

# BCG

OPPORTUNITIES  
for ACTION

FINANCIAL INSTITUTIONS



■ According to a comprehensive survey conducted by BCG, women around the world are more dissatisfied with the financial services industry than any other that affects their daily lives.

■ Many women believe that their gender is a key factor in the disrespect and condescension they have often experienced and the poor advice they have received in the industry.

■ In fact, the lifestyles of working and affluent women, both married and single, increasingly call for a specialized approach to serving them financially—one that relatively few providers have recognized.

■ Financial institutions that do not take action to seize this opportunity risk missing the quiet revolution that is developing in the female economy—and the vast benefits that can be captured.

## Women Want More (in Financial Services)

A quiet economic and social revolution is taking place, one that has significant meaning for financial services organizations. It is a revolution of, by, and for women, driven by a quest for *more*—more time, more value, more peaceful and secure lives.

Consider the following:

- ◇ Today, one billion women participate in the global workforce—a number that will grow to 1.2 billion over the next five years.
- ◇ More married women are joining millions of single-parent women and becoming the financial heads of their households. In the United States, a full third of working married women make more money than their husbands.
- ◇ The percentage of female senior executives, business owners, and entrepreneurs who are accumulating sizable assets and wealth is rising significantly.
- ◇ Women account for 57 percent of undergraduates and 59 percent of graduate school students in the United States. Worldwide, they hold 47 percent of university places.
- ◇ More women are inheriting wealth because of their longevity and demographic patterns.

In fact, the lifestyles of working and affluent women, both married and single, increasingly call for a specialized approach to serving them financially—one that can be immensely profitable for financial institutions. Yet few institutions have recognized, let alone acted on, this opportunity.

Of course, some financial-services executives may argue that women's financial needs are just the same as men's and that financial institutions need not put time and resources into discovering and providing what women really want. But such claims are strongly refuted by our proprietary research. We recently conducted a large and comprehensive survey—The Boston Consulting Group Global Inquiry into Women and

Consumerism—to which a total of more than 12,000 women from 21 countries and diverse socioeconomic classes responded.<sup>1</sup> The survey consisted of 120 questions, both multiple choice and open ended, that asked women for their candid opinions about many aspects of their lives, including their education, income and finances, homes and possessions, jobs and careers, shopping behaviors, and spending patterns.

The results of the survey are startling. Of all the industries that affect their daily lives, women around the world have identified the financial services industry as the one they are *most dissatisfied* with on both a service and a product level. For example, in the investment arena, 73 percent of survey respondents said that they were unhappy with the service level they received and 71 percent were dissatisfied with their financial provider's product offering. In insurance, the corresponding figures were 75 percent and 74 percent; in credit cards, 64 percent and 62 percent. Yet women did not just say that they were discontented—they added that they were more than willing to switch to providers that understand them better.

Fast-moving financial institutions can seize this opportunity. They can provide services and products tailored to women's lifestyles, wipe out patronizing sales efforts, and offer more information and education to women. In so doing, they can build a sense of community that leads to better, highly profitable relationships that can last for many years—and perhaps be passed down through generations, from mother to daughter.

But the first step is to understand why and how financial institutions are failing to deliver what so many women say they need.

## What's Wrong?

Just how are women's daily lives different from those of most men? And how do these differences affect women's financial needs? The obvious truth is that many women, in addition to holding down highly demanding jobs, are the primary caregivers to children and often to aging parents. They are household organizers and cleaners. They are food shoppers, menu planners, and cooks. They tidy up the kitchen and feed the pets. That old adage—men work from sun to sun, but women's work is never done—has perhaps never been truer. Indeed, the juggling act that so many women confront—too many tasks and too little time—has brought about the need for products and services that both address women's distinct financial circumstances

and treat them as professional equals to their male counterparts.

Yet women continually feel exasperated by the way financial companies serve them. Our survey respondents had quite a few scathing things to say, reporting that they have often experienced disrespect, condescension, poor advice, contradictory policies, and a seemingly endless obstacle course of red tape and one-size-fits-all forms that have left them annoyed and exhausted. While men can obviously become frustrated by poor service as well, the women in our survey believed that their gender was a key factor in the way they were treated.

Here are some of the comments from our interviewees:

- ◇ “First and foremost, many financial planners talk down to me. I ask a lot of questions because I want to understand their investment strategies.”  
—Janice, 46, upper-middle class, married with children
- ◇ “I hate being stereotyped because of my gender and age, and I don't appreciate being talked to like an infant.”  
—Mariana, 28, middle class, single
- ◇ “I would change how many financial service reps talk down to women as if we cannot understand more than just the basics when it comes to financial discussions. Being in the financial industry myself, I find these attitudes highly insulting.”  
—Karen, 51, upper-middle class, married with grown children
- ◇ “As a single woman, I often feel that financial services institutions aren't looking for my business. They want people who are preparing for kids. While I'd love to have kids, I don't want another reminder that kids aren't in my near-term future.”  
—Liz, 29, upper-middle class, single
- ◇ “Advisors are almost afraid to let the woman make the decision. They tend to defer to the male, no matter who is asking the questions or doing the investing.”  
—Cecilia, 61, lower-middle class, married with grown children

1. This article is adapted from *Women Want More: How to Capture Your Share of the World's Largest, Fastest-Growing Market*, by Michael J. Silverstein and Kate Sayre (Harper Business, 2009). Not all survey respondents responded to all questions.

What exactly do women want from financial services providers that they are not getting now? They want recognition from the industry that women view money and wealth differently from men. By and large, women do not seek to accumulate money for its own sake but view it as a way to care for themselves and their families, improve their lives, and—most important—ensure security. They do not need financial products and services that offer access to complex money-manipulation methods. They want advisors who understand their need for short-term simplicity and long-term stability. They want solutions that help them with their most frustrating task: managing the household finances from day to day and month to month.

Our survey has helped us identify four service categories that financial firms can focus on in order to capture more of women's business:

- ◇ *Household Administration.* Help women keep track of family finances easily and securely, and enable them to save time spent in making calculations, writing checks, and mailing payments.
- ◇ *Financial Education.* Present opportunities for women to learn more about budgeting, saving, and long-term financial planning.
- ◇ *Financial Advice.* Provide financial advisors who truly understand women's needs, can help women with financial planning, and treat women as equals and with respect.
- ◇ *Children's Solutions.* Offer ways to effectively protect children during financial troubles—for example, by giving children access to funds in emergencies and by teaching them about finances.

Moreover, our survey indicates that there are certain times in women's lives when they are most in need of financial help. For a majority of women, these times include opening a first bank account, obtaining a first credit card, accepting a first job, getting married, buying a home, starting a family, receiving a job promotion, getting divorced, or becoming widowed. For a smaller number of women, there are important "liquidity events," such as selling a business or coming into an inheritance, that also put them in the market for new or better financial advice.

While it's true that men face similar milestones, our survey respondents clearly feel that they are taken less seriously than men and that financial institutions are large-

ly insensitive to how the differences in women's lifestyles affect their banking, investment, and insurance needs at critical inflection points in their lives. In our view, if you can successfully serve a woman while she is "on the rise"—increasing her wealth or making an important investment decision—she will probably remain a loyal customer as she moves into higher income brackets. Even if her income and net worth do not rise substantially, she is likely to remain a loyal, profitable customer of the company that helped her through a significant event.

Our survey also revealed that women's attitudes and behavior toward money and money management change with age and wealth. Younger women tend to keep most of their money in traditional bank accounts. Women with relatively little money have a very high level of dissatisfaction with all financial services. Women under the age of 50 are likely to prefer to do their banking online whenever possible—primarily because they feel that their financial advisors don't understand their needs and that it takes too much time to get the service and information they require.

Perhaps the greatest opportunity for improvement is in financial advice and investment services for affluent women. For example, older women who are "managing on their own"—living without a partner—typically shift their wealth from stocks and bank accounts into retirement plans and real estate as they age. They have more wealth than women in other segments and more time to manage it. Yet many of them feel that investment advisors treat them poorly, do not understand women's needs, and do not have women's best interests in mind. These women say that they want better information sources and educational materials to help them make decisions. Like many men, they also feel that rates and fees are often unreasonable and are sometimes hidden or unclear.

A key group is well-educated, highly affluent women with a net worth of between \$500,000 and \$1 million. A significant amount of this segment's wealth—an average of 20 percent—is often in checking or savings accounts. These women know that they could and should do more with their money but have not found a way that feels right for them. They say that the financial advisors they have worked with are not proactive enough, do not provide sufficient information about processes, and generally assume that clients do not want to pay higher fees for greater access to information and their advisor's time. Our research shows that these assumptions are incorrect. Women want to have more engagement with

their advisors, would rather spend real time with them than do research online by themselves, and are quite willing to trade up for an advisor to whom they can delegate important investment decisions.

## Getting it Right

Some leading financial institutions are ahead of the curve. They understand that women talk to one another and that word of mouth is a powerful marketing force. They have gone out of their way to address the specific issues that their female customers face, and they are benefiting from these efforts.

Take Citi's Women & Co. initiative, a membership program that enables women who are interested in enhancing their knowledge in finance, investment, and other areas to network and build a sense of community. The program was launched by Citi "for women who want objective information and access to current financial thinking." Women & Co. provides master-class seminars with professionals in many industries, goal-setting tools, audio and video conferences, and other benefits that can help women take charge of their financial futures.

In South Korea, Shinhan Financial Group's Lady Card offers women discounts on restaurants, department stores, amusement parks, movies, travel, and child-care centers—as well as zero interest on short-term installment payments at some stores. The Lady Card, first issued in 1999, quickly gained nearly a 30 percent share among Korean women between the ages of 20 and 60, prompting other card companies to get into the game. Today, two other cards with similar features—KB Card's E-Queens Card and Samsung Card's Sense & Beauty Card—compete with the Lady Card for share. All three card companies have recognized the increasing purchasing power of Korean women and have taken meaningful steps to capture the benefits.

In insurance, Prudential Financial has formally stated its support of initiatives that "share our goal of helping women achieve financial security." The company dedicates special resources to helping women learn about balancing family life and money, teaching children about money, and coping financially with divorce or the loss of a spouse.

Another example is Wells Fargo. Through its Women's Business Services program, the bank has been a pioneer in creating a national initiative dedicated to female entrepreneurs. The program provides business owners with information, advice, resources, and support

through financial education and community outreach. Since 1995, the bank has loaned more than \$34 billion to hundreds of thousands of female business owners. The bank states that it "recognized early on the power, drive, and potential of women entrepreneurs" and that it "remains committed to helping them achieve continued success."

## Using Your Intuition

The emergence of the global female economy holds the potential for the creation of vast wealth. The \$20 trillion of consumer spending now controlled by women could climb to as high as \$28 trillion over the next five years. Women's \$12 trillion in total earnings will grow to approximately \$18 trillion over the same period. Clearly, serving women better and securing their loyalty should be a key goal of all financial-services companies.

Financial institutions wanting to get ahead of the game in developing and delivering products and services that women need should follow a set of practices that we call the *four Rs*:

- ◇ *Recognize.* Make the effort to understand the size of the opportunity in women's business in all areas of financial services—particularly in asset and wealth management, insurance, and credit cards. Commit yourself to researching where, how, and what the opportunity is for your company.
- ◇ *Research.* Study how your product or service is consumed, from the beginning to the end of the process, paying careful attention to frequency of use, habituation, the process by which dissatisfaction occurs, and the total time each segment requires to buy and use your product or service.
- ◇ *Respond.* Identify, with brutal honesty, the good and bad points about your offering, and then aggressively respond to each source of dissatisfaction.
- ◇ *Refine.* Take your ideas to market in a way that creates lasting relationships with female consumers. Build connections and bridges, and continually improve your products to strengthen relationships for the long term.

The female economy represents the largest emerging pool of wealth on the horizon. Financial institutions can seize early-mover advantage by developing highly targeted products and services, providing education and resources, and focusing their marketing efforts to reach

out to women. In so doing, the winners in this race to serve the female economy will create a virtuous circle of share gain, market value, and the ability to invest to take their leadership further.

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