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Women and Finance: Five Trends to Celebrate

By Barbara Stewart

International Women's Day occurs every 8 March and honors women's achievements around the world. In this spirit, I want to focus on the positive.

In the area of women and finance, I highlight five trends where things are going right. Women are investing in their ideas, are getting started in investing (which is half the battle), are an-ever growing part of the fintech revolution, are actively investing in gender equality, and are increasing their representation in finance in general and in the critically important chartered financial analyst (CFA) designation in particular.

1. Women Investing in Their Ideas

My ninth annual Rich Thinking white paper, "Smart Women — Big Ideas," released today in Stockholm, shares quotes from 55 accomplished women from around the world.

I asked them each three questions:

What was the biggest/best idea you have ever had? How did you invest in your idea? What happened?

Interestingly, about a quarter of the Big Ideas focused around ways to support female entrepreneurs: either angel investments, investing in funds with female founders, or through social platforms.

Alicia Syrett is the founder and CEO of Pantegrion Capital in New York City:

"My big idea was to launch a company to make angel investments. I was especially drawn to support female entrepreneurs as I strongly believe that women entrepreneurs are key to achieving equality. I founded the Point 25 Initiative to help women-led companies build robust advisory boards by connecting them with C-level advisers. Women entrepreneurs are creating new types of companies with diversity and policies like flex time and parental leave incorporated in the culture from the start. These businesses are changing the world in a positive way from the ground up."

Another key finding? Women are putting their money where their mouth is. This year's study includes a quantitative section showing that more than 25% of the women surveyed spent \$100,000 or more investing in their Big Idea.

Janice Diner is the founding partner and CEO of Horizn in Toronto:

"I founded my company six years ago now and it was based on my idea that when it comes to digital adoption in the financial industry, everyone needs to learn and learning needs to be widely distributed. Three and a half years ago, we went live with one of the world's largest banks and it caught on like wildfire with banks around the world. We have helped launch products in 50 countries and 15 languages.

"My company is notoriously bootstrapped — meaning that there has never been any third-party equity involved. The primary shareholders are the owners. All of my capital is in my company. I didn't go into debt. I earned revenue from clients from Day 1, and I've always been profitable. I think of money as fuel and all fuel is equal."

2. Women “Getting Started” Investing

In 2019, instead of going to a standard broker or wealth manager, women — and millennials of both genders — are making their first ever investments in one of two new ways: The first through online AI-powered robo-advisors, such as Wealthfront in the United States or trading websites like Poems in Southeast Asia; the other through social-trading platforms, like eToro headquartered in Tel Aviv or Shareville in the Nordics. There are many other examples, including the Canadian firm Voleo, which offers a social trading app for investment clubs. Thomas Beattie, the CEO, spoke with me about the upward trend of female users getting started on the platform:

“Aside from Voleo’s limited social media presence, users have found us via organic search, using terms such as ‘investment club app,’ or via referral. Initially we would be tracking for a user base typical of that in the industry, weighted towards male investors, but as we progressed, this has shifted towards a neutral ratio of roughly 55% male/45% female. In part, this is because Voleo garnered the attention of several groups of women that were looking for ways to educate themselves, but it’s also because of the collaborative nature of the platform. We have more mixed teams than clubs entirely of women or men and over time we have seen many women create an additional team, often with family, to continue to build their wealth and share insights with another social cohort.”

Mylo is a Montreal-based platform that offers Canadians an easier way to achieve their financial goals by rounding up their everyday purchases and automatically investing the change. Jennifer McDonald, the chief operating officer, told me:

“We’ve seen strong growth of new women users since our last study of gender patterns in investing. In the last 12 months, the number of female users on the Mylo platform has more than tripled (3.2X), from 7K women in February 2018 to 22.5K in February 2019. Since February 2018, Mylo grew its female user base 23% faster than its male user base.”

People who historically have been less likely to invest are now “getting started!”

3. Women in Fintech

At the Paris Fintech Forum 2019 this January, there were 2,500 attendees from 75 countries. I had a front-row seat. Laurent Nizri is the energetic founder and CEO of the gathering. He shared his point of view on women in fintech:

“At the Paris Fintech Forum we are a CEO stage only (with very few exceptions for board members) and this means that the gender of the speakers/panelists reflects a reasonable representation of the current makeup of the industry. Although no one can be proud of it, at this level we barely have 10% women, and fintech is not an exception. We had to work very hard to make our stage more diverse. Last year we had about 10% women on stage and this year that number was closer to 25%. Interesting to note that it was almost the same ratio of women in attendance. I personally took great care of the value of ‘role models’ and I made sure that many of the prime slots on the main stage featured women. I also made sure in my prep that the question of gender diversity was asked in many panels and interviews.”

April J. Rudin, founder of The Rudin Group based in New York City, moderated five panels at the Paris Fintech Forum. She told me:

“When it comes to fintech, the most encouraging factor is the growing number of women who are entrepreneurs and that is what makes the trend positive. Many women are also developing apps specifically for women, and that is represented in the overall number of women in fintech as well. In my opinion, women are natural collaborators and seek opportunities to share ideas, so I feel that the gap for women in fintech will close much more quickly than the gap for women in financial services due to the growing number of entrepreneurs!”

The idea of “sharing ideas” is a positive trend in and of itself for women in fintech. We are seeing an increase in women-led communities and events designed to attract women entrepreneurs and offer a mutually supportive environment. All of these forums are important because we need to make women visible. Younger women need to see role models to believe they can do it too.

Victoria Gago lives in Barcelona and is the co-founder of the European Blockchain Convention. Gago feels it is imperative to showcase female speakers at all fintech events:

“Blockchain could well have a major impact on society and in all likelihood it will be a young person who will make the greatest strides in innovation in the space. It is really important for young women to get involved now! We are deliberate about this and we will ensure that 40%–50% of our EBC speakers are women. Women need to be seen on stage to influence and inspire the next generations.”

4. Women (and Men) Investing in Gender Equality

As part of my research work for global banks over the past couple of years, I have interviewed hundreds of senior leaders, both male and female. There is serious interest in investing with a gender lens and there is rapid progress in this space. From the recent Veris Wealth Partners report, “Gender Lens Investing: Bending the Arc of Finance for Women and Girls”:

“In just four years, assets under management (AUM) have jumped from \$100 million to \$2.4 billion today. The number of investment strategies has more than quadrupled, going from 8 options to 35 . . . Since January 2017, an impressive 16 new strategies have launched. GLI strategies have launched in Canada (5), Europe (5), Australia (2) and Nigeria (1) and Singapore (1).”

Sandra Bourbon is based in Stockholm and is the co-founder of Equalytics — a research firm that offers gender equality data and analytics. Bourbon is also the founder and manager of Future Feminist’s gender equality stock portfolio.

Since its inception in May 2015, the Future Feminist portfolio has appreciated by 69% (to 4 February 2019) versus the Swedish Stock Exchange (including dividends, OMXSGI), which is up only 20%. I asked Bourbon for her secret.

“Our gender equality portfolio focuses on companies with a minimum of 40% women in top management across at least five different industries. We use fundamental analysis to select businesses with solid growth and profitability and all of our selected stocks trade on the Stockholm Stock Exchange. I was inspired to start the portfolio after reading an extensive PIIE (Peterson Institute for International Economics) study conducted in 2014 based on a sample of 21,980 firms headquartered in 91 countries.”

I took a deeper look at the study Bourbon referenced, and found this fascinating excerpt:

“. . . the correlation between women at the C-suite level and firm profitability is demonstrated repeatedly, and the magnitude of the estimated effects is not small. For example, a profitable firm at which 30 percent of leaders are women could expect to add more than 1 percentage point to its net margin compared with an otherwise similar firm with no female leaders. By way of comparison, the typical profitable firm in our sample had a net profit margin of 6.4 percent, so a 1 percentage point increase represents a 15 percent boost to profitability.”

Diana van Maasdijk is the CEO of Equileap, an organization aiming to help the world progress towards gender equality in the workplace. Equileap ranks over 3,000 companies globally on gender equality based on 19 criteria, including gender balance, pay gap, parental leave, and sexual harassment policies. Their annual report “Gender Equality Global Report & Ranking” reveals how well companies are accelerating gender equality in the workforce. According to Maasdijk:

“Multiple research papers have demonstrated that gender-lens investment vehicles outperform their benchmark as they tend to invest in companies with higher profitability and lower risk profiles. Equileap’s products and services are tailored for companies, governments and investors. To date, USD 620 million is invested in financial products powered by our data and our client list includes Rothschild, UBS and Storebrand.”

5. Women in Finance

Over the past few years there has been a big push around the world to try and attract more women into the financial industry.

How are we doing?

I spoke with Amanda Pullinger, CEO of 100 Women in Finance — a global organization with 15,000-plus members representing diverse areas of the finance and alternative investments industries and every career stage. According to Pullinger:

“The financial industry simply needs to do a better job of presenting itself to young women as the compelling career choice that it is. When we produce events around the world for teenage girls to interact with our members, you can plainly see the favorable impression our young members have on the girls. We have to believe that these girls walk away with a fresh perspective about a career option she might have never considered.

“We are working with female investment professionals, initially fund managers, to encourage them to be more visible. The media, investment conference organizers and young women who are still forming career aspirations, need to know that these women exist and that they’re thriving in their careers. We aim to change the default public perception of what a portfolio manager looks like.”

What do the numbers look like?

Women CFA candidates are on the upswing! The chart below shows a 27% appreciation in the percentage of CFA women candidates globally — we’ve gone from 30% in 2013 to 38% in 2018.

Over the past five years, I have given 37 talks at various CFA societies around the world as part of the CFA Institute Women in Investment Management Initiative. These events are a perfect opportunity to speak with lots of women CFA charterholders and candidates.

I met Petula Gibson, senior trust lawyer at Lombard Odier Group, in Geneva at my presentation for CFA Society Switzerland last May. I interviewed her for my white paper this year and asked her what she considered to be her best idea ever:

“I would say that pursuing the CFA (Chartered Financial Analyst) designation was certainly one of my best ideas and it was also one of the biggest challenges I have taken on in my professional life. As a Trust Lawyer, many people would ask me why I was doing it as they felt I did not need it to perform my role. However, when I think about what motivated me to pursue the CFA charter, it came down to credibility and confidence for myself, clients, and the investment managers I would assess. I knew that having the designation would mean that there would be no doubt that I was capable and qualified to do my job at a high level.”

I’ll toast to that. Happy International Women’s Day 2019!

Barbara Stewart, CFA, is a researcher and author on the issue of women and finance. She released the ninth installment of her “Rich Thinking” series of monographs on International Women’s Day, 8 March 2019. Stewart is also a consultant who uses her proprietary research skills to help large global financial institutions seeking to transform themselves. She is a frequent interview guest on TV, radio, and print, and she is a columnist for Golden Girl Finance. Stewart is on the Advisory Board for Kensington Capital Partners Limited in Toronto. All of Stewart’s research is available on Barbara Stewart.