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Gender Differences in Investment Behavior

The influence of gendered financial socialization and self-efficacy
on women's investing

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ABSTRACT:

This bachelor's thesis examines women's cautious investment behavior, which often manifests as investing in low-risk assets, lower participation in investment markets, and lower trading activity. Such investment behavior has found to lead to lower returns, which in turn are associated with lower financial well-being.

Previous literature suggests that women's cautious investment behavior is commonly explained by higher risk aversion, lack of financial literacy, and lower levels of self-efficacy. Such factors exist, but due to their dynamic nature, they alone are insufficient to explain the phenomenon. This thesis proposes gendered financial socialization within family as a potential explanation, with self-efficacy acting as a mediating factor influencing how women perceive risk and apply their financial knowledge and capabilities. These further influence investment behavior and financial well-being.

The findings suggest that financial socialization lays a foundation for children's financial behavior in adulthood and helps them achieve financial well-being. However, gendered financial socialization may provide children with unequal starting points for financial success in adulthood, particularly in activities such as investing. Additionally, proper financial socialization can strengthen children's self-efficacy, which in turn can encourage more active financial behavior. Based on the findings, self-efficacy appears to function more as a mediating factor between financial socialization and common explanations than as an independent explanatory factor, whereby lack of it may potentially lead to more cautious investment behavior.

KEYWORDS: Family financial socialization, gender differences, investment behavior, risk aversion, financial literacy, self-efficacy

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1 Introduction

Gender differences have gained popularity as a perspective in financial literature in the recent years (Bacher, 2025; Cueva et al., 2019; Cupák et al., 2021; Montford & Goldsmith, 2016; Niessen-Ruenzi & Mueden 2025; Van Rooij et al., 2011). Regardless of considerable amount of attention being paid to gender equality, gender differences remain persistent (Breda, 2020) and are common especially in male-typed domains such as investing (Bordalo, 2019). Gender differences in investing manifest as women allocating lesser amounts of funds to risky assets (Cupak et al., 2021), participating less in investment markets (Bacher, 2025), and trading less (Cueva et al. 2019), which has significant influence on their investment performance and accumulation of wealth (Bannier & Neubert, 2016). Literature commonly suggests that gender differences in investment behavior are due to stereotypical assumptions. The common explanations are due to women's lack of financial literacy (Almenberg & Dreber, 2015; Minelgaite et al., 2022), lower levels of self-efficacy (Montford & Goldsmith, 2016), and higher levels of risk aversion (Bacher, 2025; Bannier & Neubert, 2016; Brooks et al., 2019).

However, while these common explanations may partially contribute to the observed differences, they seem to struggle to function as sole explanatory factors due to their dynamic nature (Cupak et al., 2021; Bacher, 2025). Risk-taking varies depending on the context and circumstances (Booth and Nolen, 2012), whereas financial literacy is highly related to abilities to apply it in practice (Agnew & Sotardi, 2025a). As for self-efficacy, it is shaped by mastery experiences, social comparison, feedback, and emotional regulation (Bandura, 1977). Additionally, women are more likely to hold a higher education degree than men (OECD, 2025, p. 53) and they are more likely to engage financial decision-making than men (European Institute for Gender Equality, 2024, p. 53), yet still gender differences remain.

One possible contributing factor for the gender differences could be family financial socialization. Family financial socialization refers to the processes through which family members influence each other in financial matters to gain financial capabilities and apply

them in practice to achieve financial outcomes such as financial well-being (Gudmunson and Danes, 2011). Despite the limited evidence on family financial socialization influencing specifically on investment behavior (LeBaron & Kelley, 2021, p. 202), a few studies examining this phenomenon have identified a relationship between the two. Developing financial attitudes, knowledge and capabilities through family financial socialization contributes to investment behavior (Hellström et al., 2020) and thereby wealth accumulation (Hira et al., 2013). However, parents are found to differ their socialization methods based on the children's gender (Agnew & Cameron-Agnew, 2015a; Wilska & Lintonen, 2016), which potentially leads to unequal financial outcomes in adulthood (Tinghög et al., 2021, p. 406). Therefore, this thesis proposes that gender differences in investment behavior could stem from gendered financial socialization within family.

1.1 Purpose of the thesis

The purpose of this thesis is to propose a potential explanation for gender differences in investment behavior through hypotheses that are introduced below and provide a clear synthesis on the topic by combining fragmented literature into a coherent framework. This thesis aims to gather the literature of common explanations behind women's cautious investment behavior and compare supporting and opposing literature on them. Additionally, this thesis provides insights into gendered financial socialization within the family and its effects on common explanations, proposing self-efficacy as a mediator rather than an explanatory factor.

The first hypothesis builds on family financial socialization theory, which suggests that socialization processes lead to formation of financial attitudes, knowledge and capabilities which then shape financial behavior and resulting financial well-being (Gudmunson & Danes, 2011). Differing these processes based on the children's gender may lead to unequal opportunities to accumulate wealth and achieve financial well-being (Lebaron et al., 2020, p. 43). Based on this, the first hypothesis is:

H1: Gendered financial socialization contributes to higher levels of investment caution among women.

The second hypothesis is related to self-efficacy theory which introduced the sources for building self-efficacy: mastery experiences, modelling, feedback, and emotional regulation (Bandura, 1977). These self-efficacy sources are influenced by family financial socialization processes, as they are also used in teaching children (Gudmunson & Danes, 2011). Additionally, self-efficacy is the foundation of behavior as it might inhibit action even when individual possesses acquired skills and knowledge (Cupak et al., 2021). Therefore, the second hypothesis is:

H2: Self-efficacy functions as a mediating factor between gendered financial socialization and investment behavior.

1.2 Structure of the thesis

The first chapter covers introduction including purpose and structure of the thesis. The second introduces family financial socialization processes and outcomes and extends the theory to gendered financial socialization. The third chapter covers gender stereotypes and roles. The fourth chapter includes financial decision-making and the factors affecting it (i.e. risk preferences, financial literacy, and self-efficacy). The fifth chapter compares literature supporting and opposing the previously discussed common explanations of women's investment behavior and gathers evidence on the proposed explanation. The last chapter concludes and analyzes the key findings in the light of the hypotheses.

1.3 Methodology

This thesis was based on the literature review approach. Examining the topic, relevant literature was retrieved from academic databases such as Academic Search Elite, ScienceDirect, and Wiley Online library. When selecting literature for the literature review,

it was restricted in terms of time and geographical scope: The selected studies were limited to developed economic regions such as United States, Europe and New Zealand, and published from the 2010s onwards. Additionally, emphasis was placed on peer-reviewed journal articles to ensure the quality and reliability of the sources.

In this thesis, artificial intelligence (AI) based tools were used to enhance the clarity and readability of this paper. ChatGPT was used to find sources and edit text such as grammar and sentence structure. Nevertheless, the whole text has been written solely by the author of this thesis.

2 Family financial socialization theory

Financial socialization shapes the way individuals behave and make decisions in financial situations throughout adulthood (Kim & Chatterjee, 2013). It is a sub concept of general human socialization which Grusec and Hastings (2014) define as the processes that guide and support individuals to adopt the roles and expectations necessary for integration into a social group (p. 11). They add that financial socialization includes processes where individuals acquire knowledge, values, standards, behaviors, and other elements across social, emotional, cognitive and personal dimensions. Cho et al. (2012) find that individuals develop previously mentioned elements through various socialization agents such as parents, peers, school, media and professionals (p. 419). Lebaron and Kelley (2020) add that socialization agents are not limited to these but also include workplaces, workshops and financial literacy programs (p. 197).

Gudmunson and Danes (2011) describe that family financial socialization refers to earlier described socialization processes within the family context (p. 644). They emphasize the uniqueness of family relationships in these processes (p. 646). They also point out that family financial socialization literature mostly focuses on parent-child relationships where parents influence children (p. 647). However, socialization extends beyond that as it can be reciprocal among family members, such as from children to parents or siblings (p. 649). Payne et al. (2014) also add that romantic partners are included within the family domain (p. 107). However, this thesis only focuses on parent-child relationships.

The importance of parents in socialization processes is evident. For instance, Grusec and Davidov (2014) present five key points that highlight parent primacy as the main influence in children's lives (p. 159). First, Parents are responsible for ensuring the protection of their children and making sure they are competent for meeting the demands of social life. This enables the formation of close relationships in parent-child dynamic. Second, people have fundamental need for reciprocal interaction in relationships which plays a significant role in the socialization processes. There are plenty of opportunities for this kind of interaction in parent-child relationships and their probability increases as parents

protect and take care of their children. Third, in most societies, parents are commonly seen to be primarily responsible for their children as well as their socialization. Fourth, parents usually live near their children, giving an opportunity to achieve an agreement of appropriate behavior. Fifth, parents are in first-hand control of the resources available and the environment they grow in. In this way children can be protected from and forewarned about unwanted situations and influences

Family financial socialization is illustrated using a conceptual model (Figure 1) by Gudmunson and Danes (2011). The model includes two dimensions: family socialization processes and financial socialization outcomes, and they are linked to each other. Additionally, these two dimensions comprise interconnected components that are discussed in the following chapters.

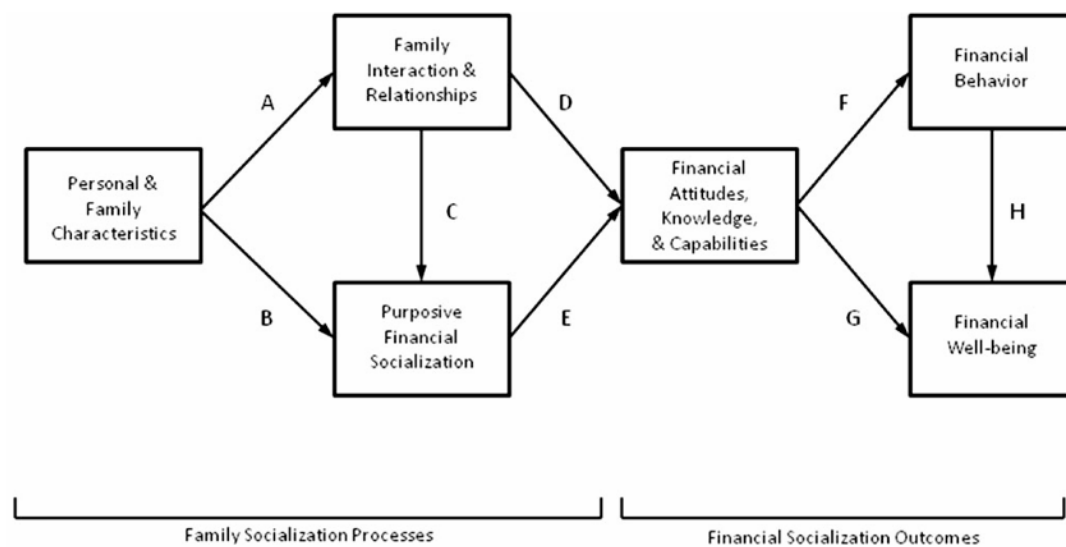


Figure 1. Conceptual model of family financial socialization processes and outcomes (Gudmunson & Danes, 2011, p. 648).

2.1 Family socialization processes

Gudmunson and Danes (2011) describe family socialization processes as concrete ways in which the more experienced members of the family e.g. parents are trying to transmit financial attitudes, knowledge and capabilities to the less experienced members. They

demonstrate family socialization processes with three interrelated components that are (1) personal and family demographic characteristics, (2) family interactions and relationships, and (3) purposive financial socialization (see figure 1).

Gudmunson and Danes (2011) divide demographic characteristics into two types, which are personal and familial (p. 647). They add that characteristics, such as gender and age, are most often measured on the individual level, whereas household size, family developmental stage and socioeconomic status are usually measured on the family level. Parental and familial characteristics lay the foundation for purposive financial socialization as well as for family interaction and relationships as demonstrated (figure 1). For instance, parental social status (i.e. familial characteristic), including parental education, occupation and family income (Cheng & Furnham, 2025, p. 3), creates a context for parent-child financial interaction, and is therefore important for the formation of attitudes, knowledge and capabilities and subsequent financial behavior (Serido et al., 2010, p. 455). For instance, parental social status is associated with financial behavior in adulthood such as investing and saving (Furnham & Cheng, 2019, p. 3). Additionally, Danes et al. (2008) introduce the differences in family dynamics among ethnic groups which shape roles and relationships in family. For instance, they add that cultures that emphasize individualism and privacy tend to have more democratic and equal family structure where parents guide, support and encourage independent/critical thinking early (pp. 232-234). In contrast, they note that cultures that emphasize collectivism tend to have more hierarchical or even patriarchal structure within the family (pp. 235-236). As mentioned before, personal and family characteristics are linked to other socialization processes (see figure 1) that are further discussed below.

The next component, family interaction and relationships, is complex and multifaceted realm that highlights the importance of strong family relationships but also includes practical operations across within financial and non-financial dimensions (Gudmunson and Danes, 2011, p. 649). The non-financial dimension creates a basis for sound financial practices, since the nature of family relationships determines how effectively attitudes,

knowledge and capabilities are transmitted. For instance, children who experience warm and loving parenting styles are more likely to be open and receptive to adopting parents' values and teachings about financial matters (Kim et al., 2011). In addition to parenting style, Gudmunson and Danes (2011) find that the interaction between family members, apart from financial aspects, includes basic daily communication and the quality of the family relationships (p. 649). As for financial dimension, Serido and Deenanath (2016) find that it includes parents functioning as role models in financial behaviors implicitly influencing their children to adopt the same financial norms and create a foundation for their financial values (p. 292). They provide examples such as buying groceries, saving habitually or for emergencies and paying bills. Strong relationships within family enable parents to engage in teaching and training of their children (Gudmunson & Danes, 2011, p. 649). Family interaction and relationships component is linked to purposive financial socialization component as well as financial socialization outcome components: financial attitudes, knowledge, and capabilities (Figure 1).

Finally, Gudmunson and Danes (2011) describe purposive financial socialization as deliberate actions and efforts of the family members they utilize to financially socialize each other (p.649). They add that it occurs through reciprocal interactions among many family members and can vary across diverse cultures. Formerly discussed personal and family characteristics (e.g. age, gender, family structure and family relationships) highlight the roles in the family which are influenced by cultural norms and thus form a foundation for financial practices (Gudmunson & Danes, 2011, p. 649). Socioeconomic characteristics (e.g. education, occupation, and income level) determine the extent to which families can engage in financial practices (Gudmunson & Danes, 2011, p. 649). For instance, Kim and Chatterjee (2013) find that parents can purposefully socialize their children by providing allowance, monitoring children's spending and opening a savings account (p. 66). However, parents can only provide their children with previously mentioned financial practical experience if they have the financial resources to do so (Kim et al., 2011, p. 673). Parents transmitting knowledge to their children on how to do things on their own

may enhance their self-efficacy and increase the possibility of sound financial choices in the future (Serido & Deenanath, 2016, p. 293).

Family socialization processes comprise three components: personal and family characteristics, interaction and relationships, and purposive financial socialization. These together lead to development of financial socialization outcomes components: the first one being financial attitudes, knowledge and capabilities (Figure 1).

2.2 Financial socialization outcomes

Gudmunson and Danes (2011) explain that financial socialization outcomes comprise components such as (1) financial attitudes, knowledge and capabilities, (2) financial behavior and (3) financial well-being, and they are socially ingrained individual characteristics that have complied over time (p. 649).

Gudmunson and Danes (2011) introduce the first component of socialization outcomes which is financial attitudes, knowledge and capabilities (p. 649). They find that individuals carry these internalized features with them from context to context but expressing them depends on the circumstances. Additionally, they acknowledge the importance of attitudes and knowledge but especially highlight internal motivation factors (i.e. capabilities) that are necessary (e.g. self-efficacy, values and living standards) to perform the desired act. For instance, they note that self-efficacy may be an important feature to obtain before knowledge leads to behavioral change in financial matters (p. 650). Gudmunson and Danes (2011, p. 650) propose that attitudes, knowledge and capabilities do not represent the final product but rather an intermediate step to achieve the main goals which are financial behavior and financial well-being.

The second component of family financial socialization model is financial behavior (Figure 1). Gudmunson and Danes (2011) suggest that it could be divided into two equally important interconnected types: long-term consistent behavior and short-term event-based actions (p. 650). They explain that the most common type is consistent action over

time such as earning money, saving, and spending it. They add that the second type of behavior is related to decision making in financial turning points (i.e. events) which also includes starting and stopping of passive financial processes such as creating an automatic monthly savings plan. Financial behavior is most often seen as a cornerstone of financial well-being since everyday financial actions directly shape it (Gudmunson & Danes, 2011, p. 650).

Finally, Gudmunson and Danes (2011) introduce the last component and the goal of the family financial socialization model, financial well-being, which consists of subjective and objective indicators (p. 650). According to them objective indicators are measures that can be evaluated such as income, level of saving and credit score whereas subjective indicators are based on individual perspectives such as financial satisfaction or the level of economic pressure. Since every component of this model culminates into financial well-being it is vital to emphasize each of them in the context of socializing (Figure 1).

However, family financial socialization does not always lead to optimal outcomes and well-being. Lebaron-Black et al. (2023) suggest that financial outcomes can be positive or negative depending on socialization (p. 6). For instance, role-modeling is a quite common and effective way of socializing, but it can be accidentally transmitted in an incomplete way or simply be misinterpreted by children (Serido and Deenanath, 2016, p. 293). Additionally, parents may subconsciously transmit unfavorable attitudes and ideologies such as how children should behave according to their gender (Halpern & Perry-Jenkins, 2016). Gudmunson and Danes (2011) suggest that demographic differences (e.g. gender differences) may affect financial outcomes indirectly through family socialization processes rather than directly (p. 647). For instance, they find that women are likely to receive different socialization than men in financial matters (e.g. investing) from an early (p. 661), potentially leading to unequal financial outcomes (Tinghög et al., 2021, p. 406). In this thesis, socialization practices influenced by gendered attitudes and differentiation of these practices according to the child's gender are referred to as gendered financial socialization.

3 The gender system

Previous literature suggests that the term “gender” refers to societal categorization of individuals (Crocker, 2021; Else-Quest & Hyde, 2016; Ridgeway, 2011). Rather than describing biological characteristics, gender is a sociocultural system (i.e. gender system) that usually comprises certain norms and expectations that are imposed on individuals within society (Else-Quest & Hyde, 2016, p. 160). As gender is strongly categorized and associated roles are ingrained, society too often acknowledges just two categorical variables: men and women (Hyde et al., 2019, p. 174). Even though gender is a multidimensional concept, this thesis focuses on gender as a binary construct as it lays the foundation of inequality in various fields (Ridgeway, 2011).

3.1 Social norms and gender norms

Cislaghi and Heise (2020, p. 409) define social norms as unwritten rules shared by the members of the social group or society. They find that the members have a mutual agreement of what is considered as acceptable in the group, and it creates a certain standard of behavior among members. Eagly and Wood (2012, p. 1434) introduce social role theory that explains how individuals create beliefs of the members of other social groups. They suggest that these beliefs are shaped by individuals observing and evaluating the experiences shared with the other group’s members in their typical social roles. Additionally, when evaluating other’s behavior, individuals tend to generalize the behavior of a few members to the entire group, which contributes to the formation of widely held beliefs i.e. stereotypes (Koenig & Eagly, 2014, p. 372).

Cislaghi and Heise (2020) explain that gender norms are gender-related social norms that set a standard for socially appropriate behavior for men and women in society (p. 415-416). Gender norms can manifest as situations where men are expected to be more masculine and women more feminine. For instance, Endendijk et al. (2014, p. 156) find that when socializing children, parents may encourage masculine activities for boys and feminine activities for girls and discourage the opposite behavior (e.g. boys cannot play with

dolls or girls cannot play ice hockey). Gender norms are enforced, learnt and internalized through various social mechanisms (e.g. socialization within family, social media etc.) and exposure to them starts already at birth (Hyde, 2014, pp. 380-381). Additionally, gender norms are maintained at an institutional level by powerholders which keep the gender system intact (Cislaghi & Heise, 2020, p. 410).

3.2 Gender roles

Quinn and Macrae (2005) find that gender is seen as one of the most salient categories of differentiation between people even compared to race, age, or career (p. 468). Eagly and Wood (2012, p. 1434-1435) explain that gender roles can be defined as a social construct that is shaped strongly by expectations and stereotypes about how men and women should behave. They add that as gender roles seem to reflect the natural characteristics of sexes, people perceive them as inherent and inevitable. The roles of women can manifest as them specializing in care-oriented professions (e.g. nurse) and being responsible for childcare as well as most of the domestic work (Eagly & Koenig, 2021, p. 347). As for men, the social roles include traits of assertiveness and competitiveness (Eagly & Koenig, 2021, p. 347) which are commonly associated with science and career pursuits (Charlesworth and Banaji, 2022, p. 15).

Individuals contribute to the maintenance of gender system by not only evaluating others but also themselves. For instance, gender roles influence individuals' self-concept and thereby become part of identity, leading individuals to categorize themselves accordingly (Stoffel et al., 2026, p. 1). Individuals may also believe they will gain acceptance when their behavior aligns with the social roles assigned to them, thereby reinforcing the roles to even greater extent and reducing the likelihood of deviation from these expectations (Eagly & Wood, 2012, p. 1447). People have a great need for belonging which also could explain persistence of the roles (Baumeister, 2012, p. 982). Violations of role-related norms are not usually considered socially acceptable and failing to adhere may result in social consequences, such as rejection or neglect (Eagly & Wood, 2012, p. 1449).

3.3 The outcomes of the role differentiation

Gender roles still affect across context and fields in society despite considerable attention is paid to gender equality (Breda, 2020). However, gender stereotypes frame our beliefs of how the world is, and often evolve into how the world should be, which may lead to unintentional and implicit discrimination based on the gender (Bohnet, 2016, p. 7). The stereotypes are also more persistent in economically developed countries (Napp, 2026) and they usually are the most apparent in the context of family and occupation (Eagly & Wood, 2012, p. 1447).

In the family context, gender roles may be rooted in socialization agents (i.e., parents) and thereby gender socialization begins in the preliminary stages of children's lives. For instance, in some cases children have demonstrated the signs of gender stereotypes and biases as early as the age of three (King et al., 2021). Portengen et al. (2023) describe that parental gender socialization refers to parents' way of teaching their children gender-related social expectations. They find that parents' implicitly and explicitly convey their gender stereotypes, attitudes, and gendered attributions. For instance, parents may highlight the appropriate gender-specific behavior by communicating with their children (Endendijk et al., 2014, p. 157-158) or use gender-differentiated parenting by utilizing different control strategies on boys and girls (Endendijk et al., 2016). Additionally, children will gain an understanding of appropriate behavior for all genders by observing the differences between mother and father as well as their involvement in household chores, career, and family life (Endendijk & Portengen, 2022, p. 3).

When the outcomes of the stereotypes are considered in the context of opportunities, they seem to be quite different for women than for men. For instance, the prevailing stereotypes may negatively affect women's educational training and professional development (Myers et al., 2020), work opportunities (Chang & Milkman, 2020) and negotiations about salary (Pardal et al., 2020). In addition to this, some fields are even considered to be male dominated such as Medicine (Myers et al., 2020), Finance (Driva et al., 2016) and Law (Azmat & Ferrer, 2017) due to the disparities in gender representation.

Also, the stereotypes may significantly predict the underestimation of women's performance in male-typed fields (Bordalo et al., 2019, p. 747).

4 Behavioral dimension

Behavioral finance provides insights into individual decision-making by integrating preference-based mechanisms, cognitive processes and other emotional factors. It originates when the expected outcomes of classical financial theories were inconsistent with investors' behavior (Agudelo Aguirre & Agudelo Aguirre, 2021). When individual's subjective perception and cognitive processing is involved in decision-making the classical paradigm may no longer suit and inconsistencies emerge through heuristic judgement and biased-based processes (Costa et. al., 2019). Additionally, financial socialization processes influence financial decision-making and behavior through financial attitudes, knowledge and capabilities developed in childhood (Gudmunson & Danes, 2011).

4.1 Financial decision-making

Decision-making is often understood as an outcome of cognitive processes (e.g. heuristics) (Kahneman & Tversky, 1979, p. 274). Tversky and Kahneman (1982, chapter 1) describe heuristics as cognitive rules that simplify information, thereby helping problem-solving and decision-making which makes them especially useful in general view. However, they find that since assessing probabilities perfectly is a complex task for human brain, heuristics can lead to errors in processing information. Additionally, De Neys and Vanderputte (2011, p. 432) find that when encountering complex tasks, human brain cannot always override intuitive belief-based response, and thereby heuristics will occasionally dominate our thinking. For instance, stereotypes are based on heuristics (Bordalo et al., 2016, p. 1753).

Kahneman and Tversky (1979) illustrate the decision-making process in their concept prospect theory. They divide the process into two phases: editing phase and evaluation phase. They note that in the first phase (i.e. editing phase) individuals analyze the offered prospects and usually apply heuristics to simplify them. They add that in the second phase (i.e. evaluation phase) the preliminarily edited prospects are under assessment, and the decision-maker is assumed to make a choice between them choosing a prospect

of the highest utility. Additionally, this decision-making process is driven by emotions (Lerner et al., 2015, p. 803) which is illustrated in the prospect theory's value function that represents greater pain of potential losses relative to gains and the risk behavior that follows (Kahneman & Tversky, 1979, p. 279).

Greenberg and Hershfield (2019, p. 17) define financial decision-making as decisions that are financial in nature or affecting overall financial well-being. They find that these financial decisions could be singular or repeated, but they result in financial behavior and thus affect financial well-being. To achieve financial well-being through optimal financial decisions, it is important that attitudes, knowledge and capabilities are aligned accordingly (Gudmunson & Danes, 2011; Greenberg & Hershfield, 2019). However, when the socialization processes are gendered, financial decision-making begins to differ between genders (Gudmunson & Danes, 2011, p. 647), potentially leading to unequal financial outcomes (Tinghög et al., 2021, p. 406).

4.2 Determinants of financial decision-making

When examining women's investing, the existing literature has proposed various explanations how and why it deviates from men's investing. Differences have been found in Gudmunson and Danes' (2011) model's intersecting component attitudes, knowledge and capabilities which are risk preferences (Bacher, 2025; Bannier & Neubert, 2016; Brooks et al., 2019). financial literacy (Almenberg & Dreber, 2015; Minelgaite et al., 2022) and self-efficacy (Montford & Goldsmith, 2016, p. 102).

4.2.1 Risk preferences

Isaacs (2020, p. 357) refers to risk as unwanted negative outcome that has a certain degree of possibility to occur. They find that individuals take risks because the advantages outweigh the potential disadvantages. Risk taking is also an essential part of economic behavior as it involves making decisions that influence individual's financial outcomes. For instance, particularly in finance and investing, a certain level of risk taking is required

to obtain returns since higher returns are correlated with higher risks (Fisher & Yao, 2017).

Dambacher et al. (2016, p. 223) suggest that risk aversion is one of the most widely documented phenomena in the context of decision-making under risk. Risk attitudes can vary from risk aversion to risk seeking (Dohmen et al., 2011, p. 527). They define risk aversion as the preference of the more certain option, even when the riskier option has a higher expected return. Investors' attitudes toward risk play a key role in investment markets and asset allocation (Croson & Gneezy, 2009, p.451). For instance, Investors with higher risk aversion may encounter challenges throughout the investment process such as not reaching their financial goals and accumulate desired wealth (Yao et al., 2004, p. 249).

Grasmick et al. (1996, pp. 195-196) find that socialization within family is transmitting gender stereotypes and roles across generations resulting in gender differences, especially in behavior that requires risk-taking. Stereotypes are found to increase caution (e.g. risk aversion) in financial decision-making, potentially discouraging engagement in risky investments (Carr & Steele, 2010, p. 1414-1415). Grasmick et al. (1996, pp. 195-196) provide an example that women who are raised in patriarchal families are less likely to make decision to participate in risky financial operations or enter male dominated fields due to added risk of being discriminated. In contrast, they add that women raised in less patriarchal families are more likely to tolerate risk in decision-making and less likely to adhere the prevailing gender related norms.

Women are found to be more risk averse than men in the context of investing (Bacher, 2025; Bannier & Neubert, 2016; Brooks et al., 2019). Existing literature suggests that women's greater risk aversion has manifested as more conservative investing (Neelakantan, 2010) and trading less (Cueva et al. 2019). Avoidance of risk-taking may lead to poorer investment performance, resulting in lower wealth accumulation over time (Bannier & Neubert, 2016, p. 130). Additionally, women live longer than men and

if they have lower labor income throughout the working life, this combination could expose them to poverty in the older age (Bannier & Neubert, 2016, p. 130).

4.2.2 Financial literacy

Remund (2010) defined financial literacy as individuals' understanding of financial concepts and their ability to manage personal finances by making short- and long-term decisions while considering prevailing circumstances (p. 284). For instance, financial literacy is required for both investing in sophisticated financial products but also for everyday situations in which individuals are making economic decisions (Skagerlund et al., 2018, p. 18). As financial circumstances have become more complex given the global context, possessing financial knowledge is essential for individuals to make efficient financial decisions and thereby achieving financial well-being (Lusardi, 2015, p. 260).

Family financial socialization is one of the main influencers of financial literacy (Deenanath et al., 2019, p. 83). For instance, children who are primarily exposed to implicit financial socialization (e.g. observing parents) are associated with negative outcomes such as lower financial self-efficacy i.e. belief in one's ability to handle financial matters (Vijaykumar, 2022, p. 408). Conversely, family engaging in explicit financial socialization by communicating and teaching about financial matters helps children to develop improved financial literacy and acquire the ability to make efficient financial decisions and exhibit sound financial behavior (Gutter et al., 2010, p. 396). Literature suggests that men are receiving more intense exposure and encouragement to financial topics during childhood and adolescence than women (Agnew et al., 2018; Niessen-Ruenzi & Mueden, 2025). Finance is still widely perceived as a masculine domain and already young children exhibit stereotypical beliefs about gender (Driva et al., 2016, p. 144); thus, parents may place less emphasis on girls' financial literacy (Agnew & Cameron-Agnew, 2015a, p. 631).

Literature has identified a persistent gender gap in financial literacy in favor of men, which is associated with poorer outcomes for women in financial markets and may lead to unequal financial well-being (Tinghög et al., 2021, p. 406). Those with lower levels of

financial literacy are more likely to fall victim to financial scams (Lusardi & Mitchell, 2014, p. 22), accumulate less wealth (Stango & Zinman, 2009, p. 2811), earn lower returns (Wang et al., 2024) and participate less in stock markets (van Rooij et al., 2011)

4.2.3 Self-efficacy

Bandura (1997, p. 3) defines self-efficacy as individuals' beliefs about their own capabilities to organize and execute the actions required to achieve a specific outcome. Additionally, these efficacy beliefs determine which course of action individuals choose, how much they are willing to invest in chosen paths, and how they will prepare to face challenges and setbacks. Self-efficacy is seen as stronger predictor of performance than motivation (von der Mehden et al., 2025) and it plays a key role in individuals' financial behavior, particularly in investing (Cupak et al., 2022, p. 12). For instance, Nunez-Letamendia et al., (2025, p. 1) find that financial self-efficacy is more relevant than the financial knowledge itself. Conversely, fear or lack of self-efficacy may prevent stock market participation even when the level of financial literacy is high (Cupak et al., 2022, p. 8). Thus, the importance of self-efficacy is evitable: it is an important mediator of individuals' participation in financial markets and serves as a gateway to financial well-being (Cupak et al., 2022, p. 17).

According to Bandura (1977, p. 195) self-efficacy includes four sources: performance accomplishments, vicarious experiences, verbal persuasion and psychological states. The first source, performance accomplishments, refers to personal mastery experiences, including successes and failures that shape self-efficacy. A part of family financial socialization involves providing children with practical experience with money (Ruspini, 2012) or through domestic work, which the literature suggests tends to favor boys (Furreboe et al., 2023). The second source, vicarious experiences (i.e. modelling), refers to seeing others perform an act and thereby creating an expectation in observers that they will improve if they continue their efforts (Bandura, 1977, p. 197). If the roles in household demonstrate traditional gender roles children internalize them through modelling and may act accordingly (Sonnenberg, 2017). The third source, verbal persuasion, refers to

ways of leading individuals to believe that they can successfully cope with and overcome setbacks (Bandura, 1977, p. 198). Encouragement of gender-typical behavior and discouraging opposite behavior may inhibit actions that parents perceive inappropriate for a particular gender (Endendijk et al., 2014, p. 156). The fourth and final source, psychological states, refers to how intensely individuals experience emotions such as fear and stress (Bandura, 1977, p. 198). Self-efficacy is influenced by encouragement and suppression of gender-specific emotional expression may hinder emotion regulation (Van der Pol et al., 2015, p. 861).

Literature suggests that women have lower levels of self-efficacy compared to men (Montford & Goldsmith, 2016, p. 102). Additionally, Bordalo et al. (2019, p. 770) find that stereotypes may cause women to have lower levels of self-efficacy especially in domains where male advantage is larger such as finance. Women with lower levels of self-efficacy are found to have limited trust in their financial abilities (Furreboe et al., 2023, pp. 82-83) and difficulties applying financial literacy (Bucher-Koenen et al., 2025, p. 7420). Additionally, women are taking less risks and earning lower returns due to limited self-efficacy (Montford & Goldsmith, 2016, p. 104).

5 Literature review

The existing literature commonly explains women's cautious investment behavior by lower ability to handle risks, limited financial literacy and lower self-efficacy. Despite these common explanations, the recent literature has introduced several counterarguments and has also criticized overly simplistic reasoning. This section compares the common explanations and the counterarguments and proposes a potential explanation for women's cautious investment behavior. The role of self-efficacy is addressed in the separate section.

5.1 Evidence supporting the common explanations

The existing literature suggests that women have lower willingness to take risks than men, which may lead to less risky choices in investing. Bacher (2025) suggests that women participate less in stock markets compared to men and allocate smaller amounts of their funds to risky assets in the U.S. survey. Brooks et al. (2019) investigated the outcomes of meetings between over 4000 advisors and clients in the UK finding that women are significantly more risk averse in investing than men. They also suggest that women have less experience in investing which may contribute to women's lower level of risk tolerance. Bannier and Neubert (2016) analyzed data of German households and find that financial literacy and risk tolerance are explaining the gender gap in investment performance.

Financial literacy is also frequently discussed in the context of examining gender differences in investing. For instance, Lusardi and Mitchell (2014) collected data from U.S., Germany, Netherlands as well as Switzerland and find that women tend to answer fewer financial literacy related questions correctly than men. They also add that women are also more likely to answer, "do not know," and the results were consistent across countries. Comparable results are reported in other studies as well (Bucher-Koenen et al., 2017; Kim & Mountain, 2019). In addition to this, Bucher-Koenen et al. (2017) examine how respondents from U.S., Germany and the Netherlands assess their financial

knowledge. They find that women who answered correctly to all the questions were less likely to give themselves high scores for financial knowledge and on average women assessed their financial knowledge as lower compared to men. According to Van Rooij et al. (2011, p. 468), the lack of financial literacy and knowledge limit individuals' participation in stock markets.

5.2 Evidence against the common explanation

As the common explanations are acknowledged in the literature, it is highly possible that men and women differ in these aspects, and they explain at least some part of the women's cautious investment behavior. However, the way individuals respond to risks, how financially literate and confident they are, may be influenced by underlying mechanisms, as these factors are dynamic rather than static.

Risk preferences vary depending on context and experience. Booth and Nolen (2012) compare coeducational and single-sex schools in UK and how such environment influence boys' and girls' competitive behavior when the risk factor is considered. They find that girls' competitiveness is influenced by their surrounding environment. More specifically, girls in the single-sex schools are more competitive than girls in coeducational schools which may indicate that differences in behavior might reflect social learning of gender norms rather than inherent gender traits. Additionally, the differences may stem from individuals' lack of investment experience (Brooks et al., 2019, p. 512) which is not a gender-related phenomenon and could be developed over time. However, Nelson (2015) examines 35 empirical studies regarding women's higher tendency to avoid risk and find that in certain cases women's average appetite for risk is greater compared to men whereas other studies lack statistical significance in risk-taking behavior between genders.

Limited financial literacy can be explained by the lack of self-efficacy. Bucher-Konen et al. (2017) suggested that in these tests the "Do not know" responses may originate due to difficulty in articulating the answer. Another alternative explanation may be the lack

of confidence in one's ability to provide correct answers. For instance, Kim and Mountain (2019) examined the "do not know" response and its relation to financial literacy in the U.S. survey with sample size of 27 564 observations. The results indicate that there is no significant gender difference in financial knowledge among young adults when estimated using their preferred model. However, in the reference model, the difference is highly significant and is related to their preference for selecting the "do not know" response. If these responses are not considered, the studies might provide unreliable results and thus lead to biased interpretations. Additionally, some studies examine the level of financial knowledge when "do not know" response is not available and the results indicate that women are more likely to select the correct answer when required to make a choice (Bucher-Koenen et al. 2025; Lusardi & Mitchell, 2014). Also, women tend to answer significantly fewer question if an incorrect answer leads to a small penalty (Gioia, 2024).

The common explanations seem to struggle solely explaining the differing aspects although they do exist. Even though behavior is influenced by variety of factors, some play greater role than others. Considering the dynamic nature of the explanatory factors and that they manifest in the behavior of considerable number of women, it is reasonable to assume that the underlying reason is something that is ingrained and not easily altered in the short-term. One potential explanation for women's cautious investing could be family financial socialization, which shapes financial literacy, attitudes towards risk and self-efficacy.

5.3 Gendered financial socialization

To extent the family financial socialization, which was introduced in the theoretical background, this section examines how gendered financial socialization affects women's investing. The effects of gendered financial socialization represent a new research approach; however financial socialization has been identified as an important factor to explain the gender gap. For instance, Haag and Brahm (2025) reviewed research, mostly from advanced economies (e.g. Western Europe and U.S.), and find that among fifty-one

empirical studies of gender gap in financial literacy, sixteen of them examined the socialization factor. They add that, at least to some extent, the gender gap in financial literacy is explained by socialization factors in every study. Given this, it is reasonable to investigate the gendered aspects of financial socialization and whether they may contribute to the gender gap in investing.

5.3.1 Gendered socialization processes

This section provides evidence on gendered financial socialization processes. The socialization processes that were introduced in the beginning of this paper, are divided into two categories: more implicit family interactions which comprise modelling, parental monitoring, parent-child relationship, parental involvement and warmth (Kim & Chatterjee, 2013). On the other hand, financial discussions, providing allowance and parental financial role modelling as well as monitoring are part of purposive financial socialization (Kim & Chatterjee, 2013).

One key mechanism of family interactions is modelling as children observe parents' behavior and start to apply it in practice. Agnew et al. (2018) observe that the presence of mother or both parents when the child is spending money had positive impact on the formation of attitudes compared to no presence of parents. However, fathers' presence had no effects regardless of gender which suggests that parents' role differs in financial socialization. Additionally, they find that parents' presence, particularly mothers' presence, is linked to greater levels of saving especially with girls. They suggest an explanation that mothers may encourage positive financial attitudes. Another alternative explanation could be that mothers and fathers engage in different types of spending around their children which potentially indicate differing roles in financial socialization. Parental influence has substantial implicit impact on children's future financial behavior as well as attitudes and due to its implicit dimension parents' behavior patterns may lead to unintended consequences. Fan et al. (2022) note that parenting style is associated with children's personality traits and the influence varies across genders. According to them, authoritative parenting style (i.e. strict but supporting) contributes to agreeableness,

conscientiousness and neuroticism on women. Furthermore, the authors identify the authoritative style as the most common parenting style among respondents. In the existing psychology literature among the big five personality traits (i.e. openness, conscientiousness, extraversion, agreeableness and neuroticism), that also complement the measures of economic preferences such as risk taking, agreeableness led to worse financial outcomes as well as neuroticism (Becker et al., 2012).

Purposive financial socialization appears as financial discussions (Gudmunson & Danes, 2011, p.649). Leavell et al. (2012, p. 55) suggest based on their finding in U.S. that fathers discuss with their sons about different matters than their daughters. Agnew and Cameron-Agnew (2015b) have findings from their New Zealand data that parents had finance related discussions later with their daughters than sons which had a negative impact on their financial literacy test scores. They add that younger age of financial discussions with parents was a statistically significant variable which suggests that early conversations are linked to greater financial literacy. However, early financial discussion appears to have a weaker influence for women than on men which potentially indicates that such discussions were more superficial level among women. Niessen-Ruenzi and Mueden (2023) have similar findings using German data regarding parents having financial discussions with their children. They find no significant gender differences on whether parents made financial decisions together and discussed openly about them or not. However, the results reveal a significant difference in the extent of regular financial discussions in childhood, with women (24,8%) reporting lower levels than with men (28,4%).

In addition to financial discussions, purposive financial socialization also comprises structured forms of guidance such as providing allowance, establishing rules and giving feedback on financial behaviors. Wilska and Lintonen (2016) examine Finnish data on teenagers' disposable income, and they find a persistent difference in income among 14- and 16-year-old in favor of boys. They add that income difference was also found among 18-year-olds, but the difference narrowed as the study progressed. Consequently, men may receive more allowance in adolescence than women and furthermore women report

more often the sense of control by their parents about their spending (Furreboe et al., 2023). According to Ruspini (2012, p. 526) pocket money, which is not only connected with special occasions or emergencies, could encourage independence and enhance self-efficacy. In addition, providing children with opportunities to manage their money by “earning” it at home may foster financial literacy skills from an early age (Brown & Taylor, 2016, p. 2). Furreboe et al. (2023, p. 82) note that men may have been socialized through practical tasks with earning and handling money since they report they were required to do more household chores in adolescence compared to women. Zsoter and Nagy (2012, p. 289) note that especially for young people a sense of independence and uniqueness is pivotal besides money to be socially involved in society. Economic and social power embedded in money exhibit even in close relationships and therefore persistent disparities associated with it could lay a foundation for lifelong gender inequality (Wilska & Lintonen, 2016, p. 434).

Parents often serve as role models for their children, and it may occur both implicitly, through observation as well as explicitly, through direct instruction (Furreboe et al., 2023, p. 72). Explicit teaching has a key role in children’s socialization, but implicit processes have an equally significant, if not greater, impact due to their subconscious nature. Jorgensen and Salva (2010, p. 475) investigated parental socialization and find that implicit learning had a greater impact on financial knowledge than explicit. Not only that but children actively interpret and respond to the stimuli and input they are exposed to (Gudmunson & Danes, 2011, p. 646). For instance, Sonnenberg (2017, p. 468) find gender differences in household financial decision-making and in higher income households men manage money and hold financial control. Agnew and Storadi (2025a) explain that if teaching is shaped by educator’s gendered perceptions (e.g. who should manage the finances etc.) it may shape adversely financial attitudes and behaviors. They add that if the women in the household are passive in financial matters and responsibilities are predominantly assigned to one gender, children may internalize the model demonstrated at home. Mothers’ and Fathers’ behavior have greater impact on children’s gender-role attitudes than stated beliefs and values (Halpren & Perry-Jenkins, 2016). Niessen-Ruenzi

and Mueden (2023) find that the presence of financial role models in childhood seems to be more important for women whereas no effect was observed among men. However, they highlight that regardless of the necessity of financial role models, women report limited presence of role models in childhood and weaker peer effect.

Together these processes demonstrated in this section suggest that financial socialization within the family is not completely gender-neutral and it may originate from parents' views, experiences, and values. Gendered financial socialization does not only affect how children perceive financial matters as they grow older, but also how they experience their own financial competence and engage in financial decision-making as individuals reach adulthood.

5.3.2 Self-efficacy as a mediator

Through previously discussed processes, children acquire attitudes, knowledge, and capabilities from their parents explicitly and implicitly (Gudmunson & Danes, 2011). After years of accumulating knowledge, they must adapt and apply acquired knowledge and skills in their own life in practice. However, knowledge and skills do not always translate into action, even when intention exists (Agnew & Sotardi, 2025a, p. 255). This section discusses how self-efficacy functions as mediator between these characteristics and financial behavior.

The foundation for self-efficacy is created through previously introduced self-efficacy sources (see pp. 22-23), and they are applied to family financial socialization theory (Gudmunson and Danes, 2011). Furreboe et al. (2023) explain that self-efficacy is intertwined with all the stages of socialization throughout childhood and adolescence and therefore develops early in life. They find that with proper socialization processes parents can encourage children to be more confident in themselves and their competence. Schrodt et al. (2023) find that sense of self-efficacy within adults in financial matters is very much tied to their self-esteem, which is positively associated with family conversations and parental confirmation such as encouraging etc. in childhood. In addition to

conversations and encouraging, it is important to provide practical experience to increase self-efficacy even more. For instance, Agnew and Sotardi (2025b) examine socialization's effects on self-efficacy and other variables on adolescents based on New Zealand data. They note that discussions about financial matters followed by financial practical exposure can strengthen children's confidence in their abilities. However, improper support may weaken the sense of self-efficacy such as passive financial support. For instance, one-sided parental help with financial matters has negative consequences for youths' self-efficacy which also translates into adulthood (Mortimer et al., 2016). Given this, the gendered financial socialization processes presented earlier (see pp. 27-31) may negatively affect the development of girls' confidence in their abilities and further financial behavior.

Financial attitudes, knowledge and capabilities, acquired through socialization, provide the potential for individuals to succeed in financial markets but translating intention into action requires self-efficacy. These financial competencies and self-efficacy together play an important role shaping an individual's financial behavior and thereby resulting in optimal choices (Cupak et al., 2022; Sajid et al., 2024). However, fear or low self-efficacy may prevent stock market participation even when the level of financial literacy is high (Cupak et al., 2022, p. 17). Confidence in individual's abilities seems to be at least equally important factor if not more important than the abilities alone. Riitsalu and Murakas (2019) find that objective knowledge correlated less with financial well-being than subjective knowledge. Additionally, when individuals are too confident in their abilities, they may make suboptimal decisions and take unnecessary risks only if they assess their own financial knowledge to be at a high level (Sajid et al., 2024). In the light of this information, self-efficacy functions as an enabling factor by serving as a gatekeeper between skills and knowledge, and their translation into action. It can also function as a barrier to women's investment participation despite their possession of the required financial knowledge and skills.

Gender differences in self-efficacy are established in many studies although findings have suggested women have both the financial capability and willingness towards financial matters. Furreboe et al. (2023) explain that socialization processes such as discussions, receiving allowance, being taught how to budget and being encouraged to save had positive impact on how they assessed themselves in adulthood whereas for women none of the processes had significant impact on how they knowledgeable they assess themselves financially. Additionally, Luhrmann et al. (2015) examine German teenagers that were exposed to financial literacy program. The program was successful in raising interest and financial knowledge among young people which was also related to their financial behavior and no difference were found between boys and girls on their financial interest as well as financial knowledge. However, self-assessed financial knowledge increased less among girls compared to boys even when no significant differences were found between genders in actual financial knowledge. Agnew and Sotardi (2025a) also find that male participants show higher levels of self-efficacy and are more likely report the presence of financial values throughout their upbringing whereas female participants showed greater intention for financial activities but could not apply it in practice due to lower self-efficacy. This kind of disparity may emerge due to reciprocal effects of societal, cultural, educational and psychological factors (Agnew & Sotardi, 2025a) and therefore the effects of gendered socialization cannot be ruled out.

Especially in the financial decision-making context under uncertainty and risk, individuals must possess self-efficacy to rely on their own judgement. As previously discussed, women are more likely to avoid risks and losses in investing, and this may lead to the allocation of funds to low-performing assets. Montford and Goldsmith (2016) explain this phenomenon based on U.S. data that women make less riskier decisions due to lower self-efficacy. They find that the amount of windfall that was invested in stocks among both genders was positively related to their subjective view of their financial self-efficacy. However, when men and women were equally confident in their financial abilities, women chose similar options as men. In the light of this information, women are equally capable of exposing themselves to risks but may avoid overexposure or taking

excessive amounts of unnecessary risks. In Farrell et al. (2016) study based on Australian data, the results reveal that after controlling financial risk preferences and the factors that affect financial literacy, women with higher level of self-efficacy have greater likelihood of holding investment products, mortgage or savings account but not necessarily holding a credit card nor loans. They add that the possession of the first products could be an indication of ability to maintain effective long-term financial planning and financial responsibility whereas the following products may indicate the lack of such ability. These findings therefore suggest that the presence or absence of confidence in ability to manage finances might be significant predictor of women's financial outcomes.

Overall, while gendered socialization may shape women's attitudes, knowledge and capabilities, self-efficacy appears to function as key mediating mechanism between them and investing. Lower self-efficacy might inhibit action even when acquired skills and knowledge exist. This information is consistent with Cupak et al. (2021) findings suggesting that self-efficacy is a significant explanatory factor of gender gap in risky financial behavior such as investing. Self-efficacy might influence individuals' perceived competence and therefore limit their willingness to engage in uncertain situations or face negative outcomes due to perceived inability to cope with them. This perspective provides a basis for understanding the following conclusions.

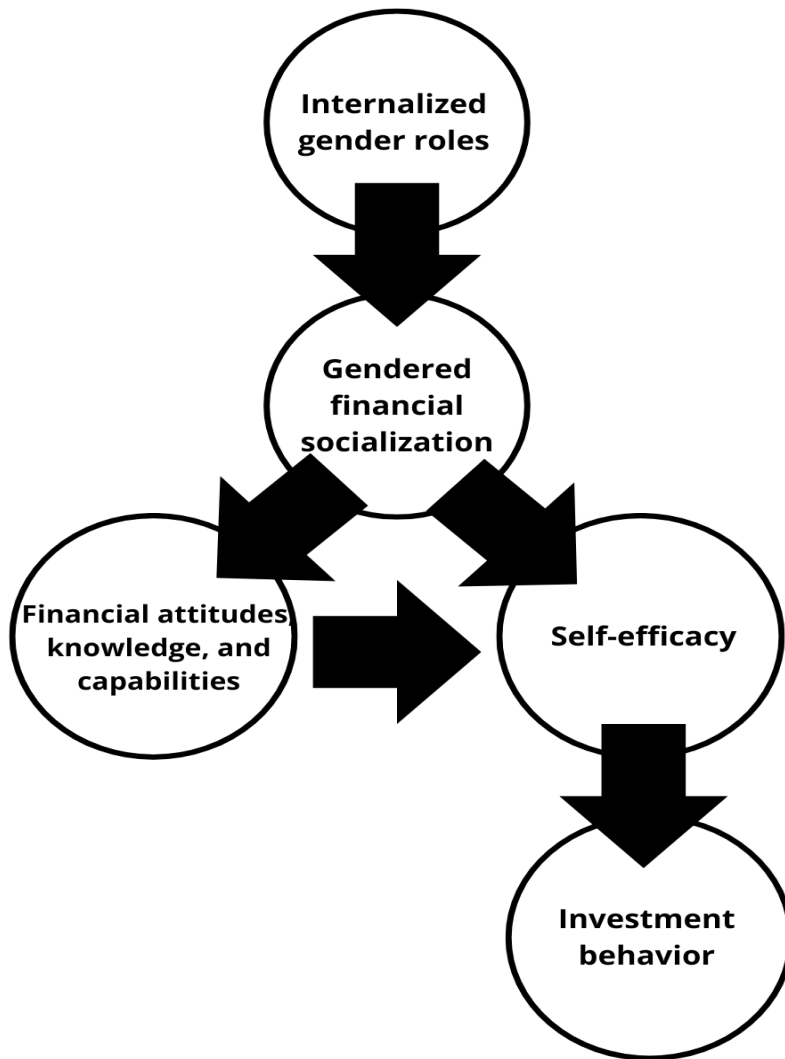


Figure 2. A Conceptual Framework of Gendered Financial Socialization and Investment Behavior

6 Conclusions

This thesis examines the impact of gendered financial socialization on women's investing behavior and the mediating role of self-efficacy in translating human capital into action. The differences between genders are well established in literature, however many of these findings seem to remain at a superficial level and rely on generalizations portraying gender as a fundamental measure of capability. The more recent literature has examined the underlying causes of this phenomenon more extensively and has focused more on individuality. The purpose of this thesis was not to contribute to gender-based polarization, but rather to propose a potential perspective on the observed gender differences in investment behavior, demonstrating that women are equally capable financial actors.

Although there is often a tendency to draw a binary distinction between genders, the fundamental differences are in fact small (Hyde et al., 2019). However, the distinction can be created through stereotypes (Bohnet, 2016), context (Hyde, 2014) and beliefs (Hyde et al., 2019). Unfortunately, this dichotomous line of reasoning commonly categorizes individuals into two groups: men and women, in which women are assumed to be inherently different and consequently possess different levels of competence. Therefore, it enables the drawing of generalized conclusions that further reinforce the self-fulfilling prophecy and may then establish an implicit standard for behavior which may be harmful for male-typed domains such as investing (Bordalo, 2019, p. 771).

Despite minor fundamental differences, studies have identified significant variation in investment performance between genders, and it has been mostly explained by a lack of financial literacy (Almenberg & Dreber, 2015; Minelgaite et al., 2022), higher risk aversion (Bacher, 2025; Bannier & Neubert, 2016; Brooks et al., 2019). and low self-efficacy (Montford & Goldsmith, 2016). As behavior is shaped by variety of factors, it is likely that these are particularly relevant in explaining at least a part of the differences observed. However, due to these factors' dynamic nature, they are unlikely to explain solely why women behave in a certain manner. This thesis proposes that it would be more justified

to interpret the differences from a viewpoint that is ingrained and is not easily altered in the short term.

A potential explanation, as proposed in Hypothesis 1, in gendered financial socialization within family, which may result in increased caution and financial knowledge, leading to cautious investment behavior. The findings suggest that gendered financial socialization shapes not only financial knowledge, attitudes and capabilities, which together determines how an individual approaches financial decision-making, but subsequent behavior. Self-efficacy, as proposed in Hypothesis 2, serves as an important mechanism, influencing how women perceive their capabilities and translate them into action. Although lower self-efficacy was presented as one explanatory factor in women's investment behavior, it rather serves as mediator of presence or absence of financial literacy and risk-taking. Additionally, findings suggest that parents practicing gendered financial socialization may negatively influence girls trying to obtain financial attitudes, knowledge, and skills. Gendered socialization processes may stem from parents' own beliefs and attitudes regarding what is considered gender-appropriate behavior, which girls may internalize subconsciously in childhood. This is not unusual since implicit and explicit gender stereotypes are more persistent in economically developed countries (Napp, 2026). In this way, entering investment markets may be prevented and investing may be approached with caution due to lower self-efficacy and a sense of not belonging.

While this thesis aims to provide a clear synthesis on the topic by combining existing literature into a coherent framework, there are some limitations to indicate direction for future research. Firstly, although the relationship between upbringing and investment behavior is well established in literature, the gendered aspect and its impact on investment behavior has yet to receive sufficient attention. Secondly, the proposed relationships are mostly based on indirect evidence, as the introduced mechanisms are rarely examined together and therefore the implications rely on the fragmented evidence and author's interpretations. Nevertheless, as parents are suggested to be the primary

source of influence in children's lives (Grusec and Davidov, 2014, p. 159) and the differences between genders exist to which literature provides robust evidence, it is justified to examine further the impact of gendered financial socialization in women's investing.

Overall, this thesis contributes to the literature by integrating different research approaches and concluding that gendered financial socialization has potential impacts on women's investment behavior, self-efficacy functioning as a mediator. The conceptual framework is developed based on the findings from literature and helps to improve the understanding of this phenomenon.

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