

The under representation of women in the investment industry

While the financial industry is making greater progress in terms of gender balance in the workforce, women are still underrepresented in the investment sphere. This is often attributed to the lack of inclusivity in their work environment, especially on the trading floor. However, increasing female representation in finance can potentially lead to better risk management and greater economic yield.

Temps de lecture : minute

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In the midst of the economic challenges that the UK is facing due to the events of the pandemic, research shows that the lack of female representation in leadership roles is contributing to the financial slowdown. The Women Count 2020 survey conducted by Pipeline found that the UK economy is missing out on an estimated £47B in additional profits, pre-tax. This is attributed to the positive correlation between the number of women in leadership positions and higher profit margins.

In finance, only 16% of chief financial officers are women, with men making up the other 84%. This lack of representation is also evident in the investment landscape. The good news is that there are measures like the Female Ventures Fund that aims to give female investors greater knowledge while supporting emerging businesses that are founded or co-founded by women.

Historically speaking, women are moving towards greater representation

in the retail investment space. An Investment Trends report describes how the number of young investors has grown along with the number of women in the UK investing scene.

However, the gender gap was still significant, with women representing 15% of investors in 2018. This is expected to increase in the following years. However, it should be noted that engaging with these two demographics is a challenge for brokers. With increasing market restrictions and legal obligations in place, finding ways to attract new clients remains a constant struggle during these troubled times.

The lack of women in the finance world is still a reality that we face today, especially in the aggressive atmosphere of the trading floor. The trading scene is traditionally viewed as an all-boys club, but women are attempting to change this perception.

Despite this, as of 2019, only 13% of those approved by the UK's Financial Conduct Authority for trading roles were female. Some of the factors that contribute to this are the difficulty of recruiting women for the role. In comparison with men, women are less likely to pursue degrees related to science, technology, engineering, or mathematics.

In addition, anecdotes from traders describe how the trading scene in the 1990s was highly toxic in terms of sexism, encouraging women to leave their jobs after having a child. Maternity leave was considered a luxury in addition to the alleged lowballing of pay for women traders. Partly due to these barriers, it is no wonder that the forex scene is still male-dominated.

When it comes to forex trading, one needs to take into account the variety of risks involved. This includes the political and economic stability of a country, which greatly impacts the interest rates and the value of their currency. In this context, many psychological studies demonstrate

that females tend to be more risk-averse than males, which makes them statistically more likely to place a greater emphasis on risk management and loss reduction.

This is reflected in a 2014 study that indicated women took part in just 8% of all trading activity across the forex market that year. While this number may be small, this greater discernment led to a return of 43% on individual stocks and 21.4% over a portfolio of 28 stocks. In contrast, men were found to trade at a much quicker rate, generally suffering much greater losses.

Interestingly, recent trends show that forex seems to be the most popular category for female investors compared to other options like stocks. Changing attitudes and the rise of remote work have made self-motivated female traders a more common sight.

Instead of an intimidating trading floor culture, women can use forex apps and trading platforms on their smartphones or desktops from anywhere in the world. Because of this, it is likely that female representation in the finance world will continue to improve.



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