

# Women are underrepresented in investing – here are 4 ways we can close the gap and work toward equality

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**Women are underrepresented in investing, both professionally and as general consumers.**

**Women see larger long-term investing returns than men, as do companies with more equal workforces.**

**Improving financial-education access, hiring more women, and backing women-led businesses can help.**

**This article is part of [Women of Means](#), a series about women taking charge of their finances.**

Women are historically underrepresented in the investing space — both professionally and as investors of their own wealth. Women make up a fraction of fund managers, financial advisors, investment analysts, and venture-capital partners — and from a consumer standpoint, a mere one-third of women said they felt confident in their ability to make investment decisions.

Although women have increased their investment activities in recent years (particularly during the pandemic), the disparity between genders is still strong — and experts say the lack of female representation only perpetuates the cycle and keeps generations of women from investing to their full potential.

## **Women are underrepresented in investing**

There's a long and troubled history surrounding women and money. In the 1960s, most women couldn't take out a loan without having a male cosigner with them. Some lenders even required "baby letters," asking women to agree not to have a child during the loan's term. While society has made strides since those days, data shows that women are still at a strong disadvantage when it comes to accessing and growing their wealth. They're also severely underrepresented in the financial and investing industries as a whole.

A study from BNY Mellon Investment Management found that most asset-management companies said that 10% or less of their fund managers and investment analysts were women. Another report showed that 18% of financial advisors were women. And in venture capital, 89% of all partners were men.

"As investment professionals, women are consistently underrepresented in all aspects of the industry, from high-level positions in banking, private equity, venture capital, and finance to retail and institutional portfolio management," said Kristen Howell, the general counsel at the real-estate investing platform [CrowdStreet](#). "While there's extensive research to validate this, I see it firsthand as well. As a high-level finance executive, I've consistently been among the only women in the room."

Ultimately, this underrepresentation has a trickle-down effect. It not only means fewer mentors and resources for women interested in these lucrative careers but also offers fewer role models for women on Main Street — those simply looking to [invest their money](#) and grow their wealth.

"In all facets of our life, we benefit from seeing people like us leading the way and making decisions," said Sandi Bragar, a managing director at the wealth-management firm [Aspiriant](#). "Role models encourage us, motivate us, and inspire us. Seeing more women in high-profile investment roles will help others — women and men — feel more confident participating in their own personal financial decisions."

## **What happens when we invest in girls and women**

The gender gap in investing doesn't just perpetuate a long-standing cycle. It also holds back overall wealth-building.

"Women are on their way to controlling the majority of the wealth in both the United States and the world," said Lacy Garcia, the founder and chief executive officer of [Willow](#), a women-focused financial-education platform. "In fact, [women are expected](#) to hold between \$81 trillion to \$93 trillion of the world's wealth by 2023 and stand to inherit the majority of \$30 trillion in intergenerational wealth transfers in the US over the next decade. To put it bluntly: Less women investors means less growth for the wealth pool."

Having fewer women working in investing also holds back investment growth. Studies, including the previously cited [Fidelity](#) study, found that women investors consistently outperformed their male counterparts. An MIT study found that diverse companies — those with equal numbers of men and women — earned 41% more revenue. As Garcia put it, "Diverse teams lead to better performance."

Finally, there are the types of investments that are furthered when women get involved. A study from RBC Wealth Management found that women investors were significantly more interested in, or already involved in, fostering environmental, social, or governance improvements for the greater good. [BNY's study](#) also showed that 53% of women said they would invest (or invest more) if the investment fund had a purpose for good.

"Many women want more than just financial returns," said Kristina Church, the head of responsible strategy at [BNY Mellon](#). "Women are more focused on responsible investing and making a positive outcome for the environment and society. Our study found that were more women to invest, up to \$1.87 trillion could flow into more responsible investments. These are transformational sums."

## **Carving a path to investing inclusivity for women**

It's clear women need more representation in the investing world. Though there's no single key to making this happen, seasoned female investors say there are small steps we can start taking — in business, in society, and in our own interactions with the world — to make a difference.

## 1. Increase access to investing education.

Financial education has often felt off-limits for women. Leslie Thompson, the chief investment officer and a cofounder of [Spectrum Wealth Management](#), said, "In high school and college, you see investing clubs or finance-related classes that are male-dominated, making it difficult and intimidating for females to join."

Improving this boys'-club mentality is critical, many say, to making women feel welcome and empowered in the investing world.

Bragar is one of the many experienced investors working to do that.

"I speak at Title I schools across Arizona to instill the love of investing in grade and middle school to lower-income students," Bragar said. "I came from a single-mother family who worked two jobs. We saved. We didn't invest. Once I began to invest, I appreciated firsthand the power of saving to invest."

Erin Bellissimo, a managing director at the [Notre Dame Institute for Global Investing](#), is another longtime investor working to change the scene for women in investing. She was a founding board member of Girls Who Invest, a nonprofit dedicated to increasing the number of women in investment fields. She also works on Notre Dame's The Power of Investing Program, which aims to help high-school seniors learn about the value of compounding interest in wealth-building.

"We're targeting women and underrepresented minorities," Bellissimo said. "While I hope they think fondly of Notre Dame and apply to Notre Dame, and we, therefore, get a richer, more diverse environment, I just hope they get that knowledge for life."

Bellissimo's institute also hosts an annual Women's Investing Summit, which features a pitch competition, keynote speakers, expert panels, and valuable networking opportunities.

"We love putting people together and expanding networks because I think that's a big part of business," Bellissimo said. "It's not just for opportunities. You can be smarter and better at your job if you have a bigger network, too."

## 2. Improve diversity in hiring and recruitment.

Improving diversity has been an important topic in recent years, and many companies have made concerted efforts to both recruit and hire a more diverse workforce. A [study](#) from McKinsey showed that since 2016, the number of women in C-suite roles jumped 27%.

While these are certainly marked improvements, continuing this effort, pros say, will be critical to getting more women involved in investing.

"Women are underrepresented in many ways in the investing world," said Rose Niang, the director of financial planning at [Edelman Financial Engines](#). "The fields of finance and investment have historically been male-dominated. When you don't see other women in certain positions, it's harder to imagine yourself in that position. Increasing the visibility of women in the investing world is important, but we also need to normalize it."

But it's not just women in general that financial firms should be focusing on. Recruiting women of color needs to be prioritized, too. A [report](#) from Cerulli said that about 3% of financial planners were Black, 5% were Latino, and 4% were Asian — and that included both men and women.

"Our history of the suppression of women's financial rights, coupled with racism in America, leaves women of color furthest behind in the race to financial security," said Jill Fopiano, the president and chief executive officer at [O'Brien Wealth Partners](#). "It's difficult for many women of color to find reference groups or mentors to talk with about their money — perpetuating the taboo around the topic."

### 3. Pay women fairly and work to retain them.

Hiring more women is only the first step. To keep women empowered and engaged in the investing space, there must be sincere and meaningful efforts to nurture, reward, and retain them once in the ranks. This includes offering mentoring opportunities, as well as having leave policies that allow women to manage their familial obligations.

"We need to enable much more flexibility in the workplace and to remove the stigma and make it normal for men — as well as women — to take paid and unpaid time out for child and family commitments," said Samantha Seaton, the chief executive officer of [Moneyhub](#). "I was inspired by the example of co-op boss [Jo Whitfield](#), who took a break from work to help her teenage sons with their exams. Choosing to step away from work should be normalized and encouraged so that we don't think twice to hear of men and women taking leave for family reasons."

Paying women fairly is critical as well.

"A major reason women invest less is because they make less than men," Howell said. "Minority women face even more significant hurdles because they have lower earnings than nonminority women."

**Important:** Women make 84% of what men earn, the [Pew Research Center](#) said. This gap is smaller for younger women, with those 25 to 34 earning 93 cents to the dollar.

### 4. Back more women-owned businesses.

"Women are the driving force behind new business formation in the United States, but female founders remain at a disadvantage when it comes to funding," said [Linda](#)

[Davis Taylor](#), a former chief executive officer of Clifford Swan Investment Counselors and the host of the "[Money Stories](#)" podcast. "While their businesses grow faster, they receive less than 3% of venture-capital funding."

Female-owned businesses are much less likely to receive funding, particularly from male-dominated investment firms. [PitchBook](#) found that 2% of all venture-capital funds went to women-founded businesses last year.

"Fewer women in leadership at VCs and investment firms leads to less investment in female and diverse founders," said Nafeesa Jafferjee, a cofounder of the financial platform [Quirk](#). "One way to help is to support female-led funds. They tend to invest more in women and women of color, and it's the best way to increase support for women who do tend to build companies that are also for women."

Frances Simowitz, the chief executive officer of [WEVE](#), an all-female startup accelerator, said it all goes back to hiring more women.

"Underrepresentation breeds more underrepresentation," Simowitz said. "Women-led businesses have been shown to be more likely to hire women on their team, and women-led VC funds are more likely to invest in women. Having more women and diverse representations of race at the top is a key component to breaking the cycles of inequality."

## **The bottom line**

Women are making great strides in the investing world, but there is still work to be done. Improving access to financial education, hiring and retaining women in investment-focused careers, and backing more women-led businesses are a few ways society can continue improving representation from the ground up.



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