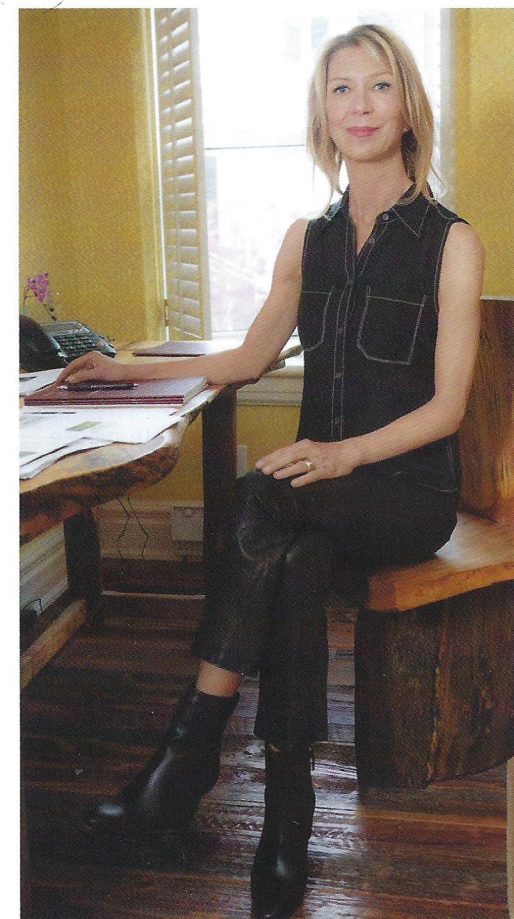


RICH THINKING® CELEBRATES TEN YEARS OF GROUND-BREAKING RESEARCH

A conversation with Barbara Stewart.

Robyn Graham, CFA



Barbara Stewart, CFA, is recognized worldwide as a leading researcher in the field of women and finance. Ten years ago, Barbara pivoted from a successful 28-year investment career as a foreign currency trader and portfolio manager in Toronto, after identifying a need to challenge outdated financial industry stereotypes and share positive messages about women and money. Her Rich Thinking global research papers quote smart women from all ages, professions, and countries, and are released annually on International Women's Day (March 8).

To mark the tenth anniversary of her Rich Thinking research this year, Barbara released two white papers: a special paper called "A Decade of Rich Thinking" that summarized her key research findings over the past decade, and her 2020 white paper, "Top Tips for Business Success." Barbara's research can be found at her website, as well as at CFA Institute's Enterprising Investor blog.

Just before the release of her white papers, I had an opportunity to speak with Barbara about her research, its evolution over the last decade, and the road ahead.*

Please tell us a little more about your 2020 white paper, which was released on March 8th.

This year's white paper topic is top tips for business success. I interviewed 51 fabulous women of diverse ages, professions, and cultures around the world, and asked them only two questions:

1. What is your No. 1 tip for business success?
2. Why is that your top tip?

The top tips fall into five main categories:

- Be a lifelong learner
- Speak up
- Form deep relationships
- Always remember your why
- Follow your inner voice

At one level, there is not much new in our findings of top tips. Lifelong learning, speaking up, forming deep relationships, understanding your why, following your inner voice, and being courageous: these tips, or variants of them, can be found in many other reports and articles. But at a deeper level, there are two important insights from this year's research.

First, telling someone dying of thirst in the desert to find a spring and drink some water is not helpful, but showing them where the spring actually is will

save their lives. In the same way, "top tips" — in isolation — are not much more than platitudes. It is only with the stories behind these tips, with concrete examples and real-life applications, that women — and men — will be able to learn from these tips and put them into action. These top tips make for great panel discussions!

Second, it isn't just individuals that need to be courageous: financial institutions need to read the stories behind the top tips to better understand, communicate, and inspire their customers.

2019 marks the ten-year anniversary of the commencement of your research project. What is the biggest change you have witnessed in women's attitudes, and attitudes toward women, in the last decade?

The biggest change in women's attitudes is that women are speaking out way, way more about their views on absolutely everything — from the wage gap to what they are looking for in terms of types of investment opportunities. This is incredibly encouraging because, of course, the more we understand about each other, the better we will be in a position to guide the financial industry, and all industries, to serve our needs and interests.

The biggest change in attitudes toward women is that after 10 white papers — a combined almost 500 pages of research — I realize I spent many of those pages myth-busting: women aren't risk-averse. Women don't lack confidence. Women don't want to learn about investing the way men do...and they don't have to! Now that my research — and other research too, of course — has "shifted the conversation" over the last decade, there's less need for busting myths. Women are being taken more seriously today. There has been a global wake-up call! In 2020 and beyond, women are the No. 1 target market

for every financial services firm. The old ways of communicating with women about investing were ineffective. Every firm is grappling with trying to figure out how they can have first mover advantage.

Ten years ago, you stated the goal of your research was to "make things better for the future" and "to challenge outdated financial industry stereotypes and share positive messages about women and money." Do you feel the research has accomplished this goal? Can you provide a specific example? You mentioned "the conversation has shifted." How?

Rich Thinking has become a valued source of qualitative research for academics, major financial institutions, and professional organizations internationally. Things have changed over the past ten years. It isn't quite "night and day," but I am no longer feeling alone in my efforts to change the global conversation around women and money. There are now many individuals and organizations who are asking different – more relevant! – survey questions to assess women's financial behaviours. And the results are encouraging.

As per my comments above, we have experienced an "en masse," cross-industry realization that we are more likely to attract women's financial assets if we communicate with them in their language. A couple of years ago, I did an interview with the Economist magazine on the topic of women and money. I talked with the reporter for over an hour about my research, and although she kept saying "how fascinating!" and "I will definitely quote you on that!" I noticed when the article came out the only people quoted were a) from the big investment firms in the U.K., and b) their quotes were the same old party lines, namely "women need to become more financially literate." I'm ecstatic that today

even the oldest of the old boys' networks in the financial world of London have changed their tune.

A specific example? Across the board, advertising has shifted towards showing confident, wealthy women and portraying messages that are respectful to women. The BBC recently reported that, in the U.K., Metro Bank has taken the top spot in an official survey of customers' satisfaction with their bank. Their most recent TV ad follows a bank manager (played by an actress) as she walks to work, interacting with shop owners and locals alike before opening the bank to a customer and her dog. Also in the U.K., I love Starling Bank's transit ads (their CEO Anne Boden is a woman) – "You're not bad with money, you're just with the wrong bank!"

You conducted a quantitative survey earlier in January, which revealed some interesting and surprising results:

- **65 percent of women are investing wholly or mainly on their own.**
- **Over 74 percent of women affirmed they are not risk-averse, but rather, risk-aware.**
- **More than half indicated greater than 50 percent equity exposure in their portfolios.**
- **Women do not want or need a course or book to get started investing; they are introduced to it through a mentor or someone they know and trust.**

Do you think these findings reflect a growing trend or recent change?

I think these findings reflect a trend that has been growing for many years now but has been underreported. Why was this? To be honest, I think it was due to laziness on the part of all players in the industry. It's easier to repeat

stereotypes, especially if the system appears to be working and everyone is making money.

Historically, in the investment industry, people who said they were the most risk-averse were told to own a lot of cash and bonds, and to avoid stocks, while those who said they were risk tolerant were advised to own more stocks. In this way, investing in equity markets was seen as a proxy for risk tolerance.

Men did tend to own more stocks decades ago and were therefore seen to be less risk-averse than women: we come by the old stereotype honestly. But time's up for that cliché!

My research has shown that women are risk-aware. Whether we are talking about investing in a new venture or the stock market, as long as a woman is interested and an opportunity is aligned with her values, she will be motivated to take a risk. She might take more time to make an investment decision, but this is because most women are meticulous about doing their homework. Once they have delved into the details to their satisfaction, they will take calculated risks and invest.

Importantly, the phrase "risk-averse" is demeaning – it portrays women as meek, mild creatures who shy away from the world of investing. The opposite is true. Women take more risk by investing in ESG funds or causes/concerns that matter to them.

Do we know why women prefer to invest on their own?

Women across all countries and cultures highly value financial independence. The concept that "I make my own money" and "I make my own decisions" is the dominant theme globally.

At a recent technology forum, you commented that women are among those finding it easiest to adapt to technological change and will be the first to embrace the new model of managing money: one of self-reliance.

Can you tell us more about the digital and social platforms that female investors are using?

All around the world there are various new social trading apps and platforms popping up every day. Some of the most commonly used ones are: Wealth Front in the U.S., E-Toro based in Tel Aviv, Poems in SE Asia, and Nordnet's Shareville in the Nordics.

Facebook communities such as Sweden's FemInvest have been a huge hit with female investors of all ages. Their success is largely about socialization and shifting cultural norms. As one of their former ambassadors told me a couple of years ago: "Women like to talk about things that matter to them and share. Our Facebook group is only women and no questions are too stupid. It is an open environment. When you start to invest you learn something new and get practical experience. Then after a while, you become more curious. You gain a little confidence trading and then you suddenly realize 'It's just the stock market...it's not super dangerous!' "

A very interesting mobile investment club app has been gaining serious traction with women...in fact, nearly half of their investors are women! Voleo is a Vancouver-based firm and their app lets users trade individually, join an existing investing club, or create a new one. They can invite friends, family, and colleagues to join the platform, link accounts, and begin investing together. Inside the clubs, members propose investment ideas, discuss, then vote on whether the group will purchase the security or not: If a predetermined percentage of members approve, then the order goes to market. They then track their investment club's performance and

compete against other investment clubs around the world if desired. Each time a user votes for a trade that the club does not approve, the hypothetical decision is tracked: an "I told you so" feature!

I love this app because I know, for women, that sharing and being accountable to each other really matters. I interviewed Randiesa Spires, the president of Florida Stock Sisters, a Voleo African American women's investment club with eight members who meet online monthly. Spires learned about investing from her parents, but over time she started to think more seriously about taking control of her financial freedom:

"I was motivated to form the group after I started following a Facebook community of female investors and immediately had the sense that this is where I need to be...I had found my community of women who look like me, and I felt comfortable. Florida Stock Sisters has become that sisterhood we all needed and the eight of us know we can count on talking money every Wednesday at 7:30 p.m. Each week one of us analyzes two companies and then presents our recommendation. Being accountable to the group helps so much — we have to be fully prepared for our meetings."

How long do you plan to continue your research on women and investing?

This research has affected my life in a massive way. In 2016, I left my job after 25 years in the investment industry so that I could devote myself full-time to Rich Thinking research. As a recovering perfectionist, I deliberately didn't put much formal planning into my transition other than following my favorite mantra: "You become what you think about."

Like many of the women I have interviewed over the years, my ideal path is to live all parts of myself through a fully integrated work and personal life. I want to focus exclusively on work

that allows me to express my ideas and vision of making the world a better place for women, so I'll keep going and my plan from here is to go deeper. Now that we have moved past the stereotypes, I want to invite women of all ages to discuss their financial opportunities, their risks, their investments, and their ideas...this input will drive the road ahead for my research.

I'll continue to have one-on-one conversations, but some research is also likely to be done in more of a group setting — think "financial salons" — plus some quantitative, survey-based work when that's the right tool for the job. It isn't always; I know from experience that gathering data from open, honest exchanges and sharing the collective wisdom...this is the most effective way to make real change happen.

What else do you expect will change in the next ten years?

From the time I left my job as a portfolio manager in late 2016, I have been very busy working on commissioned research projects, interviewing entrepreneurs and CEOs — male and female — for various banks and investment firms around the world. I predict that over the next 10 years, as this topic of women and finance continues to be of increasing relevance to the investment industry, I will be busier than ever! 

Robyn Graham, CFA, CIM, CFP, FCSI, is Volunteer Chair, Member Communications Committee, CFA Society Toronto.

WEBSITES CITED IN THIS ARTICLE:

Barbara Stewart's website:
www.barbarastewart.ca/richthinking
 CFA Institute's Enterprising Investor blog:
blogs.cfainstitute.org/investor/?s=barbara+stewart
 FemInvest: www.feminvest.nu/

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