

Do psychological traits explain the gender gap in financial literacy?

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ABSTRACT

Using a cross-sectional survey of 297 male and 283 female undergraduate students, we re-examine the subject of the level of financial literacy of university students with a focus on the gender gap. In an attempt to understand why men are persistently found to be more financially literate than women, we explore the differences in the personality traits of the genders. We employ a moderated regression analysis (MRA) to explore how openness, conscientiousness and cognitive ability moderates the effect of gender on financial literacy. We set the study in the emerging markets context, specifically in the Sub-Saharan African country of Ghana. Our findings show very low levels of financial literacy amongst the students with an average score of 31%. Again, males out performed females with an average score of 34.6% as opposed to 27.7% for the females. We find personality traits and cognitive ability statistically contributed 1.70% to the explanatory power of gender on financial literacy ($F(562) = 4.7351$). Further we find that whereas, an increase in the level of openness and arithmetical ability widens the gender gap in financial literacy, an increase in the level of conscientiousness narrows it. Findings point to the need for financial literacy programmes targeted at university students, especially female students. These programmes must take into consideration the differences in gender and tailor make the content to suit their audiences for better impact.

Keywords: cognitive-ability; conscientiousness; inflation; ; openness; risk-diversification