

## “It is a myth that women are afraid to invest”

by Lærke Cramon

*This is the opinion of Barbara Stewart, who is a financial analyst and probably the person who knows the most about women and investments in the world. In the last nearly 10 years, she has personally researched how women invest their money. And they do it differently from men in at least four ways.*



Anders Rye Skjoldjensen

Barbara Stewart was 11 years old when she found out that she is a feminist.

She discovered that her father gave her mother a set amount of cash for groceries and household necessities. At the end of the week, her mother was expected to present bills

and account for all her shopping. And if she bought something that her father thought was unnecessary, he made it very clear to her.

“That was when I decided that I wanted to earn my own money and never be dependent on a man”, says Barbara Stewart as she steps into the elevator of the Radisson Royal Hotel in Copenhagen. The elevator doors close behind her and she is transported up to the top floor where her room is.

Today, Barbara Stewart is a well-known investment analyst and probably that person in the world that know the most about women and investing.

She has been researching women’s behaviour in the investment market for almost a decade, and she is a sought-after lecturer and keynote speaker all over the world. To date, she has conducted qualitative interviews with more than 700 female investors from around the world to find out how they invest. She does the research on her own initiative, and she has self-financed all nine Rich Thinking® reports that she has published about women and money.

“I just love Copenhagen”, Barbara Stewart says as she’s stepping into her hotel room.

“I have been here many times as a consultant for some of your big banks.”

The hotel room is small. In exchange, there are windows all around the room - an almost 180 degree view of Copenhagen. Logos of the financial world’s institutions are visible on some of the taller buildings.

## **Barbara Stewart**

- Canadian financial analyst who specializes in how women invest. For the last nearly ten years, she has published a Rich Thinking® research study about women and investing on each International Womens’ Day.
- She finances her research by giving lectures and providing consulting services all over the world.
- She is a CFA (Chartered Financial Analyst) Charterholder, which means that she is a member of the CFA Institute, which sets the highest ethical and professional standards for investing professionals globally.
- She has managed wealthy people’s assets as a portfolio manager for 20 years.

## **The black sheep of the profession**

As a part of a 48-day trip, Barbara Stewart is only spending a short time in Copenhagen, in order to interview three female investors for her research project.

“Early tomorrow morning, I’m flying to Istanbul, and then on to seven more countries in Southeast Asia,” she says as she pushes some of her suitcases out of the way to make space for us to sit and talk.

It was during the financial crisis that she became interested in taking a closer look at women’s behaviour in the investment market. In 2009, when the crisis hit, she was working as a portfolio manager, managing wealthy people’s portfolios. And when her clients started to lose money she wasn’t enjoying her role.

“My clients were upset at the time and it was difficult trying to manage their feelings. And no matter how hard I tried, I couldn’t control the situation in world markets. After all, everyone lost money back then, and nobody could help,” says Barbara Stewart.

One thing she noticed in that period was that while her male clients sometimes acted fearful and at times irrational when talking about their finances, most of her female clients showed a very different kind of tolerance for what was going on.

“It made me curious, and I dealt with my own personal crisis by reading everything that was possible to find back then about women and investing”, says Barbara Stewart.

The result was discouraging.

“All the stories about women and money were negative. The message was either that women didn’t understand money, that they were risk averse, or that they would rather leave the finances to their husbands, fathers or brothers. And that made me really angry.”

Barbara Stewart’s observation was in fact that the women whose portfolios she managed were very competent and very conscious about how they handled their money. The positive stories are missing, she thought, so she interviewed more than fifty successful women about their relationship with money and investing.

She self-financed the report which she wrote on the side while she worked as a portfolio manager, and even though it was well-received and reviewed positively in the media, the financial sector didn’t promote it.

“I think I was looked upon as the black sheep of the profession”, says Barbara Stewart.

“The financial industry is very old-fashioned. It has spent so many years making money for men and driving business with men, and then I come out and say that women are financially competent and are tomorrow’s clients,” says Barbara Stewart.

Even though large portions of the financial world still think the “old” way, a shift has happened during the last ten years, says Barbara Stewart. She has just released her ninth report about female investors, on International Womens’ Day, and her experience today is that women are widely accepted as new and important clients of both banks and investment institutions.

And what has she found out in the course of the last ten years’ research? “Well... a lot!”, says Barbara Stewart. Some of her most important insights boil down to this: women are different from men in at least four ways when we are talking about investments.

### **1. Women are often self-deprecating when they talk about their investing competence**

One important thing Barbara Stewart has learned from talking with more than 700 female investors is that women don’t brag. It is very possible that even a woman who has two masters degrees, an important job and an exciting portfolio will still be modest when she talks about her investing abilities.

“When I first realized this, I understood that I shouldn’t be listening to how women talk about their successes, but rather I should look at their actual investments,” says Barbara Stewart.

And women are generally very capable investors. Several studies show that they actually manage better than men - measured by the fact that they earn higher returns.

“I hope that all the research showing that women are capable investors can inspire new female investors to talk positively about themselves and share their successes. I personally try never to talk about myself in a self-deprecating way.”

### **2. Women prefer to invest in causes that are meaningful for them**

Women are generally less interested in whether their investment earns 3.5 or 3.8 per cent interest. It’s not essential for them, in any case, even though making money is of course the goal. According to Barbara Stewart, they would rather invest in something they understand, and something that will hopefully contribute to society in a positive way.

“Female investors very often have their children in mind when they invest, and they think about investing in things that will secure the family economically and at the same time have a positive effect on society.”

### **3. Women like to communicate via personal stories**

While women used to stay away from investing in the traditional stock market, according to Barbara Stewart, it was neither because they didn't understand money, or they didn't want to have more of it, nor because they were afraid of risk.



“Their restraint was to a much larger extent due to the financial world's way of communicating with them, which has been awful,” she says.

Historically, banks have communicated with women in one of two ways: either as if they are men, but the hardcore profit-oriented communication is not attractive to women, according to Barbara Stewart. Or the banks invite women to women's evenings, where they team up with make-up companies in an attempt to make shares and investing more sexy.“

Northern women in particular disapprove of those kinds of events and consider them offensive,” says Barbara Stewart, who is often hired by banks all over the world as a consultant to help them target their communication towards ambitious women.

One of the things that has come out of Barbara Stewart's research is that women like to communicate via personal stories about individuals who have had success in investing, and what their motivation was for investing.

“The way banks traditionally communicate does not at all resonate with women. Fortunately, the banks are beginning to come to this realization. Well educated wealthy women are the client group that is in the greatest demand, and if the banks want to attract them, they will have to learn to address them without talking to them in a demeaning way.”

#### **4. Women are not risk-averse. They are risk-aware.**

One of the most pervasive myths about women and money, according to Barbara Stewart, is that women are afraid to take financial risks. Her point is that women are not afraid of risk, but that they are aware of risk. They run a risk when they invest, but they are more calculating with regard to when and why they risk losing money.

Women don't gamble. They do their homework and do as much research as possible, and therefore they will typically take a longer time than men to decide how to invest their money, she says.

“But once they have made up their mind, they take a risk - and often they risk more than men do, so I would very much like to destroy the myth that women are risk averse.”

The same day that Barbara Stewart became old enough by Canadian law to take a job, she started working as a cashier at a local supermarket. She handled a lot of money every day, and when the week was over, she was excited to get her pay package.

“It was a wonderful feeling. I earned my own money, and no one had any say over it”, she says.

Maybe that's exactly why it is her goal today to get more women to invest, so that they can become even more independent financially. "If you make your own money, you can make your own decisions", she says, and her research shows that financial independence is the number one wish among the women she meets during her travels all over the world.

"I'm happily married. I have my own money at my disposal to invest the way I want. And my husband does what he wants with his."