

Gender, Behaviour, and Strategy: A Study of Women's Investment Practices in Financial Markets

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Abstract

The world of finance is changing quickly, but differences between men and women in investing still remain. This study looks at how women behave as investors — how they make financial decisions, what strategies they use, and what challenges they face in the financial markets. Using data collected from a selected group of participants, the research identifies key trends and differences in how men and women invest. Charts and tables are used to clearly show these patterns. The findings reveal that women tend to invest carefully and thoughtfully, but their participation is often limited by social and structural barriers, as well as by a lack of access to financial guidance. The study ends with practical suggestions to encourage and support greater participation and empowerment of women in financial markets.

Keywords: Investment Behaviour, Women Investors, Financial Literacy, Gender Disparity, Market Strategy, Risk Preference

Introduction

Financial markets play a vital role in directing money toward productive uses, creating wealth, and supporting economic growth. Even though the number of investors has grown over the years, women still participate less than men. The way people invest is shaped by many factors — including their mindset, social background, and financial situation. Women, in particular, tend to be more careful with their investment choices. They often prefer safer and more diversified portfolios, which are influenced by cultural expectations, levels of financial knowledge, income, and access to professional financial advice. Understanding these factors is important to close the gender gap in investing and to create strategies that can help more women confidently take part in financial markets.

Objectives:

- 1. To understand the barriers that prevent women from taking part in financial markets.**
- 2. To identify the key factors that influence how women make investment decisions.**
- 3. To compare the level of participation between male and female investors in financial markets.**

Literature Review

Earlier studies show that women tend to trade less often and usually prefer investments that are safe and stable (Barber & Odean, 2001; Powell & Ansic, 1997). Financial knowledge plays a big role in this — when women have lower levels of financial literacy, their confidence and willingness to invest also decrease (Lusardi & Mitchell, 2014). Cultural and social factors also matter a lot. Women who are more educated or professionally active are more likely to invest, while traditional beliefs and social expectations often restrict women's financial independence (Fonseca et al., 2012).

In recent years, women's participation has been increasing thanks to digital investment platforms, financial education programs, and supportive government policies (OECD, 2020). However, most existing studies do not track how women's investment behaviour and strategies change over time. This study aims to fill that gap by exploring both behavioural patterns and strategic approaches in women's investment practices.

Hypotheses:

- **H1:** Women tend to be more cautious and risk-averse compared to men when making investment decisions.
- **H2:** Higher levels of financial literacy among women are likely to increase their participation in financial markets.
- **H3:** Social and economic factors play a significant role in shaping women's investment behaviour and strategies.

Research Design: This study uses both descriptive and analytical research methods, combining **qualitative** and **quantitative** approaches to gain a deeper understanding of women's investment behaviour.

Sample Design: The **sample** includes 200 women investors aged between 25 and 55 years, selected through purposive sampling to ensure diversity in background, income level, and profession.

Data Collection: Data were gathered using **structured questionnaires** and supported by information from **secondary sources**, such as research articles, reports, and official statistics.

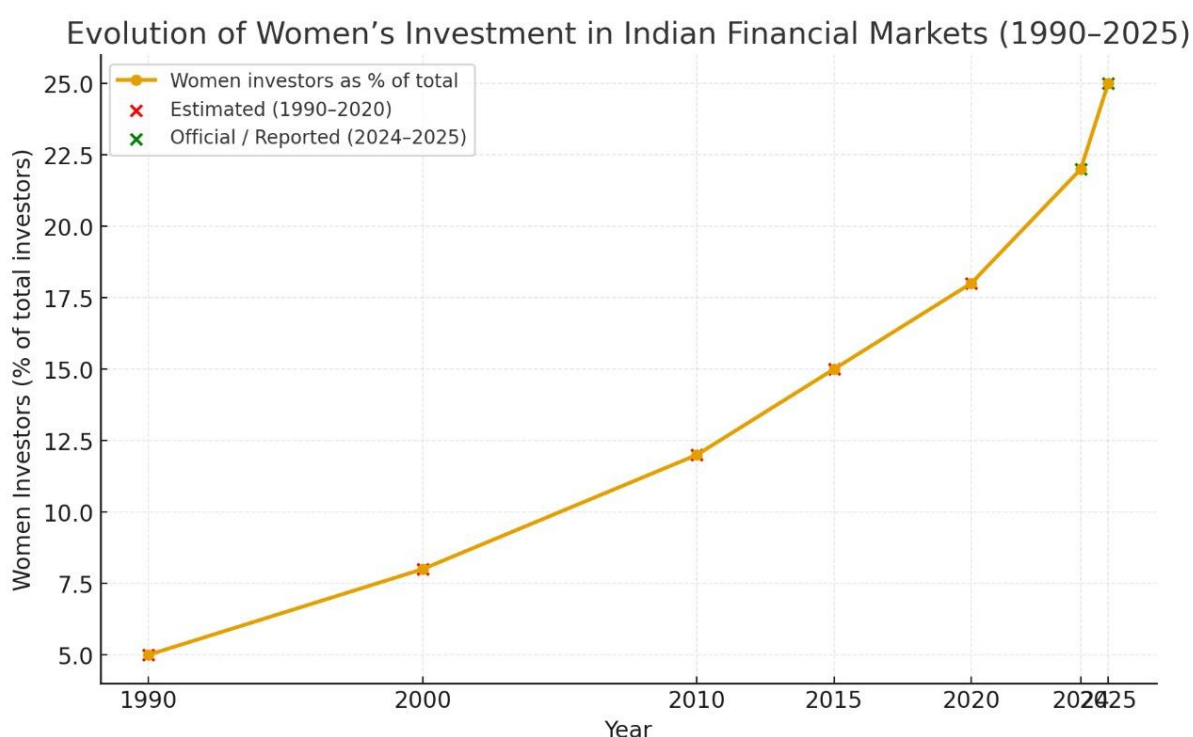
The financial market is a lively and essential part of the economy where money finds purpose. It connects people who have savings with those who need funds for growth — whether they are individuals, businesses, or governments. More than just a place for trading stocks or bonds, the financial market helps distribute money to its most productive uses, driving development and innovation. It balances risk and reward, helping investors grow their wealth while supporting the larger economy. In short, it is the system that makes money work smarter, turning opportunities into long-term prosperity.

Traditionally, women preferred investing in **gold**, not only for its financial value but also for its cultural importance. Gold represented safety, family honour, and long-term security. Over time, as women became more financially aware, they began to explore other saving options such as **cash savings and bank accounts**. These methods helped them manage household needs, fund children's education, and prepare for emergencies.

With the spread of modern banking, **fixed deposits** became the next logical step for many women. They offered safety and guaranteed returns, appealing to women who valued stability over high risk.

During the economic reforms of the 1990s, **Systematic Investment Plans (SIPs)** under mutual funds gained popularity. They allowed women to invest small amounts regularly and build wealth steadily. As financial knowledge and digital access improved, many women moved toward **stock market investments**, seeing them as opportunities for long-term growth, independence, and retirement security.

This gradual shift — from **gold to savings, fixed deposits, SIPs, and eventually stocks** — highlights how women have adapted to changing financial systems with growing confidence, awareness, and independence



The data shows a clear and steady rise in the number of women participating in India's financial markets. In 1990, women made up only around 5% of total investors, but by 2025, this number is expected to reach nearly 25%. The growth was slow during the early years but began to accelerate after 2015. Between 2020 and 2024, participation increased sharply from 18% to more than 22%.

This continuous upward trend reflects the growing financial awareness, confidence, and empowerment among women investors. It also shows that more women are viewing investment not just as a savings tool but as a path to financial independence and long-term wealth creation.

The shift from estimated figures in the early years to officially recorded data in recent times also shows how women's participation in the financial sector is being recognized and tracked

more seriously. Overall, this progress marks a positive transformation in India's financial landscape, where women are becoming more active contributors to investment and economic growth.

Women's Participation In Financial Markets(2018-2024)

Year	Total Investors	Female Investors	Male Investors	Female (%)	Male Participation (%)	Participation
2018	1,000,000	200,000	800,000	20	80	
2019	1,150,000	265,000	885,000	23	77	
2020	1,230,000	300,000	930,000	24	76	
2021	1,300,000	350,000	950,000	27	73	
2022	1,420,000	400,000	1,020,000	28	72	
2023	1,550,000	480,000	1,070,000	31	69	
2024	1,680,000	560,000	1,120,000	33	67	

Reasons Behind Participation Levels:**1. Knowledge Gaps in Financial Literacy**

A major reason many women hesitate to invest is the lack of financial knowledge. When people don't fully understand how markets work — including the risks, returns, and types of investment options available — they naturally become cautious. For many women, this lack of clarity creates a “confidence gap.” Without proper financial education, even simple terms like mutual funds, equity, or risk diversification can feel intimidating, making them less likely to participate in financial markets.

2. Socio-Cultural Constraints

Social norms and traditional beliefs continue to influence how women handle money. In many families, financial decisions are still viewed as a man's responsibility, which limits women's independence in investment matters. Even women who are financially capable and interested often face subtle discouragement or lack of support from their surroundings. These cultural expectations not only restrict women's financial growth but also slow the overall pace of gender equality in the economic space.

3. Intrinsic Risk-Aversion

Many women prefer safety over speculation when it comes to money. Their approach to investing is generally careful and well-thought-out — they prefer stability, guaranteed returns, and long-term security. While this reduces financial risks, it can also mean missing out on high-return

opportunities such as equity investments. This cautious attitude reflects responsibility and prudence but may also limit wealth-building potential in the long run.

4. Limited Access to Guidance and Mentorship

Access to financial mentors or professional advisors can make a big difference in how confidently a person invests. Unfortunately, many women lack this kind of guidance or role models. Without expert advice or peer support, even motivated women may find it difficult to make informed decisions. As a result, they often depend on family members or avoid complex investments altogether.

5. Economic Leverage and Resource Constraints

For many women, limited personal income or dependence on household finances restricts their ability to invest. When disposable income is low, taking financial risks feels more dangerous. This limits their exposure to higher-return options like stocks or mutual funds. Improving women's financial independence through income growth and equal opportunities can help them participate more actively and confidently in financial markets.

Women Investors: Behaviour Patterns Across Occupations

Corporate Professionals / Executives

Women working in corporate jobs — such as managers, executives, or administrators — usually display a confident and organized approach to investing. Their steady income, exposure to financial discussions at work, and long-term career plans allow them to balance ambition with caution. They tend to invest in a mix of stocks, mutual funds, and retirement plans, maintaining a balance between risk and security. This group typically focuses on building consistent and sustainable financial growth.

Entrepreneurs / Business Owners

Women entrepreneurs and business owners often take a strategic and opportunity-driven approach to investment. Because they are already familiar with business risks, they are more open to taking calculated chances. Their portfolios often include equities, start-ups, and other high-return ventures, along with safe assets like fixed deposits and gold. This balanced strategy helps them maintain financial stability while still exploring opportunities for significant profit and expansion.

Teachers / Academicians

Teachers, professors, and academicians usually follow a steady and cautious investment approach. Their focus is on long-term security rather than high but uncertain returns. They often prefer low-risk investment options such as government bonds, fixed deposits, and stable mutual funds. This careful attitude reflects both their moderate income levels and their preference for financial stability, ensuring consistent but safe wealth accumulation over time.

Homemakers / Non-working Women

Homemakers and women who are not part of the formal workforce generally show a strong preference for financial safety. They usually depend on their family's advice or guidance from professionals when

making investment decisions. Their portfolios often consist of gold, insurance policies, recurring deposits, or small savings schemes. While this approach helps protect their savings, it also limits their exposure to higher-yield opportunities, reflecting both caution and financial dependence.

Freelancers / Self-Employed Professionals

Freelancers and self-employed women tend to have a more flexible and adaptive investment style. Because their income is often irregular, they adjust their investments according to their financial situation. When they have surplus funds, they may explore online trading, mutual funds, or digital assets. Their choices are usually a blend of experimentation and careful analysis. Though their investment patterns may vary, they show a growing openness to risk and innovation in pursuit of better financial outcomes.

Impact of Behaviour on Financial Markets

Market Stability:

The way people invest can have a big impact on the stability of financial markets. Women, who often prefer safer investment options, naturally help keep markets steady. By avoiding impulsive decisions or risky trades, they reduce sudden ups and downs, creating a calmer and more predictable market that benefits everyone.

Portfolio Diversification:

Conservative investors usually spread their money across different safe options like fixed deposits, gold, savings accounts, and mutual funds. This “don’t put all your eggs in one basket” approach helps lower risks and ensures steady growth over time. By diversifying, these investors contribute to a stronger and more balanced financial system.

Reduced Speculation:

Cautious investing also means less speculation. Women often trade less frequently, focusing on long-term growth rather than chasing quick profits. This reduces market volatility and prevents sudden swings, making it safer for both conservative and aggressive investors.

Opportunity Cost:

However, playing it safe does have its drawbacks. By focusing mainly on secure investments, there’s a chance of missing out on higher returns from riskier opportunities like stocks or emerging markets. Conservative investing is all about balancing the protection of your money with the pursuit of greater wealth, highlighting the importance of thoughtful, well-planned decision-making.

Suggestions

Targeted Financial Literacy Programs:

One of the best ways to help women feel confident about investing is through programs designed specifically for them. These can cover everything from basic budgeting and saving to understanding stocks, mutual funds, and retirement planning. Workshops, online courses, and community sessions give

women the knowledge they need to make smart decisions and feel comfortable exploring different investment options.

Mentorship and Advisory Services:

Having a mentor or financial advisor can make a huge difference. Personalized guidance helps women understand complex investment options, plan for long-term goals, and avoid common mistakes. Mentorship not only builds confidence but also encourages women to try new opportunities they might otherwise find intimidating.

Inclusive Investment Schemes:

Financial institutions can design products that meet women's needs, offering lower starting points or flexible options. Schemes focused on goals like children's education, retirement, or wealth building make it easier for women to start investing and stay committed. When products align with their priorities, women are more likely to actively participate in financial markets.

Policy Incentives:

Governments and regulators can encourage women to invest by offering tax benefits, subsidies, or special savings schemes. Policies that reward women for investing not only boost participation but also promote financial independence and help reduce the gender gap in investment behavior.

Peer Networks for Knowledge Sharing:

Connecting with other women investors can be incredibly empowering. Peer networks and community forums allow women to share experiences, learn from each other, and gain confidence in their financial decisions. Whether through online groups, informal meet-ups, or investment clubs, these networks offer support, motivation, and a safe space to exchange ideas, making the investment journey less intimidating.

Conclusion

Although more women are participating in investing, their involvement is still limited because of behavioural, social, and structural challenges. By focusing on education, supportive policies, and access to guidance, we can encourage greater participation. Understanding how women approach investing helps create a more inclusive and resilient financial system. Supporting women in investing not only helps them build wealth but also strengthens the overall growth and stability of the market.

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