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# **What are the characteristics of the Australian Gender Wealth Gap during the 21<sup>st</sup> Century?**

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## *Introduction and Summary*

The gender wealth gap stands as the most significant barrier to Australian women achieving financial equality and liberty. With wealth as a cornerstone to a person's financial security, there is an unsubstantial level of research that examines why women accumulate less wealth than men. In order to answer this question, I will focus on what factors are conducive to the exacerbation of the gender wealth gap in Australia. In particular, I will seek to understand how it is possible that these factors widen the gender wealth gap. As I analyse the literature, I have come to the conclusion that the worsening of the Australian gender wealth gap stems from a female deficiency in economic literacy in early childhood education. This deficiency generates disparities in adult financial literacy which in turn leads to an overall imbalance in female wealth accumulation. Before the discussion begins, two concepts must be understood from the existing literature, the first being to acknowledge that an Australian wealth gap has been identified. The second concept to be understood is what constitutes as 'wealth'.

The notion of there being a gender wealth gap in Australia is not a new one, despite there being an unsubstantial level of research on the topic. Although this proves to be a limitation in this review, it does not suggest that this notion is unfounded. Ravazzini and Chester's (2018) research confirms that there is a gender wealth gap in Australia, with a particular

concentration in the upper end of the wealth distribution, going on to suggest that women's asset portfolios are, on average, less diversified than their male counterparts.<sup>1</sup>

Now I turn to the question of what defines wealth. One may deem it unnecessary to define what is thought to be conceptually clear, but defining wealth is vital in understanding the fundamental principles that construct the gender wealth gap. Often times 'wealth' and 'money' are viewed to be synonymous, thus clouding the general consensus of wealth.

Charles Tuttle (1891) once said that 'If we would catechise businessmen, to the query: What do you understand by wealth? The ordinary reply would be "money"'.<sup>2</sup> Wealth is an intrinsic part of life, yet our understanding of it is often misunderstood. So, to define wealth, it is best said by Davies (2008), who ironically asserts that, 'The definition of wealth is deceptively simple: the value of assets minus debts.'<sup>3</sup>

This discussion will be comprised of three parts, the first of which will detail the current scholarly literature of the Australian gender wealth gap, the second will discuss the gender gaps in education, and the third will discuss the natural progression of educational gaps into adult female financial illiteracy.

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<sup>1</sup> Laura Ravazzini, and Jenny Chesters, "Inequality and Wealth: Comparing the Gender Wealth Gap in Switzerland and Australia," *Feminist Economics* 24, no. 4 (2018): 92, <https://doi.org/10.1080/13545701.2018.1458202>.

<sup>2</sup> Charles A Tuttle, "The Wealth Concept. A Study in Economic Theory," *The Annals of the American Academy of Political and Social Science* 1 (1891): 617-18, <https://doi.org/10.1177/000271629100100408>.

<sup>3</sup> James B Davies, *An Overview of Personal Wealth. Personal Wealth from a Global Perspective* (Oxford: Oxford University Press, 2008), 3. <https://oxford.universitypressscholarship.com/view/10.1093/acprof:oso/9780199548880.001.0001/acprof-9780199548880-chapter-1>.

## Part 1: The Gender Wealth Gap and What We Know.

Historically, the first attempt at wealth data collection in Australia was recorded in the 1915 War Census.<sup>4</sup> Since then, there has been only one noteworthy attempt at wealth data collection from Australian households, and that was through a university-based survey collection between the years 1966 – 1968. The results of this survey were swiftly undermined by a small sample size and a high rate of nonresponse.<sup>5</sup> Now researchers who wish to identify the distribution of wealth must rely upon a method known as the ‘investment income method’.<sup>6</sup> Essentially, the method allows for the size of different wealth components to be estimated by the size of the income flows that are generated by different assets.<sup>7</sup> The main findings from these previous studies have allowed conclusions to be drawn as to where the distribution of wealth lies. In Australia, the major component of household wealth amongst men and women is in housing, closely followed by superannuation.<sup>8</sup> However, the investment income method does not extend to identifying or understanding the extent of the gender wealth gap in Australia. As they currently stand, the Australian data collection methods do not allow for a comprehensive analysis of the gender wealth gap. However, with the available data from the Household, Income, and Labour Dynamics in Australia (HILDA) survey, researchers have been able to examine the changes in the wealth gap between single female

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<sup>4</sup> Bruce Headey, Gary Marks, and Mark Wooden, “The Structure and Distribution of Household Wealth in Australia,” *Australian Economic Review* 38, no. 2 (2005): 160, <https://doi.org/10.1111/j.1467-8462.2005.00363.x>.

<sup>5</sup> Headey and Wooden, “The Structure and Distribution of Household Wealth in Australia,” 160.

<sup>6</sup> Headey and Wooden, “The Structure and Distribution of Household Wealth in Australia,” 160.

<sup>7</sup> Headey and Wooden, “The Structure and Distribution of Household Wealth in Australia,” 160.

<sup>8</sup> Headey and Wooden, “The Structure and Distribution of Household Wealth in Australia,” 160-161.

and male households since 2001. This data, however, has its limitations due to the HILDA data being collected from households rather than individuals, meaning that research into the gender wealth gap is strictly limited to analysing data from single female households and single male households. Collection of data from households rather than individuals prevents the attribution of assets and debts to individuals, which disallows a gender analysis of differences in wealth. Such a limitation cannot be overcome by the assumption that assets and debts are equally shared among its members, as the benefits and ownership of wealth are often unequal in households.<sup>9</sup> This leads to all current research being conducted only within the scope of comparing single female households to single male households.

### *The gender wealth gap*

Siobhan Austen et al.'s (2015) research is a comprehensive and important piece of scholarly literature on the gender wealth gap. Their work has identified the discrepancies in the average net worth holdings of single male households compared to their female counterparts. In 2010, it was recorded that the average net worth holdings of single male households were AUD\$46,900 greater than single female households, concluding that there was a gender wealth gap of 22.8%.<sup>10</sup> The data from the 2010 HILDA report also indicated a 156.3% increase in the gender difference in the average net worth between 2002 and 2010 with the average net worth difference being AUD\$18,300 in 2002, AUD\$29,100 in 2006, and

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<sup>9</sup> Siobhan Austen, Rachel Ong, Sherry Bawa, and Therese Jefferson, "Exploring Recent Increases in the Gender Wealth Gap among Australia's Single Households," *The Economic and Labour Relations Review* 26, no. 1 (2015): 6, <https://doi.org/10.1177/1035304614556040>.

<sup>10</sup> Austen et al., "Exploring Recent Increases in the Gender Wealth Gap," 7.

AUD\$46,900 in 2010. The gender wealth gap has doubled from 10.4% in 2002 to 22.8% in 2010.<sup>11</sup> Austen et al. (2015) has indicated that it is possible to quantify an overall wealth gap, however, in order to understand the full extent of the gap it is important to acknowledge how age and marital status can help or hinder the accumulation of wealth.

### *The gender wealth gap and age*

Amongst the ‘younger’ group of households between 2002 and 2010, a substantial increase in the gender differences in net worth became apparent, rising from AUD\$9000 in 2002 to AUD\$56,700 in 2010, which is an increase from 16% to 89%.<sup>12</sup> For the households that were classified as ‘mid-age’ there was a gender wealth gap rise from 4% in 2002 to 28% in 2010 with the net worth increasing from AUD\$9100 to AUD\$58,500. Interestingly, the gender difference in net worth amongst ‘older’ households fell from 15.7% to 2.4% between 2002 and 2010, this may be attributed to debt-asset ratios falling with age.<sup>13</sup> Austen et al. (2015) did not go on to explain the reason behind the narrowing of the gender wealth gap in the ‘older’ cohort, which proves to be an unexpected outcome of this study and an area for further examination.

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<sup>11</sup> Austen et al., “Exploring Recent Increases in the Gender Wealth Gap,” 7.

<sup>12</sup> Austen et al., “Exploring Recent Increases in the Gender Wealth Gap,” 9.

<sup>13</sup> Austen et al., “Exploring Recent Increases in the Gender Wealth Gap,” 9.

## *The gender wealth gap and marital status*

The status of a woman's marital position has varying implications for the accumulation of wealth. Austen et al. (2015) conclude that the status of a woman's marital standing is a powerful determinant in their accumulation wealth, with the gender wealth gap for separated and divorced households increasing from 8.0% to 21.3% between 2002 and 2010 and for the never-married households increasing from 31.2% to 48.1%.<sup>14</sup>

## *Breaking down the gender wealth gap*

Now that it is understood what the numerical gender wealth gap is, it is now time to understand how it came to be. Current scholarly literature understands the gender wealth gap to comprise of many elements, each in their own way enabling the gap to grow. It is necessary to examine these contributors in order to understand how the gender wealth gap came to be. In recent decades, the gender pay gap has been at the forefront of discussions when concerning financial equality. It can be assumed that the gender pay gap contributes to the vast gender gap in wealth net worth, however, research suggests that while it does play a part in the gender wealth gap, our attention should instead turn to the role of financial portfolios.<sup>15</sup>

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<sup>14</sup> Austen et al., "Exploring Recent Increases in the Gender Wealth Gap," 11.

<sup>15</sup> Ravazzini and Chesters, "Inequality and Wealth: Comparing the Gender Wealth Gap in Switzerland and Australia," 102.

## *The Asset Gap*

The role asset ownership plays in the pursuit of female economic empowerment is an important one, it is often a person's assets to which they fall back upon in the case of household dissolution. Within feminist theory, asset ownership is what leads women to hold bargaining power within households and increases their participation in household decision-making.<sup>16</sup> Deere and Doss (2006) assert that through the analysis of the asset gap we can better illustrate how economic inequality accumulates through the life courses of individuals and families.<sup>17</sup> The current scholarly literature recognises that property assets play a dominant role in the wealth portfolios of Australian women. Austen et al.'s (2015) study of the wealth gap asserts that the substantial increase in the gender wealth gap between 2002 and 2010 was largely driven by the increase in the value of home assets owned by single male households.<sup>18</sup> Despite the perceptions that investment into the primary home is considered 'low-risk' and yielding lower rates of return compared to shares, it is found that in the context of Australia, the differential growth rates in the value of the primary home in wealth portfolios is what has heavily impacted the gender wealth gap.<sup>19</sup> Austen et al. (2015) discovered that in 2010 if we discredit the differential rate of growth on primary home assets,

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<sup>16</sup> Carmen Diana Deere, 'Household wealth and women's poverty: conceptual and methodological issues in assessing gender inequality in asset ownership' in Chant, S. *The International Handbook of Gender and Poverty: Concepts, Research, Policy*. Cheltenham, Gloucestershire, UNITED KINGDOM: Edward Elgar Publishing Limited, 2010. <http://ebookcentral.proquest.com/lib/monash/detail.action?docID=534848>. 348

<sup>17</sup> Carmen Diana Deere and Cheryl R. Doss, "The Gender Asset Gap: What Do We Know and Why Does It Matter?" *Feminist Economics* 12, no. 1-2 (2006): 2, <https://doi.org/10.1080/13545700500508056>.

<sup>18</sup> Austen et al., "Exploring Recent Increases in the Gender Wealth Gap," 24.

<sup>19</sup> Austen et al., "Exploring Recent Increases in the Gender Wealth Gap," 25.



then the gender wealth gap would have been 11.7%, rather than the actual 22.8% level it reached.<sup>20</sup>

## *Labour Markets*

The Australian labour market and labour participation are often elements that worsen the gender wealth gap through inflexible workplaces and undervaluation of feminised sectors. With income after retirement increasingly dependent on personal savings accumulated over a person's working life, the gender gap in retirement savings is a direct effect of employment-based inequalities. The gender wealth gap mirrors, "cumulated disadvantages of a career spent in a gender-biased labour market," which "is even more true for older cohorts."<sup>21</sup> Feng et al. (2019) explain that in comparison to OECD countries, Australian women overwhelmingly work in part-time employment, oftentimes with short hours, low pay, and in precarious positions.<sup>22</sup> There is an estimated gender earnings gap of 35 percent which, translates into a pension gap of 50 percent.<sup>23</sup> Female participation in part-time employment can be seen to be pronounced in different age cohorts. Between the years 35-44, women typically choose part-time employment to meet the responsibilities of childcare or other family commitments, in the older cohorts of women aged 55-64, a shift can be observed of

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<sup>20</sup> Austen et al., "Exploring Recent Increases in the Gender Wealth Gap," 24.

<sup>21</sup> Francesca Bettio, Platon Tinios, and Gianni Betti, "The Gender Gap in Pensions in the EU. Luxembourg: Publications Office of the European Union," (2013): 7, [http://cite.gov.pt/pt/destaques/complementosDestqs/130530\\_pensions\\_en.pdf](http://cite.gov.pt/pt/destaques/complementosDestqs/130530_pensions_en.pdf).

<sup>22</sup> Jun Feng, Paul Gerrans, Carly Moulang, Noel Whiteside, and Maria Strydom, "Why Women Have Lower Retirement Savings: The Australian Case," *Feminist Economics* 25, no. 1 (2019): 150, <https://doi.org/10.1080/13545701.2018.1533250>.

<sup>23</sup> Feng et al., "Why Women Have Lower Retirement Savings," 150.

moving away from full-time employment to part-time as a means of easing out of the labour force or becoming a primary role in the care of grandchildren.<sup>24</sup> Essentially, the disrupted working patterns of women and the overall gender bias of the market impact a woman's ability to accumulate wealth.

### *Superannuation*

Superannuation remains one of the major components of an Australian's wealth, regardless of gender. As aforementioned, women are concentrated in workforce sectors that are primarily part-time and casual working hours, oftentimes this means that women are less likely to be eligible for employer contributions to occupational superannuation.<sup>25</sup> Jefferson et al. (2005) make the assertion that due to the 'broken working patterns' of women, they are unable to save an adequate retirement income through defined contribution superannuation schemes.<sup>26</sup> Over their lifetime, relative to male 'baby boomers', women will spend 35 % fewer years in paid employment.<sup>27</sup> The existing literature on the superannuation gap has concluded that 90% of 'baby boomers' whilst having superannuation coverage, do not make voluntary

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<sup>24</sup> Angela Barns and Alison Preston, "Is Australia Really a World Leader in Closing the Gender Gap?" *Feminist Economics* 16, no. 4 (2010): 91, <https://doi.org/10.1080/13545701.2010.530607>.

<sup>25</sup> Therese Jefferson, and Alison Preston, "Australia's 'Other' Gender Wage Gap: Baby Boomers and Compulsory Superannuation Accounts," *Feminist Economics* 11, no. 2 (2005): 82 <https://doi.org/10.1080/13545700500115902>.

<sup>26</sup> Jefferson and Preston, "Australia's 'Other' Gender Wage Gap," 83.

<sup>27</sup> Jefferson and Preston, "Australia's 'Other' Gender Wage Gap," 95.

contributions towards it due to affordability.<sup>28</sup> These previous studies into the gap also suggest that many women do not draw clear distinctions between paid and unpaid work. Instead, it is found that women view both paid and unpaid roles as ‘work’, and thus the consideration of there never being a time when they cease ‘working’ follows, this perception often discourages active consideration for retirement.<sup>29</sup>

## Part 2: Education

Education, whilst not often examined under the scope of the gender wealth gap, is suggested to be the foundation upon which the gender wealth gap builds itself. Existing research finds that the wealth gap can be traced back to early childhood education and it is there where a significant gap in areas of numeracy can be found.<sup>30</sup> Research suggests that even if early gender differences that are recorded are relatively small, they equate to larger disparities later in the education system.<sup>31</sup> Le and Nguyen (2018) have found that pre-school cognitive skills play a significant role in explaining the gender disparities found in seventh-grade test

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<sup>28</sup> Jefferson and Preston, “Australia’s ‘Other’ Gender Wage Gap,” 84.

<sup>29</sup> Therese Jefferson, “Women and retirement incomes in Australia: a review,” *Economic Record* 81, no. 254 (2005): 278, <https://search.proquest.com/scholarly-journals/women-retirement-incomes-australia-review/docview/219662147/se-2?accountid=12528>.

<sup>30</sup> Francesca Borgonovi, Álvaro Choi, and Marco Paccagnella, “The Evolution of Gender Gaps in Numeracy and Literacy between Childhood and Adulthood,” (2018): 17, <https://doi.org/10.1787/0ff7ae72-en>

<sup>31</sup> Andrew M. Penner, Marcel Paret, “Gender differences in mathematics achievement: exploring the early grades and the extremes,” *Social Science Research* 37, no. 1 (2008): 240, <https://doi.org/10.1016/j.ssresearch.2007.06.012>.

scores.<sup>32</sup> Unfortunately, the gender disparities in pre-school cognitive skills remain largely unknown, some speculate biological differences to be the cause whilst others suggest gendered treatment from parents or teachers, all of which remain unproven. Previous research by Nghiem et al. (2015) used Longitudinal Study of Australian Children (LSAC) data to report that male students in grades 3 and 5 outperform their female counterparts, whilst female students in grades 3 and 5 outperform male students in reading and grammar.<sup>33</sup> Later research by Justman and Méndez (2016) used data from Victorian high schools to show how this gap continues into grades 7 and 9 with male students scoring higher in mathematics and females scoring higher in reading.<sup>34</sup> The early childhood gender gaps in education have led to Australian females completing the least demanding mathematics subject (Further Mathematics) in the later years of High School to be dissatisfied with their learning experiences.<sup>35</sup> Perry et al. (2012) discovered that Australian High School girls were more likely to perceive mathematics as irrelevant to their future and were more likely than boys to perceive that the teacher did not have an understanding of how they best learnt.<sup>36</sup> The aversion to mathematics displayed by female students in the Australian education system plays a significant role in the post-school choices of these young women. Although women

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<sup>32</sup> Huong Thu Le, and Ha Trong Nguyen, “The Evolution of the Gender Test Score Gap through Seventh Grade: New Insights from Australia Using Unconditional Quantile Regression and Decomposition,” *IZA Journal of Labor Economics* 7, no. 1 (2018): 21. <https://doi.org/10.1186/s40172-018-0062-y>.

<sup>33</sup> Hong Son Nghiem, Ha Trong Nguyen, Rasheda Khanam, Luke B. Connelly, “Does school type affect cognitive and non-cognitive development in children? Evidence from Australian primary schools,” *Labour Economics* 33, (2015):55–65, <https://doi.org/10.1016/j.labeco.2015.02.009>.

<sup>34</sup> Moshe Justman, Susan J. Méndez, “Gendered selection of STEM subjects for matriculation,” *Melbourne Institute Working Paper*, no. 10/16 (2016): 1-31, <http://dx.doi.org/10.2139/ssrn.2744969>

<sup>35</sup> Bob Perry, Tim Lowrie, Tracy Logan, Amy MacDonald, and Jane Greenless, *Research in Mathematics Education in Australasia 2008-2011* (Rotterdam, BRILL, 2012), 44, <http://ebookcentral.proquest.com/lib/monash/detail.action?docID=3034720>.

<sup>36</sup> Perry et al., “Research in Mathematics Education in Australasia 2008-2011,” 44.

account for over half of all students enrolled in higher education, strong gendered patterns in educational choices exist. The Australian Human Rights Commission (AHRC, 2009) found that women continue to be over-represented in areas of study that have been linked to lower-earning industries, for instance, women outnumber men by 3:1 in health and education courses and men outnumber women by 5:1 in engineering courses.<sup>37</sup> The gendered patterns of higher education ultimately translate into a gender-segregated workforce where areas overrepresented by females continue to be undervalued.<sup>38</sup> The AHRC (2009) asserts that in certain male-dominated and female-dominated industries, the level of skill and training required is comparable, for instance, hairdressing and mechanics. Yet, there is a considerable pay difference between these professions.<sup>39</sup> These findings are indicative of gendered expectations and attitudes shaping the career and education choices of women which inevitably can have an impact on lifetime earnings and retirement savings. Borgonovi et al. (2018) find that gaps in numeracy understanding become more pronounced with age, at age 26/27 men are 2.5 times more likely than women to be in the top decile of the numeracy distribution, they have found that the gap appears to be most pronounced at age 15.<sup>40</sup> Overall, the gender gaps in numeracy equate to gender segregation in the labour market, where men often work in fields that develop their numeracy competencies and women do not.

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<sup>37</sup> Australian Human Rights Commission, “Accumulating poverty? Women’s experiences of inequality over the lifecycle. An issues paper examining the gender gap in retirement savings,” *Australian Human Rights Commission*, (2009): 8, [www.hreoc.gov.au/pdf/sex\\_discrim/accumulating\\_poverty.pdf](http://www.hreoc.gov.au/pdf/sex_discrim/accumulating_poverty.pdf).

<sup>38</sup> ACHR, “Accumulating poverty?,” 9.

<sup>39</sup> ACHR, “Accumulating poverty?,” 9.

<sup>40</sup> Borgonovi et al., “The Evolution of Gender Gaps,” 15.

## Part 3: Financial Literacy

Financial literacy is an important determinant of wealth accumulation, superannuation savings, retirement planning, and women’s economic empowerment. It is clear from previous studies that the gender gap in financial literacy stems from gendered educational gaps in primary and secondary school years. Australia has one of the largest financial literacy gaps between men and women out of all OECD countries.<sup>41</sup> Previous studies by Alison Preston (2019) have concluded that fewer than one in two women in Australia are financially literate in comparison to two-thirds of Australian men.<sup>42</sup> This is significantly high statistically speaking and with low levels of financial literacy amongst young Australians, the gap becomes increasingly concerning considering the range of financial decisions young people have to make, including decisions about education, savings, and credit cards. In 2008, a research campaign called “Women Understanding Money” was conducted and found that in general, Australian women were confident with everyday money management issues such as budgeting, savings, debt management, and credit cards but were less confident in dealing with more complex financial issues like investing, retirement savings, and overall understanding of financial language.<sup>43</sup> The research found that attitudinal differences played a significant role in the financial knowledge gap with women reporting to find money

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<sup>41</sup> Alison C. Preston, and Robert E. Wright, “Understanding the Gender Gap in Financial Literacy: Evidence from Australia,” *Economic Record* 95, no. S1 (2019): 1, <https://doi.org/10.1111/1475-4932.12472>.

<sup>42</sup> Alison Preston, “Financial Literacy in Australia: Insights from HILDA data,” (Perth, WA: University of Western Australia), 2020, 4, <https://www.financialcapability.gov.au/files/financial-literacy-in-australia-insights-from-hilda-data.pdf>.

<sup>43</sup> OECD, “Women and Financial Education: Evidence, Policy Responses and Guidance,” (2013): 22, [https://www-oecd-ilibrary-org.ap1.proxy.openathens.net/finance-and-investment/women-and-financial-education\\_9789264202733-en](https://www-oecd-ilibrary-org.ap1.proxy.openathens.net/finance-and-investment/women-and-financial-education_9789264202733-en).

stressful, uncomfortable, or boring.<sup>44</sup> This can be seen to be a natural progression from the attitudinal differences found in female high school students and their attitudes towards mathematics. Elizabeth Ooi's (2020) study on the gender differences in financial knowledge applied the Item Response Theory (IRT) method to survey and interpret data from 184,869 individuals in 39 countries, in comparison to other studies which used the Classical Test Theory (CTT) method to survey data. She discovered that prior calculations made using the CTT method underestimate women's financial literacy and thus overestimate the gap, however using the IRT method the results revealed the gender gap in financial knowledge is small in size across the 39 countries.<sup>45</sup> Building upon this, Agnew (2012) found that in financially related tests, women are more likely to respond with "I do not know" to at least one question, where only 31% of males did so.<sup>46</sup> Responses such as "do not know" often result in the assumption that there is no financial knowledge, however, what this study does not account for is that women may have some understanding of the question and have a partial answer but lack the confidence to say so, instead opting to answer "do not know". Alongside attitudinal differences, influences such as education, occupation, marital status, and industry of employment are significantly linked to financial literacy. Preston and Wright (2019) assert that these labour market variables, in particular, sector, occupation, industry, union membership, and labour market status account for at least 16% of the financial literacy gap.<sup>47</sup> Prior literature has discovered that women whose highest level of education was year

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<sup>44</sup> OECD, "Women and Financial Education," 23.

<sup>45</sup> Elizabeth Ooi, "Give Mind to the Gap: Measuring Gender Differences in Financial Knowledge," *The Journal of Consumer Affairs* 54, no. 3 (2020): 946, <https://doi.org/10.1111/joca.12310>.

<sup>46</sup> Julie Agnew, Hazel Bateman, and Susan Thorp, "Financial Literacy and Retirement Planning in Australia," *SSRN Electronic Journal* 6, (2012): 8, <https://doi.org/10.2139/ssrn.2198641>.

<sup>47</sup> Preston et al., "Understanding the Gender Gap in Financial Literacy," 19.

12 or less have a financial literacy rate of 38.3% while the rate for women who attended university and Technical And Further Education (TAFE) is 65.2%.<sup>48</sup> For married women with less education than their partners, studies show that, within households, men are more likely to be the primary decision-makers on financial issues like savings, investments, and loans.<sup>49</sup> Naturally building upon this, Hsu (2016) finds that older women who are approaching widowhood acquire financial literacy.<sup>50</sup> Existing literature has also found that labour participation has been linked to financial literacy, but interestingly it has been found that those who are making financial decisions further enhance their financial knowledge through feedback effects, essentially, ‘learning-by-doing’.<sup>51</sup> From a theoretical perspective, women may have lower levels of financial literacy for a number of reasons. For instance, having less access to acquiring financial literacy through feedback effects through formal methods such as school or in the workplace, or through informal methods like with interaction with work colleagues or family members.<sup>52</sup> In regards to property assets, which, as previously mentioned is the dominant aspect in the wealth portfolios of women, it may be the case that beyond investing in the primary home women have little exposure to other modes of investments and this, in turn, also acts to limit a woman’s financial literacy.<sup>53</sup>

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<sup>48</sup> Preston et al., “Understanding the Gender Gap in Financial Literacy,” 5.

<sup>49</sup> Raquel Fonseca, Kathleen Mullen, Gema Zamarro, and Julie Zissimopoulos, ‘What Explains the Gender Gap in Financial Literacy? The Role of Household Decision Making,’ *Journal of Consumer Affairs* 46, (2012): 90–106, <https://doi.org/10.1111/j.1745-6606.2011.01221.x>

<sup>50</sup> Joanne Hsu, “Aging and Strategic Learning: The Impact of Spousal Incentives on Financial Literacy,” *Journal of Human Resources* 51, no. 4 (2016): 1036, doi:10.3368/jhr.51.4.1014-6712R.

<sup>51</sup> Preston et al., “Understanding the Gender Gap in Financial Literacy,” 2.

<sup>52</sup> Preston et al., “Understanding the Gender Gap in Financial Literacy,” 2.

<sup>53</sup> Preston et al., “Understanding the Gender Gap in Financial Literacy,” 19.



## Conclusion

With these characterisations, I conclude that the previous scholarly understandings regarding the gender wealth gap in Australia have emphasised discussions about (1) A gender wealth gap being identified among single female households when compared to their male counterpart. (2) The exacerbation of the gap stems from a female deficiency in numerical understanding throughout her education. (3) The female gap in financial literacy is the by-product of educational gaps in childhood and adolescence and is an inhibiting factor in female wealth accumulation. (4) No single determinant is the sole cause of the gender wealth gap, instead, each has its own varying effect, with some widening the gap more than others. Due to the limitations in the literature regarding data collection methods in Australia, this review too, shares this limitation. The lack of individual wealth data has meant that no clear conclusions can be made on what the numerical difference in wealth is among the households excluded in this review. In sum, this literature review has identified through existing scholarly literature the estimated wealth gap with the numerical data available as well as the foundational and driving forces exacerbating the gender wealth gap.

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