIGATE THE COMPLEXITIES OF THE INVESTMENT LANDSCAPE?

We're here to assist if you are seeking more detailed guidance or looking to deepen your investment knowledge. We'll provide tailored advice, equipping you with the tools and insights necessary to navigate the complexities of the investment landscape. Contact us to discover how we can help you achieve your financial goals and maximise your investment potential.

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