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How Young Women's Financial Behaviour is Affected by Global Economic Crises

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ABSTRACT:

This thesis reviews how young women's financial behaviour is affected by global economic crises. The study uses a qualitative literature review. It conducts several core theories: Prospect Theory, Liquidity Preference Theory, Financial Literacy, and Financial Anxiety. These core theories help explain how different factors shape financial decision-making.

First, the subject is examined from the individual points of views of the charasteristics of the demographic. Following, the thesis study what effect the factors have, when all are combined. The factors in this thesis are age, gender, and the unique timeframe of crises.

The findings suggest that young women tend to respond to crises with conservative financial behaviour. The reactions are linked to increased loss aversion, greater exposure to income instability, and limited confidence. The gaps in existing research are also highlighted in this review. The thesis encourages doing more studies on this demographic to increase their financial resilience.

KEY WORDS: Global economic crises, Behavioural finance, Crisis behaviour, Financial decision-making, Risk aversion

Contents

1 Introduction

Financial behaviour has been proven to be affected by economic crises. Households are more inclined to adopt more conservative financial strategies during times of instability. (Guiso et al., 2018). They are inclined to increase savings, reduce investing and spending, and generally avoid financial risk more. The financial responses depend on demographic characteristics, such as age and gender. Moreover, they affect how individuals perceive economic risks and volatility.

Young women form a relevant group, as their demographic characteristics represent age- and gender-related issues. The gender- and age-related differences compared to other demographics reflect wider gender inequality issues and different social expectations. Integrating these factors means that young women may face unique financial vulnerabilities. Often the combination of these pressures encourage young women to adapt more conservative financial behaviour. Such pressures may escalate during crises. (Merkle, 2020). Understanding these constraints help improve financial inclusion and resilience.

1.1 Purpose of the Study

The effect of a global economic crisis on household financial behaviour has been previously studied (Malmendier et al., 2009). Also, how elements like age and gender affect financial decision-making have been largely examined. These areas of study have mostly been studied separately, however. Only a few studies have reviewed how the combination of age and gender impacts the financial reactions to macroeconomic uncertainty.

The research gap for this thesis is young women. This thesis addresses the research gap by focusing on young women as a demographic. It also combines two sources of financial vulnerability. Youth often means less experience in financial choices. Gender relates to structural inequalities, which impact financial results. This study aims to improve our understanding of financial behaviour during crises. It analyses how economic uncertainty affects the financial decisions of this group.

1.2 Theoretical Framework and Hypothesis

The main research question of the thesis is:

How do periods of global economic uncertainty influence the financial behaviour of young women?

This thesis reviews how macroeconomic shocks affect microeconomic financial decisions. The study aims to bridge the gap between the conditions of macroeconomic conditions and personal financial behaviour, by conducting broad economic volatility with individual financial responses.

Financial choices are impacted by behavioural, emotional, and cognitive factors (Barberis, 2013). This thesis appeals to four main theories, which help explain the potential conservative financial behaviour during global economic uncertainty. The theories are Prospect Theory, Liquidity Preference Theory, Financial Literacy, and Financial Anxiety. When combined, these theories help understand how individuals interpret risk (Guiso et al., 2018). Additionally, they help understand how households process financial information and cope with financial instability. Based on these foresights, the hypothesis of the thesis is as follows:

H1: Young women display a more conservative financial behaviour during times of global economic crises than periods of financial stability. This response is driven by heightened loss aversion and liquidity preference. Further, the reaction is strengthened by lower financial literacy and higher financial anxiety.

1.3 Significance and Structure

This thesis holds academic significance, as it analyses an area that has not received much attention. The area in question is the demographic of young women, which integrates factors such as gender and youth. The factors offer a unique combination of behavioural finance, economics, and psychology.

Not only does the thesis have academic contribution, but it also holds practical significance. Firstly, young women are an important growing economic group (Goldman Sachs Research, 2024). Not only has women's participation in the workforce increased as a whole, but the level of the female workforce has also risen. Their roles in the workforce have evolved from being a dependent component to being active economic agents. It is important to understand this demographic's behaviour, so financial education can be improved. With this knowledge, policymakers and institutions can develop more specialised programmes that promote financial literacy. To conclude, an overall higher financial literacy and resiliency is in the best interest of the entire society.

The structure of the thesis is as follows: It starts by introducing the topic alongside the research questions. It is followed by a literature review on financial behaviour under crisis conditions. Then, it analyses gender and youth perspectives from the point of view of financial behaviour and other relevant theories. After that, the research methodology is explained. Finally, the findings of the review are analysed, following a discussion on the main findings and suggestions for future research.

1.4 Delimitations of the Study

This thesis focuses on a group that has been defined. The first delimitation of the study is the concentration of young women. The age scope of the thesis has been set to ages 18-35. The specific range describes a timeframe in which many are still developing financial habits and building financial independence. Also, individuals are still new to work life and going through early-career uncertainty. Restricting the demographic helps strengthen the link between gendered models and age-related issues.

Another delimitation of the thesis is related to the various financial behaviours of the study. The focus of the review is on saving, borrowing, and investing. Also, preferences toward financial risk and liquidity are taken into account. The chosen areas are aligned with the theoretical frameworks of the thesis. They also represent the types of decisions that are mostly made under crisis conditions. Other economic behaviours, such as a change in workforce participation or general spending behaviour, have been left outside the scope. Limiting the study to such themes helps ensure consistency between the used theories and the research question.

The time frame of the study is limited to more recent years. Most of the reviewed research covers the period from about 2000 to 2025. The selected time frame reflects modern financial systems and recent global crises. Older and foundational theories, such as Prospect Theory and Liquidity Preference Theory, are included as they provide essential conceptual background.

A further delimitation involves the geographical context of the available literature. Most of the research on financial behaviour, gender differences and crisis responses is conducted in developed economies, especially in North America and Western Europe. As a result, the patterns illustrated in this study mainly reflect contexts with established financial markets. Therefore, the findings may not entirely represent the experiences of young women in emerging or developing economies.

Finally, the study is limited to peer-reviewed academic work and established institutional reports. Sources without a clear methodological basis or published in non-academic formats were excluded. This helps maintain reliability but also narrows the range of perspectives considered.

It is important to have delimitations, as they keep the thesis's topics relevant and focused. Also, they keep it coherent. At the same time, they exhibit that the findings of the thesis are not generic across all populations or demographics.

2 Financial Behaviour During Global Economic Crises

Global economic crises portray a specific time period during which to follow the changes of financial behaviour. This chapter analyses existing research on how households respond financially to major crises.

Financial behaviour refers to the management and allocation of financial resources by households and individuals. It can be spending, handling financial risks, saving, or investing funds (Xiao, 2008). For individuals, however, actions do not always follow rational economic models. Furthermore, financial behaviour and decisions are formed by financial illiteracy and other behavioural biases. Financial literacy provides an angle to these differences. Lusardi and Mitchell (2014) show that individuals with a higher understanding of financial knowledge are more likely to save and plan their financial assets. On the contrary, individuals with lower financial knowledge are connected to greater financial exposure. As financial behaviour is a reflection of both personal habits and knowledge, it is useful to understand how external factors affect it. In this thesis, the external factor is the global economic crisis.

Global economic crises are unique situations of uncertainty. They are natural phenomena in which households must manage economic volatility and heightened uncertainty simultaneously (Baker et al., 2020). Households have been shown to follow similar patterns through various crises. These patterns include increased saving, reduced consumption, and a withdrawal from financial risk (Guiso et al., 2018).

After the financial crisis of 2008, many households changed their financial behaviour. Consumption plummeted and savings increased instead (Christelis et al., 2015). Additionally, high levels of debt at the time intensified the negative effects of the crisis. Many individuals focused on paying back debt, rather than doing additional investing or spending. Job losses and falling asset values increased the perception of risk.

Additionally, trust in financial institutions declined. The behavioural changes continued long after the initial shock, which suggests longer-term prudence (Campbell, 2006).

The COVID-19 pandemic was a crisis like never before. It combined economic uncertainty with health and social interruptions. Lockdowns and the sudden changes in income affected the financial decision-making of households. Further, consumption was reduced early in the crisis (Baker et al., 2020; *OECD*, 2020). The difference to the financial crisis of 2008 was the affection to both supply and demand. It also changed households' attitudes towards financial risks and planning.

Behavioural finance helps explain these described patterns. Uncertainty that has risen quickly increases perceived risk. At the same time, the escalated uncertainty activates loss-averse and defensive financial strategies. Not only do crises affect cognitively, but they also expose emotional reactions. These reactions shape financial decision-making. That feeling of insecurity can develop into financial anxiety. This uncomfortable emotional feeling reduces individuals' enthusiasm to make riskier financial choices. (Guiso et al., 2018).

Although these behavioural reactions are somewhat universal, they are not evenly shared within all demographics. For example, higher financial stress and uncertainty is reported by women and young adults. (Sapienza et al., 2009; Zhang et al., 2025). The differences between demographic groups underline the importance of studying how different factors shape financial behaviour. In this thesis, those factors are gender, age, and crisis conditions.

3 Behavioural Finance Theories During Crises

This section examines the main behavioural finance theories that explain how financial decisions change during a crisis. They summarise how psychological, cognitive, and structural qualities explain the different perceptions of risk and responses during a crisis.

3.1 Prospect Theory

Traditional finance theories assume that individuals weigh all decisions as evenly and as rationally as possible. The goal of traditional finance theories is to maximise the expected utility (Von Neumann & Morgenstern, 1944). In the case of individuals' decision-making, however, they are influenced by emotional and cognitive biases. These non-rational aspects are highlighted in times of economic uncertainty. Further, individuals are led further from rational financial behaviour. Psychological and behavioural theories explain the differences between traditional financial theories and actual human behaviour. They help explain how emotions, biases, and knowledge shape financial behaviour.

The expected utility theory expects that people act objectively and rationally when it comes to financial decisions. Behavioural finance theories offer another perspective. They suggest that individuals have a subjective perception of gains and losses. Prospect Theory helps explain these reactions (Kahneman D. & Tversky A., 1979). Rather than comparing gains or losses to absolute terms, people often have a subjective reference point. This reference point is usually based on current expectations or past experiences. The losses relative to that reference point tend to feel much more painful than equal gains feel pleasant. This phenomenon is called loss aversion.

Potential losses become more painful to individuals during times of economic uncertainty. This results in greater risk avoidance and prioritising financial security, rather than maximising profits. (Barberis, 2013). This helps explain the universal increase in savings and the refraining from risky assets observed during events such as the financial crisis of 2008 and the COVID-19 pandemic.

Research also shows that other financial perceptions vary within different demographic groups. For example, the perception of risk and the strength of loss aversion. Moreover, women show stronger financial caution and greater loss aversion than men (Charness & Gneezy, 2012; Croson & Gneezy, 2009; Lusardi & Mitchell, 2014). These behaviours may amplify the conservative financial behaviours that occur during a crisis. Prospect theory provides a psychological explanation for the mentioned conservatism. It also complements other classical finance theories, such as the Liquidity Preference Theory.

3.2 Liquidity Preference Theory

While the Prospect Theory explains the financial behaviour of individuals, Keynes's Liquidity Preference Theory (1936) provides a wider explanation for the behaviour from the macroeconomic point of view. Keynes argued that people demand money for three main reasons: for everyday transactions, as a precaution against risks, and for speculative reasons. In other words, people prefer holding cash instead of investing or consuming during instability.

This preference for more liquid assets helps explain why consumption and investments usually plummet during crises. Moreover, people value flexibility and safety over potential gains. The Liquidity preference theory demonstrates how economic conditions reinforce defensive financial behaviour. It complements other behavioural finance theories this way. Although this theory also offers one perspective for more defensive financial behaviour, the next theory explains how knowledge and understanding can also shape financial decisions.

3.3 Financial Literacy Theory

Financial literacy refers to the understanding and effective utilisation of financial information in decision-making. It includes knowledge of financial concepts, such as investing, budgeting, and interest rates (Lusardi & Mitchell, 2014). The level of financial literacy is connected to financial decisions. For example, Individuals with higher financial knowledge can evaluate risks better and do more efficient financial planning. Also, a stronger knowledge of the subject allows individuals to understand market signals and compare financial products. Contrarily, limited economic skill is often associated with more cautious financial behaviour. The cautious behaviour may occur, as individuals tend to avoid uncertain outcomes (van Rooij et al., 2011).

The meaning of financial literacy is more relevant during crises. Klapper, Lusardi and Panos (2013) found that during the financial crisis of 2008, individuals with low literacy in Russia had more trouble saving. Moreover, they had problems with managing debt. Low financial literacy can limit the capacity to adapt to sudden economic changes. This lack of capacity may result in passivity or overreaction with financial mechanisms. Additionally, the individuals with lower financial knowledge were more likely to experience stress regarding financial matters during times of instability.

International data also shows invariable gaps in financial literacy not only between women and men, but also between older and younger adults (OECD/INFE, 2025). These gaps are important to look into, as certain demographics may need assistance to navigate through changing economic situations. Also, limited financial confidence can amplify the reactions to financial crises. The differences mentioned can help explain the more conservative financial habits often observed among young women, especially during times of uncertainty. However, being financially well-literate does not remove the emotional responses to instability, which the next section explores in more detail.

3.4 Financial Anxiety

Financial anxiety refers to the emotional struggle linked to managing finances under uncertainty (Sergeyev et al., 2025). It affects individuals by increasing risk aversion and strengthening preferences for liquid and low-risk assets. Also, avoidant financial behaviour is boosted by financial anxiety. Stress on its own also increases mental burden, which can affect decision-making by making it more difficult.

Economic crises tend to intensify emotional pressures. The unpredictability, regarding income, jobs, and other market conditions, can increase the anxiety of individuals. It can encourage individuals to prioritise financial security over potential gains in the financial market. Evidence also shows that financial stress reduces investing and increases risk aversion. This can happen even among households with stable incomes (Sergeyev et al., 2025).

Research indicates that women report higher financial anxiety than men. This may relate to structural inequalities and lower financial confidence (Sapienza et al., 2009). Additionally, having limited savings can heighten anxiety for vulnerable groups, such as young adults (Saez & Zucman, 2020). Young women are highly represented among households with lower incomes. Further, it may make them more vulnerable during a crisis. The findings mentioned may make them more likely to use more defensive financial strategies (World Economic Forum, 2023).

4 Gender, Age and in Financial Decision-Making

Behavioural theories help explain the psychological and cognitive elements behind financial decisions. Demographic characteristics, such as age and gender, affect how these mechanisms are displayed in practise. Gender differences are often linked to risk aversion and confidence levels. On the other hand, differences within age groups are associated with financial experience and stability (Croson & Gneezy, 2009). This chapter examines how gender and youth both contribute to differences in financial behaviour.

4.1 Gender in Financial Decision-Making

Research has shown consistently that gender has a significant role in forming financial attitudes and behaviour. Studies establish that women tend to show higher risk aversion and lower confidence, especially in either competitive or uncertain settings (Croson & Gneezy, 2009). Similarly, brokerage data show that men trade more and gain lower returns (Barber & Odean, 2001). By contrast, women generally trade less, but the gains in the returns are more stable. The reviews suggest that overconfidence results in more risky financial behaviour.

Several factors help explain these differences. The psychological explanation mainly refers to confidence and the perception of risk. Confidence and risk perception differ by gender. They shape behaviour concerning investments. Women are more likely to question their own financial competence, even when their knowledge levels are on the same level as men's (Lusardi & Mitchell, 2014). These patterns show that confidence levels and the willingness to take financial risks vary between genders.

Structural factors influence these behavioural differences. Income inequality affects the gaps between genders, and career interruptions also play a role. Women often face challenges in building wealth and gaining financial experience due to caregiving responsibilities (World Economic Forum, 2023). The disparities affect both the financial resources available and the individuals' willingness to take risks. Lusardi and Mitchell (2014) point out that differences in financial knowledge lead to unequal financial outcomes. Lower financial knowledge limits women's ability to manage more complex financial products. As a result, structural inequalities strengthen the cautious financial habits seen in women. With fewer resources and less exposure to financial markets, their confidence can decrease. The increase in the perceived cost of financial mistakes may also be heightened.

4.2 Youth in Financial Decision-Making

Young people represent a unique group in financial decision-making, as their preferences for risk and financial habits are still developing. Zhang et al. (2025) find in their research that adolescence and early adulthood form a period of transition in which economic risk preferences are shaped by both age and emotional factors. As young people gain financial independence, they work through new kinds of responsibilities. Those responsibilities can be financial and include budgeting, saving, and anything related to the management of financial assets.

Economic vulnerability is also typical at this stage in life. Many young adults are in positions in the workforce that offer low pay and limited security. Savings are typically modest, and financial buffers may not have been developed yet. These conditions make young people more exposed to volatility when it comes to income or employment. Cognitive development also continues into early adulthood. It influences decision-making and abilities to plan (Andreoni et al., 2020).

The combination of limited financial experience, undeveloped cognitive skills, and unstable financial basis is a hard one. It can mean that young adults' financial behaviour can be particularly sensitive to changing conditions. This makes youth an important demographic factor when examining financial behaviour during global crises.

4.3 Young Women in Financial Decision-Making

Young women experience the combined effects of financial vulnerabilities in early adulthood and gender. This section looks at how they interact and shape financial behaviour together. The social expectations and job market inequalities around women often affect how young women transition into adulthood. For instance, women tend to work in positions that pay less. These less stable sectors can hinder their ability to build financial security (Blau & Kahn, 2017).

Economic research also shows that early-career conditions can affect financial outcomes well into adulthood. Kahn (2010) shows that individuals entering the labour market during a recession can face lasting negative effects on wages and career advancement. Because young women are highly represented in employment with lower wages (Blau & Kahn, 2017), the effects of entering a weak labour market can be even more restrictive for them. These consequences can enhance the gender differences that already exist in financial stability and income. Further, it may affect young women in a way that leaves them more exposed to financial stress, especially during unstable economic conditions.

These structural pressures interact with the behavioural factors mentioned earlier. Loss aversion, lower confidence in finances, and increased financial anxiety can rise during unstable times. When money is tight, these effects often strengthen. Young women may already feel less secure about their financial knowledge. Economic volatility can make their financial decisions seem even riskier. This can result in young women leaning towards safer financial choices, for example, delaying more lasting economic decisions or avoiding investments that they perceive as complex.

All together, these combined gendered and age-related structures help explain why young women often display more conservative financial behaviour. The behaviour is further enhanced during times of economic instability.

5 The Theoretical Background of Financial Behaviour of Young Women

Global economic uncertainty creates conditions in which young women are especially affected. More specifically, these interactions are affected by dynamics of cognitive, psychological, and structural realms that also interact with each other. The next section brings together the subjects and theories already introduced in this thesis, such as the Financial Literacy Theory, Prospect Theory, Liquidity Preference Theory, and Financial Anxiety. The overview of these subjects can help in explaining the financial responses in young women during an economic crisis.

5.1 Theoretical Framework of Financial Behaviour

The Prospect Theory is a framework developed by Kahneman and Tversky (1979), which outlines the idea that individuals evaluate outcomes in relation to a reference point rather than the actual outcome. Furthermore, the theory expands to explain that individuals pay attention more to economic losses than to equivalent gains. As heightened sensitivity to monetary loss becomes particularly underlined during crises (Barberis, 2013; Guiso et al., 2018), the Prospect Theory aligns with this, offering a clear explanation for why young women become more conservative when faced with uncertainty.

Other literature suggests that women have a higher risk perception and lower confidence in financial subjects (Barber & Odean, 2001). Potential losses may feel especially costly to young women when combined with the unstable income often associated with early adulthood. Additionally, the subjective perception of loss can trigger strong emotional responses, further highlighting the emotional dimension associated with economic

losses (Merkle, 2020). In conclusion, the effects of uncertainty are particularly pronounced among young women compared with other demographic groups.
Complimenting the above, the Liquidity Preference Theory provides a behavioural explanation for the macroeconomic conditions where decision-making occurs. Young women often have limited savings and less stable employment (Blau & Kahn, 2017), making liquidity an especially important aspect to consider. The significance of holding liquid assets for young women manifests in their flexible nature and security (Pigou, 1936). As crises offer a new, uncertain dimension, the preference to build these liquid assets further increases. Further, they can also serve as cash buffers. This preference shows both the theoretical side in gravitating towards safety and the reality of financial limitations for young adults, especially young women.

The Financial Literacy Theory states that knowledge also has a role in shaping financial behaviour. Evidence shows that financially literate individuals have a better overall understanding of risks. They are also more flexible with adjusting their financial strategies during times of instability (Lusardi & Mitchell, 2014). On the contrary, van Rooij et al. (2011) indicate that lower financial literacy creates patterns of cautious and avoidant behaviours. It can be due to the lack of participation in the financial markets and increased hesitation around complex or unfamiliar subjects. This can be illustrated with the findings of Klapper et al. (2013), which report that the demographic with lower financial literacy had a harder time adapting to the financial crisis of 2008. Further, it resulted in greater levels of financial stress. Finally, as both women and young adults tend to have lower financial literacy (Lusardi & Mitchell, 2014; van Rooij et al., 2011) young women may face increased difficulty in responding to changes in economic situations. Furthermore, this can lead to heightened caution in avoidant behaviour around financial decisions.

Emotional responses are triggered by Financial Anxiety, which further interplays with the cognitive and structural theories discussed before. As economic shocks can heighten feelings of insecurity, the resulting emotional discomfort associated with financial management can further shape financial decisions (Sergeyev et al., 2025). Young women may be particularly affected due to lower confidence (Barber & Odean, 2001) and fewer financial buffers (Saez & Zucman, 2020). Also, they may have greater exposure to income instability (Blau & Kahn, 2017). The mentioned pressures can intensify anxiety responses. Thus, conservative behaviour can be understood as a rational way to manage both financial and emotional risk.

Combined, these theories provide a coherent explanation for the financial behaviour of young women during global crises. Together, they help explain why financial behaviour often becomes more conservative during periods of uncertainty. It is highlighted when an individual faces both gender- and age-related vulnerabilities.

5.2 Empirical Evidence on Financial Behaviour During Crises

This section brings together empirical findings related to the theoretical perspectives discussed earlier in the chapter. Rather than repeat individual studies, the focus is on comparing patterns across the literature. Moreover, the aim is to highlight areas of agreement and points of difference. Attention is given to how gender and age are treated in existing research and to the extent to which empirical evidence supports the behavioural mechanisms suggested in this thesis. The comparison helps clarify where current knowledge is robust and where important gaps remain.

Across the literature, there is broad agreement that periods of global economic crisis are associated with more cautious household financial behaviour. Studies on both the 2008 financial crisis and the COVID-19 pandemic report reductions in consumption, increases in saving, and withdrawal from financial risk (Baker et al., 2020; Campbell, 2006; Christelis et al., 2015). These findings support the patterns described earlier in section

2.2 and suggest that uncertainty itself plays a major role, rather than realised income shocks alone.

The second area of agreement relates to risk-taking and investment behaviour. Periods of instability seem to document a decline in interest towards risky financial assets (Guiso et al., 2018). Overall, it seems that liquid and low-risk assets are preferred by households over long-term investments and equities. This pattern can be observed across multiple types of research, suggesting that financial conservatism has a link with behavioural change.

While there is a consensus on how financial behaviour is affected during crises, different demographic groups seem to show mixed results. Research related to age and gender is also not always consistent. For example, some studies bring forward factors such as level of income and education or employment status, rather than associating differences in financial decision-making with gender.

Contrasting results can also be found even when the same factor of gender is studied. Most studies find that women are less likely to invest in risky financial assets, especially during periods of instability (Barber & Odean, 2001; Croson & Gneezy, 2009). However, there is also research that indicates that the level of financial experience or literacy has a weakening effect on gender differences (Lusardi & Mitchell, 2014). This further means that behavioural differences are possibly not driven by gender alone. Knowledge and experience may also play a role. Not all studies recognise these effects, which might lead to misconceptions about how much gender actually shapes financial behaviour.

Different results can also be due to differing methodological choices. Most survey-based studies rely on subjectively perceived risks and self-analysed behaviour. This can differ vastly in transactional-level data. Studies timed at different stages of the crisis may also capture temporary reactions rather than indicate a long-term pattern. This makes it difficult to draw consistent results on the differences in financial behaviour during uncertain periods.

To conclude, the mixed findings show that effects on the demographic are highly dependent on the context. Also, they show a clear sensitivity to methodological approaches. This means that gender and age should be studied together as a phenomenon, rather than examining them as isolated explanatory variables.

Generally, there is extensive research on how different demographic groups respond to economic crises, but some gaps remain regarding financial behaviour. Usually, gender and age are examined as separate parameters, leaving out the exploration of how these factors interact. Gender is especially used as the control variable, with other factors usually left aside in the research. Regarding the age factor, studies on young adults tend to focus on general risk-related preferences rather than specifically addressing crisis-specific behaviours. As a result, the combined effects of being both young and female remain unexplored.

Research that explicitly focuses on women frequently treats them as a homogeneous group. Studies do not usually account for differences in age, financial experience or career stage. Similarly, studies on young adults often group individuals into broad age categories. The categories may include students, early-career workers and individuals with very different financial responsibilities. These approaches make it difficult to identify patterns that are specific to young women, whose financial behaviour may be shaped by both behavioural factors and structural constraints.

Another gap reviews the integration of behavioural mechanisms. While Prospect Theory, Liquidity Preference, Financial Literacy, and Financial Anxiety are each well established in the literature, they are rarely examined together. Many studies explain conservative financial behaviour using a single factor, such as risk aversion. Less attention is given to how cognitive, emotional, and structural factors interact during periods of uncertainty. As a result, existing research often provides partial explanations. This limits the ability to fully explain why some groups respond more cautiously than others.

Identifying these gaps shows how young women should be examined as a distinct group within a context of crisis. Specifically, young women are a group affected by different age- and gender-related factors; the subtle interaction of these factors may not be accurate when studied separately. Therefore, this thesis is aimed at providing an integrated understanding of young women's financial behaviour during global economic uncertainty. More specifically, the thesis focuses on interactions between multiple factors, building a more refined and overall understanding of already existing findings.

6 Methodology

In this chapter, it will be described what research methodology was used to examine how global economic uncertainty affects the financial behaviours of young women. Further, it explains in steps how the study was conducted and what the limitations of the approach are.

6.1 Research Design and Literature Search Strategy

The main method used in this thesis is a qualitative literature review. This method is widely used in similar types of studies and is highly suitable due to its flexibility. It is especially flexible when reviewing already published literature. More specifically, findings are gathered and interpreted from literature that covers subjects such as behavioural finance, gender research and economics. As one of the strong points of the methodology lies in its flexibility, different perspectives can be integrated to assemble a comprehensive understanding of the whole subject.

The review's structure is as follows: (1) Studies relevant to the thesis were identified and selected, (2) the findings were analysed based on defined criteria, and (3) relevant findings were gathered to get a coherent summary on the topic. Moreover, the methodology supports the aim to form a comprehensive explanation of young women's responses to economic uncertainty.

The literature was gathered using Google Scholar as the primary search engine for finding relevant articles. The searches provided access to a wide range of peer-reviewed literature across different fields. These fields included psychology, behavioural finance, and gender studies. Approximately fifteen databases were used, including SCOPUS, SAGE Journals Online, Oxford University Press Journals and JSTOR. Only full versions of articles were used and each article was screened to make sure that it was published in a recognised academic journal.

To identify relevant material, a combination of keywords was used. The terms were selected to reflect the main themes of the thesis. They included words like financial behaviour, youth, gender differences, and global economic crises. Examples of the search terms included “gender and risk aversion”, “financial literacy”, “liquidity preference”, and “financial behaviour during crises”. Several exclusion terms were also applied to restrict the possibility of irrelevant results outside of the scope of this thesis.

Planned inclusion criteria were used to make sure only relevant studies were used. Furthermore, this meant that literature was included if it examined financial behaviour on a household level, was set in a period of economic uncertainty or crises, or discussed behavioural elements relevant to the theoretical background of the thesis. To ensure the credibility of the selected articles, they were checked through the JUFO portal. They were also checked for associated ratings. Only articles that received a JUFO rating of two or more were considered for the analysis. In the JUFO rating system, level two represents leading scientific publications, and the rating system goes up to three as the highest category.

6.2 Assessment of Source Quality and Bias

The quality assessment of each selected article has a strong influence on the interpretations of the drawn results. As the selected articles have a wide range of differences in types of data, methodology, and analytical scope, there can be variation in results associated with financial behaviour during economic uncertainty.

Firstly, the methods varied from one study to another, leading to possible inconsistencies. Much of the research relies on survey data or other self-reported measures on financial anxiety, confidence levels or risk attitudes. Although this approach is aimed at capturing personal views, it is highly influenced by personal interpretations of questions and concepts. On the other hand, some studies use empirical and transactional-level data, which may offer more direct results with less depth on emotional or psychological factors.

There were also differences in the quality of data as sample sizes varied across different articles. Some studies have very narrow age groups, whereas others used a broader household data collection. In many studies, parameters of age and gender were not analysed in detail. This may have led to difficulties in drawing conclusions relevant to this thesis.

Lastly, the timeframe and context of the crises also varied. Some of the studies focused on the initial phase of the crisis, when uncertainty is usually at its highest in observed groups. On the other hand, there was also research that focused on longer-term behavioural adjustments. Also, the characteristics of each crisis differ from each other. The crisis during COVID-19 pandemic had social restriction differing the conditions to the 2008 financial crisis. Different characteristics and contexts may have an influence on household responses.

6.3 Methodological Limitations

As this thesis is based on the method of qualitative literature review, no raw data has been collected, which leads to several methodological limitations. Thus, the analysis highly depends on the scope and quality of already existing literature. Although this method offers a broad view of the financial behaviour during crises, direct causality or effects are hard to measure.

There are also limitations to the availability of relevant research. More specifically, the studies that focus on young women as a distinct group are limited. Most of the studies treat age and gender as separate variables, restricting the ability to draw precise conclusions of specifically young women as a demographic. Therefore, this thesis combines insights from different studies, which might introduce unwanted variability in the results.

The review also cannot be generalised to all types of economic and cultural contexts. Most of the included studies are published in English and are conducted in developed economies. The publication biases may also have effects on the results, as studies that have significant or clearer results have a higher likelihood of getting published.

Finally, there is always human error and differences in interpretation included when analysing findings. The sources for this thesis have been systematically selected and evaluated, but the analytical choices depend on the researcher.

7 Discussion

This chapter is focused on presenting and reviewing the findings of the qualitative literature review. More specifically, the focus is on interpreting how global economic uncertainty can influence the financial behaviour of the demographic group of young women. Theories and insights have been reviewed in previous chapters and they are highlighted here to reflect the subject further.

7.1 Financial Behaviour of Young Women During Global Economic Uncertainty

Section 3.3 discusses the fact that in early adulthood, economic crises usually intensify vulnerabilities associated with this age group. These vulnerabilities can include lower financial experience, unstable income and limited savings. Here, having cautious financial behaviour is a rational response, based on the economic reality associated with being young. The analysis of the literature shows that periods of instability tend to show a similar trend to the theoretical background. More specifically, it was found that young women are more likely to avoid complex financial products and investment decisions, and prioritise short-term security during economic crises. Furthermore, the literature showed that global economic uncertainty shapes young women's financial behaviour on a systematic level. Conservative financial strategies can function as protective mechanisms in uncertain environments. This is especially used to manage risks when employment prospects are unclear, and there is a future risk with income. On the other hand, prolonged cautious behaviour can lead to a reduction of opportunities for asset accumulation once the economic conditions stabilise.

The findings also indicate certain interactions between behavioural mechanisms. Conservative financial behaviour during economic crises cannot be explained only by a single behavioural mechanism. Instead of this, it seems like several factors are interacting. Especially for young women increased liquidity preference, limited financial confidence, emotional responses and avoidance of situations leading to monetary loss seem to reinforce each other.

During economic crises, perceptions of potential losses heighten during unstable employment, and preferences for liquidity strengthen. Lowered confidence in the decision-making regarding financial factors seem to also reduce willingness to engage in unfamiliar financial products. Financial anxiety can also reinforce these factors, as there is a rise in perceived cost in making mistakes. These mechanisms further explain why cautious behaviours continue, even when the crises pass, and conditions stabilise. This means that young women tend to react to combinations of emotional and cognitive pressures that are shaped by their previous experiences.

Youth and age are factors that clearly reinforce each other as financial behaviours shape during economic uncertainty. It was found that young women are especially sensitive to financial risk due to structural constraints. These constraints may be early-career instability, limited accumulation of wealth and differences in gender. Uncertainties in income and weak financial buffers seem to narrow the range of financial choices, which again raises the attractiveness of secure financial strategies. This means that the circumstances in which decisions are made are also reflected in the cautious behaviour, along with individual preferences.

7.2 Interpretation and Implications

The findings suggest highlight that young women’s financial response are shaped by a complex combination of factors. It seems that there are levels of behaviour, literacy and prior experience that seem to influence young women and how they act during times of economic uncertainty. This can also be seen in previous studies. In them the policy response recommendations suggest that financial education iniatives should precisely account for emotional and cognitive factors, rather than just improving financial knowledge.

Additionally, the results of this thesis underline the importance of considering differences among different demographic groups when designing financial support for vulnerable groups in uncertain events. In this case, young women are a group that is often more cautious and leans towards short-term financial security over long-term investments. Measures that strengthen financial confidence could in this case offer support, which reduces excessive caution. On the other hand, they do not encourage unnecessary risky behaviour. Recognition of differences in groups is important for institutions and policymakers to offer proper support in moving toward a more equal and financially resilient society during periods of economic instability.

8 Conclusion

This thesis was aimed at examining what kind of influence global economic uncertainty has on the behaviour of young women. The results of the study show that young women have the tendency to respond with more conservative financial behaviour when faced with economic crises. Furthermore, it can be seen as protective strategies through reduced risk-taking, increase in savings and stronger preference for liquidity. Young women's responses are not only due to crisis-related components, but also arise from structural constraints and different behavioural factors that can be associated with demographic factors of gender and early adulthood

Some limitations are associated with the results of the thesis. In the literature review, there are differences in methodology and scope of the studies. Much of the existing research seems to focus on developed economies, and young women are not often examined as a distinct group. Future implications for research should therefore address the gaps that arose in this study. Furthermore, future research could focus on empirical research of responses of the distinct group of young women to further deepen the understanding of the mechanisms of decision-making during uncertainty.

Conclusively, this thesis is an important dive into the already existing literature regarding young women's responses to financial crises. More specifically, the study highlights the importance of demographic characteristics and behavioural responses that are during instability. These findings can be relevant to institutions or policymakers to further consider the support that young women as a demographic group may need regarding financial themes. Understanding the subject through these interactions and the subject's full complexity is essential for promoting financial resilience and inclusion of all groups in times of economic instability.

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