

How Do Gender Differences in Risk Involved with Investment Decisions Differ by Generation?

Shivam Hemchand

Abstract:

This study investigates how gender differences in financial risk-taking vary across generations, using microdata from the 2023 U.S. Survey of Consumer Finances. Drawing on behavioural finance theory, it examines both self-reported risk attitudes and actual portfolio compositions across five generational cohorts. Regression analyses reveal that while men consistently report higher willingness to take financial risks, the gender gap has narrowed substantially among younger generations, particularly Generation X and Y, before modestly reappearing in Generation Z. However, actual investment behaviour shows minimal gender-based differences, suggesting that structural and socioeconomic factors—such as income, wealth, and access to financial instruments—play a greater role in determining portfolio risk than attitudes alone. These findings contribute to the literature on gender and behavioural finance and carry important policy implications for promoting financial inclusion, equitable access to investment opportunities, and targeted financial education aimed at sustaining the narrowing of gender disparities in financial decision-making.

Defining the question:

This research question explores how men and women differ in the level of financial risk they are willing to undertake when investing their money, and whether these differences change according to the generational differences eg. Gen Y, Gen X, Baby Boomers

Introduction:

The investigation of financial decision-making along gender lines has significantly advanced in recent years in the sphere of behavioural finance, especially concerning risk-taking behaviour. It has been documented that men, when compared to women, exhibit a higher degree of financial risk-taking, a discrepancy which has been attributed to a combination of overconfidence, risk perception, and differing investment favours. Nonetheless, overconfidence and its accomplices may differ across ages. The extent of gender gaps in risk-taking behaviour in the context of financial investments may be shaped by social and technological developments, such as enhanced access to financial utilities, modern gender role expectations, and new economic realities. This leads to the following fundamental inquiry: What is the cross-generational variation of gender gaps in investment risk aversion?

The research aims to answer this question by studying the patterns of asset allocation and risk-taking behaviours along gender and generational lines (Gen Y, Gen X, and Baby Boomers). The primary focus is to assess whether the contextual factor of generational cohort has an effect on the well-established gender difference in risk-taking behaviour and to assess the nature of these differences in the context of different classes of investment.

To define the term ‘risk’ in this study, asset classes are divided into four groups: very low risk, low to moderate risk, moderate to high risk, and high risk. This is done according to their volatility, the

predictability of returns, and the risk of exposure to external markets. This enables a systematic evaluation of investment trends and allows for risk-taking to be numerically assessed across demographic groups. This study is based on the dataset from the Survey of Consumer Finances (SCF) by the US Federal Reserve, which contains granular data on households' assets, demographics, and their attitudes towards risk. A regression analysis that estimates the impact of gender, generation, and investment risk preferences will be conducted by classifying demographic variables and corresponding investment choices made into risk categories.

This paper is structured as follows: the Literature Review situates the study within the broader body of work on gender differences in financial risk-taking, reviewing seminal and recent contributions. The Data section describes the SCF dataset and the criteria used for asset risk classification. The Methodology details the analytical approach, including the regression model. The Results present the empirical findings, while the Analysis interprets them in the context of behavioural finance theory. The Limitations section addresses data and methodological constraints.

Review of Literature:

In behavioural economics and finance, the disparity between men and women with regards to financial risk-taking has been noted and the same applies to gender-based investment habits. This article highlights gender-related investment behaviour along with the impact of generational differences on the behaviour, examining six most relevant studies.

Barber and Odean (2001) explore brokerage account data to evaluate trading behaviour. They determine that men are more active traders, with higher trading volumes, than women by 45 percent, a gap that results from overconfidence among male investors. Additionally, the authors measure the impact of overconfidence and trading on profits. Increased trading leads to a net decrease in profits, consistent with the notion that risk overconfidence may be harmful. Though the work is not explicitly generational, it shows a clear empirical link between gender and investment risk preferences, especially in the case of stocks.

Croson and Gneezy (2009) summarize and discuss experimental and empirical evidence from economic and psychological research. They conclude that women have, on average, a lower risk tolerance, greater loss aversion, and more social preferences than men. They also indicate that these characteristics are qualitatively similar and statistically robust in conflict and experimental contexts, but not all contexts. The authors stress that while there are differences in preferences between men women, there may also be differences in risk preferences across generations, depending on economic environment and norms of behaviour established during periods of economic hardship.

Dohmen, et al. (2011) take a methodological and empirical approach to risk preferences by establishing to what degree survey based self-assessed risk tolerance corresponded closely to incentivised measures of experimental behaviour. Their findings corresponded closely and establish a close psychological link between self-reported risk attitudes and actual behaviours. This is important in the study as self-reported willingness to take financial risk and asset allocation behaviours from the Survey of Consumer Finances. Dohmen et al.'s paper also adds to the literature informing demographical determinants of risk attitudes such as age and gender with the implication that these factors could demarcate, characterize, or delineate generations.

Bacher (2024) explores the gender gap that exists in investments between genders and how this gap narrows with an increase in age. The paper argues that the gap where single women invest less in risky

assets than single men is due to factors like lower income and larger household sizes, not necessarily a difference in risk preference. These findings complement Dohmen et al.'s (2011) demographic determinants and suggest that risk attitudes are dynamic, changing across both age and generation.

J Wagner, WB Walstad (2023) investigates gender differences in household financial behaviour using data from the 2018 National Financial Capability Study, a large and nationally representative survey about adults' financial behaviour, knowledge, and attitudes. Results showed that single females were significantly less likely to engage in any of the financial behaviours compared to men, in single or in joint households. Additionally, women are significantly less likely to invest in high-risk assets such as equities and tend to prioritise financial security over growth. This gender gap persists even when controlling for income and education, and is partially explained by differences in financial confidence and control over investment decisions. Importantly, the study highlights how context, such as household decision-making structure, can affect gender specific investment behaviour, adding a social and institutional dimension to previously established gender gaps.

Mohammadi and Shafi (2017) finds that female investors are less likely to invest in the equity of firms that are younger and high tech and have a higher percentage of equity offerings. This pattern seems consistent with a greater risk aversion in female versus male investors. Furthermore, female investors are more likely to invest in projects in which the proportion of male investors is higher (herding behaviour). This study reinforces the idea that generational differences do not automatically eliminate gender differences in risk-related behaviour.

By synthesizing the findings of these papers, we can establish this: differences in risk involved with financial investment decisions are consistent across genders, with women tending to be less willing to undertake risk than men, on average. However, the magnitude of these differences changes with generational and social context. Barber and Odean (2001) and Croson and Gneezy (2009) establish the behavioural foundations for this greater risk aversion seen in females. Dohmen et al. (2011) and Wagner and Walstad (2023) validate the measure for risk tolerance used, through self-reported risk and using actual investment and financial behaviour data, while the latter further strengthens the risk-averse investment behaviour of women with and shows that household structure influences gendered financial behaviour. Bacher (2024) demonstrates how life-cycle and age dynamics shape these differences. Mohammadi and Shafi (2017) reveal that gender-risk differences persist even in emerging investment platforms, another study which proves women's lower risk tolerance when it comes to financial decisions.

This study expands on this body of works by quantitatively examining whether and how the gender gap in financial risk-taking varies across generations data from the Survey of Consumer Finances.

Data:

This work uses the latest release of the Survey of Consumer Finances (SCF, 2023). The SCF is a triennial interview survey of a nationally representative sample of US families, sponsored by the Board of Governors of the Federal Reserve System with the cooperation of the US Department of the Treasury. We note here that with the term "families", the SCF includes one-person families. The SCF aims to provide detailed information on the financial characteristics of US households. In particular, the survey collects data on families' assets and liabilities, their current and past employment, their pensions, their income, their inheritances, and their consumer attitudes. Data on the demographics of the families are also collected.

This survey is particularly beneficial as it gathers microdata on individual’s self-reported risk as well as wealth allocation in different asset classes, which will be the primary tools used to assess risk among individuals.

Data Restriction:

The person referred to as the ‘reference person’ in the data is either a male in a mixed sex couple or the older individual in the same sex couple. In some cases all variables in the data set that originally referred to the “respondent” and “spouse/partner” and all codes that contain the same references have been reversed. We limit the analysis to observations in which I can clearly identify the person of reference.

Secondly, the SCF records family data from households, since we want to compare portfolios to analyse the individual risk tolerance/ aversion in individuals of different ages and genders, we only keep observations where the individual lives alone and is only financially responsible for themselves. Hence, the responses recorded only pertain to that individual themselves.

After cleaning the data so that it only includes observations we can consider we have 6445 observations in total. Now, we must define generations. Using the variable related to self-reported age, we construct 5 distinct generations:

1. Generation 1 (Silent Generation); age 81-100
2. Generation 2 (Boomers); 61-80
3. Generation 3 (Generation X); 45-60
4. Generation 4 (Millenials); 30-44
5. Generation 5 (Generation Z); 18-29

Using the variable for self-reported gender we define gender as the following:

1. Gender = 1 for males
2. Gender = 2 for females

Table 1. Two way table showing distribution of respondents based on generation and gender

generation	gender		Total
	1	2	
1	155	330	485
2	980	1,550	2,530
3	745	895	1,640
4	595	470	1,065
5	390	335	725
Total	2,865	3,580	6,445

As we can see from table 1, we have 485 respondents from generation 1, 2530 from generation 2, 1640 from generation 3, 1065 from generation 4, and 725 from generation 5.

We observe that this distribution is skewed with an overrepresentation of generation 2- (Boomers) making up over one-third of the total sample. Meanwhile, the Silent Generation (Gen 1) and Gen Z (Gen 5) are significantly underrepresented, with only 485 and 725 respondents, respectively. A possible explanation for this is that the SCF deliberately over-samples wealthy households, *Bricker et al. (2017)*. Since older individuals typically tend to be more wealthy we see a greater number of boomers. Furthermore, since the data is only from single households, Boomers again might be oversampled as they might be living alone due to loss of partner or children moving out. We might attribute the lower number of Silent Generation individuals to the fact that their general population is low due to their age. Gen Z also has a smaller sample because many of them still might be living with their parents who they are financially dependent on, given their young age, and hence they do not live in single households. Generation 3 and 4 (Generation X and Generation Y) consist of young- middle aged individuals. Gen X likely has a higher distribution than the Generation Y as they tend to be more wealthy given their greater age, *C. M. Gibson-Davis et al. (2018)*, and hence sampled more than Generation Y.

The sample of females is also far greater than males, with there being 3,580 females and 2,865 males in the dataset, showing a modest but notable overrepresentation of women (around 55.6% female vs. 44.4% male). This difference is even more evident in Generation 1, 2 and 3, with the sample of females being over double the sample of males in Generation 1. A possible reason we might give for this is that females tend to live longer than males, so older generational groups (Silent Generation and Boomers) tend to have more surviving female respondents. Another explanation we might have for the general greater number of females is that there are more unmarried women than men in the USA, *U.S. Census Bureau (2023)*, and therefore, more single women households than single male households.

The sample composition may influence the precision of the regression estimates rather than their direction. A slightly higher share of female respondents and a greater representation of Baby Boomers compared to younger generations could affect the width of confidence intervals and estimate stability across groups. Generations with fewer observations, such as Gen Z and the Silent Generation, may show broader confidence intervals, reflecting lower precision due to smaller sample which may not be perfectly representative of the entire population. Similarly, gender interactions within smaller generational subgroups may produce less stable estimates. However, these differences primarily relate to sampling variability, not bias, as all regressions employ robust standard errors and survey weights. Overall, while variation in group size affects statistical power, it does not materially alter the validity of the results or the observed patterns of gender and generational differences in risk attitudes.

Measure of risk:

To determine the measure of risk associated with the financial investments of the different age groups, first we must define how exactly we measure this risk.

One of the methods we use to assess risk in financial decisions is by evaluating self-reported risk. According to the findings of Dohmen, et al. (2011) there exists a psychological link between self-reported risk attitudes and actual behaviours, self-reported willingness to take risk accurately predicts real financial behaviour. Therefore, we use two variables related to self-reported willingness to take financial risks as one of the methods to measure risk across genders and generations. In the SCF, the household respondents were asked the following question:

“On a scale from zero to ten, where zero is not at all willing to take risks and ten is very willing to take risks, what number would you (and your {husband/wife/ partner}) be on the scale?”

Since we are only dealing with respondents in single households, we can assume that the answer of the respondent only pertains to them and not their “{husband/wife/partner}”.

To assess risk we regress this variable against generation and gender with various controls like self reported knowledge about personal finances, highest personal educational attainment and highest level of educational attainment of mother and of father.

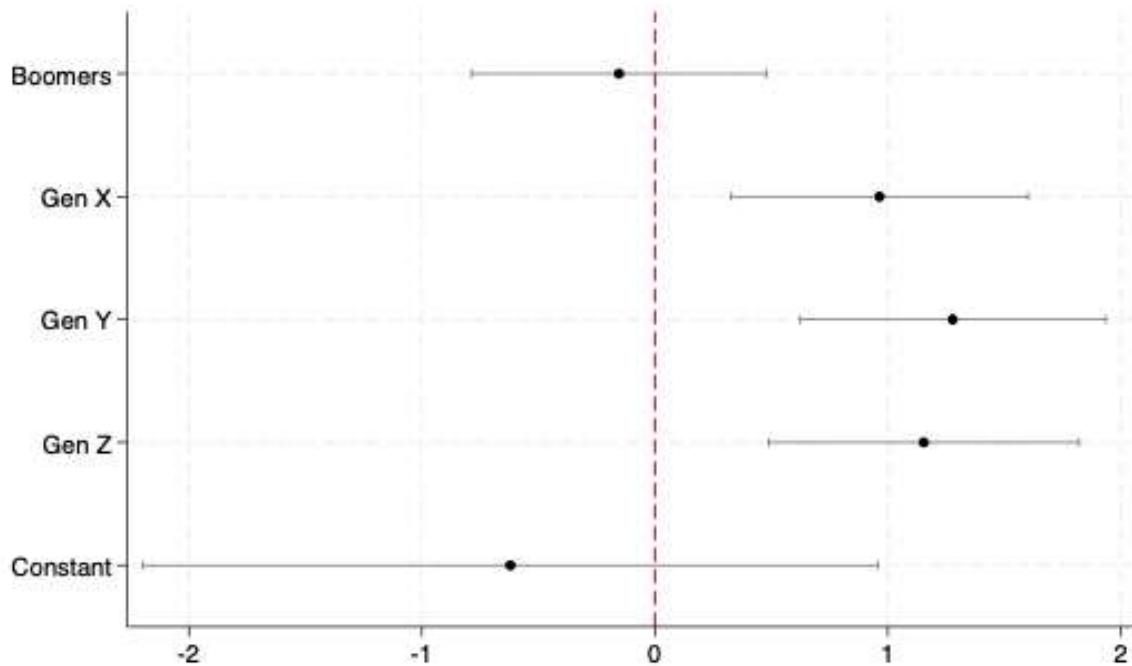


Figure 1. Scatterplot showing self-reported risk tolerance with first variable of different generations as compared to generation 1

The plotted coefficients compare each generation’s average willingness to take risk relative to a baseline generation, the Silent Generation, controlling for personal and parental education and financial knowledge. We observe the following:

For Boomers, the coefficient is slightly negative and the confidence interval includes zero, indicating no statistically significant difference between willingness to take risk between boomers and silent generation. For Gen X, Y and Z we see positive coefficients close to 1, with Gen Y being the highest, then followed by Gen Z and lastly, Gen X. However, the confidence intervals of the coefficients of these 3 generations overlap, hence, we can’t claim any statistically significant difference between the self-reported risk tolerance of these 3 generations.

The trend observed is a general increase in self-reported risk tolerance with a decrease in age of the generation, with only Gen Y reporting slightly higher risk than Gen Z but not a statistically significant difference.

Possible explanation:

Risk tolerance generally increases among younger generations. This pattern is consistent with existing literature suggesting that younger individuals tend to be more risk-tolerant due to longer investment horizons, fewer financial commitments, and generational shifts in attitudes toward investing and financial confidence. Gen Z might show lower willingness to take risk compared to Gen Y as many of them are at

the early stages of their careers or education, meaning they have less disposable income and limited investment exposure. Lower financial capacity can make them more cautious or simply less active investors.

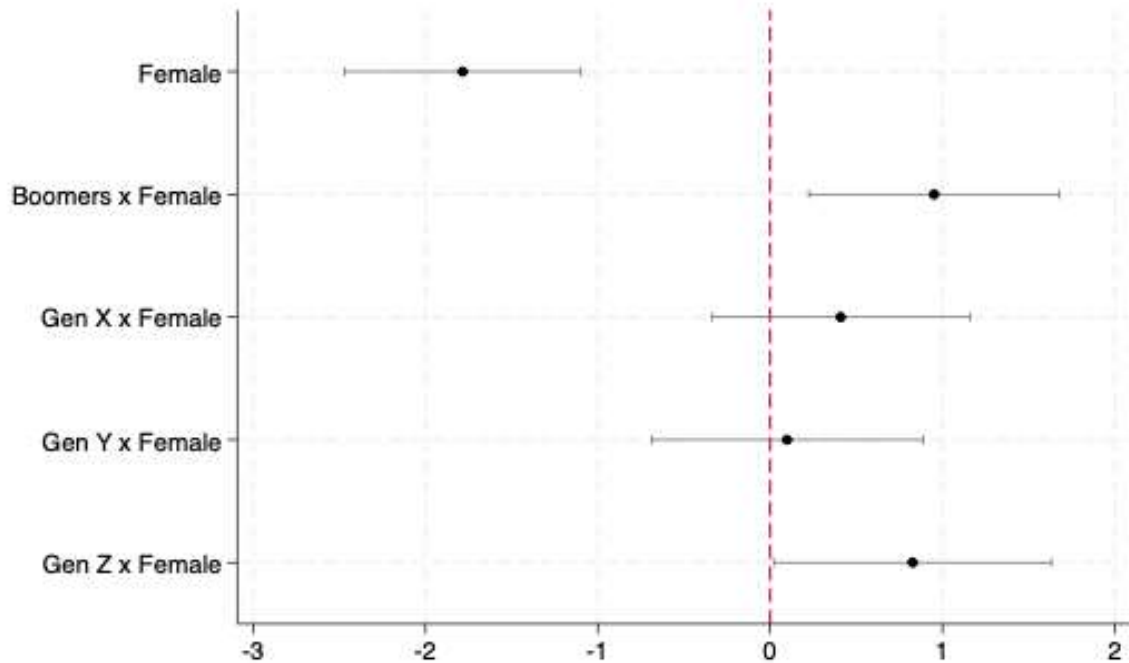


Figure 2. Generation × Gender” Scatterplot with first variable

This plot adds gender interactions, the base reference is men in the silent generation.

The variables shown:

Female coefficient is negative, therefore, women are, on average, less willing to take risks than men, holding other factors constant.

Boomers × Female, Gen X × Female, Gen Y × Female, Gen Z × Female- these measure whether the gender gap differs across generations.

Interpretation of variables:

Females show a coefficient of almost -2, indicating a significantly lower self reported risk tolerance than males. Boomers x Female has a coefficient close to 1, indicating a statistically significant difference between self reported risk between females and males of that generation. This generational difference apparently decreases as coefficients get closer to 0 for Gen X females and Gen Y females, with confidence intervals overlapping with 0, indicating no significant statistical difference between females and males self reported risk tolerance of those 2 generations. Gen Z females again show a coefficient of almost 1 and a statistically significant difference from Gen Z males.

The overall pattern tells us that women consistently report lower willingness to take financial risk than men, however, the gender gap in risk tolerance narrows among the younger generations (Gen X and Y), before again increasing for Gen Z females. This indicates a generational convergence, younger woman are getting increasingly more likely to take financial risks, this might be due to financial literacy, independence, or societal changes in attitudes toward investing. The re-emergence of a gender gap in Gen Z likely reflects short-term social and economic factors - such as unequal exposure to risk-promoting

financial culture, persistent income differences, and heightened uncertainty - rather than a reversal of the long-term convergence trend observed in earlier generations.

The SCF details one more variable for self reported risk. The household respondents were asked the following question:

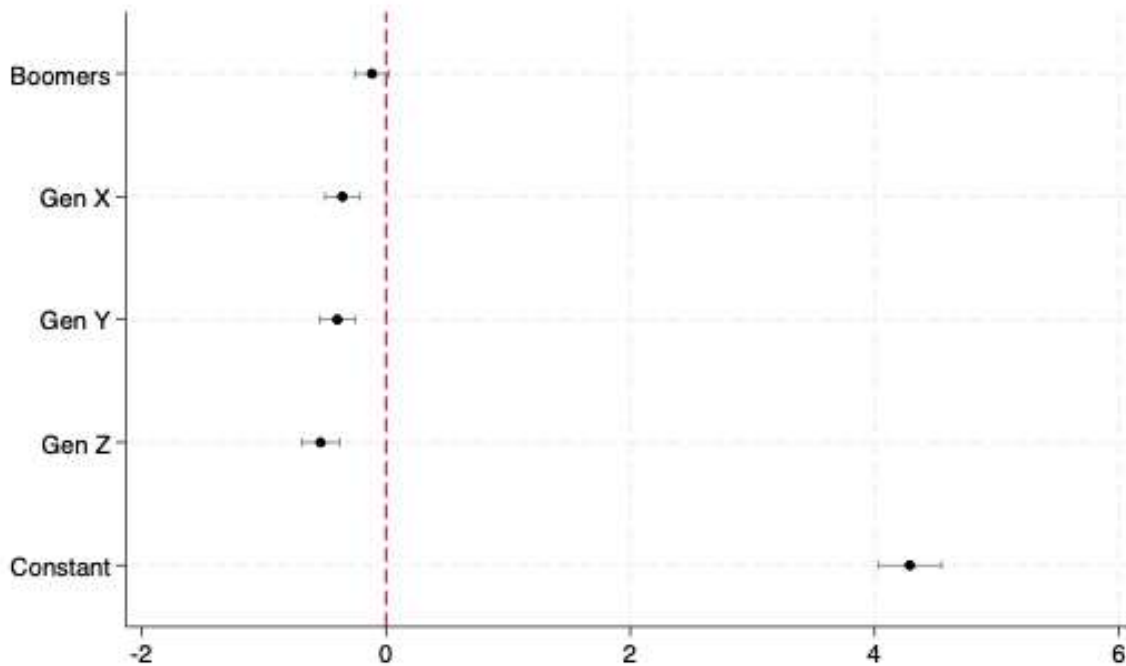
“Which of the statements on this page comes closest to the amount of financial risk that you (and your {husband/wife/partner}) are willing to take when you save or make investments?”

1. *Take substantial financial risks expecting to earn substantial returns
2. *Take above average financial risks expecting to earn above average returns
3. *Take average financial risks expecting to earn average returns
4. *Not willing to take any financial risks

Again since we are only dealing with respondents are part of a single household, we can assume that the answer of the respondent only pertains to them and not their *“{husband/wife/ partner}”*.

To assess risk we regress this variable against generation and gender with various controls like self-reported knowledge about personal finances, highest personal educational attainment and highest level of educational attainment of mother and of father.

Figure 3. Scatterplot showing self-reported risk tolerance with second variable of different generations as compared to generation 1



The plotted coefficients compare each generation’s investment risk attitudes relative to a baseline generation the Silent Generation, Generation 1, controlling for personal and parental education and financial knowledge. We observe the following:

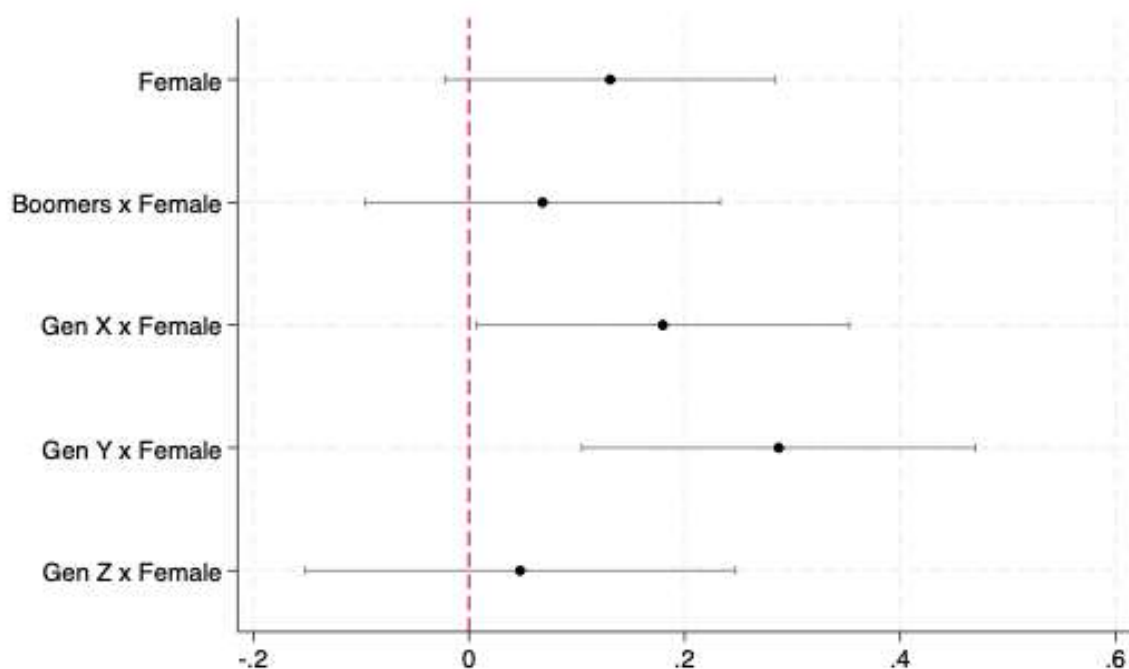
For Boomers, the coefficient is negative but statistically insignificant, meaning Boomer respondents do not differ significantly from the Silent Generation in their willingness to take financial risks. For Gen X the coefficient is negative and statistically significant, indicating higher willingness to take financial risks compared to the Silent Generation. Similarly, for Gen Y and Gen Z the coefficient is negative and statistically significant. Gen X, Y and Z’s coefficients are increasingly negative in that order but have

overlapping confidence intervals, hence we cannot say there exists a statistically significant difference between the self-reported risk tolerance for these 3 generations, however, observe a general pattern of increasing risk tolerance in younger generations.

Possible explanation:

All coefficients are negative, implying that willingness to take financial risk increases steadily across generations. The difference is statistically significant for all but Boomers, confirming that younger cohorts - particularly Gen X, Gen Y, and Gen Z - are progressively more comfortable taking financial risks. This pattern supports the behavioural finance view that generational exposure to market participation, digital investing, and financial education fosters greater tolerance for risk among younger individuals.

Figure 4. “Generation × Gender” Scatterplot with second variable



This plot adds gender interactions, with coefficients centred near -0.2 to +0.6. The base reference is men in the silent generation.

We observe that for females in general, as well as for Gen Z and Boomer females, the confidence interval of the coefficient overlaps with zero, showing no statistically significant differences for men and women of these generations. Gen X and Gen Y females show a slightly positive and statistically significant difference between males of their respective generations, showing slightly lower risk tolerance.

Overall we see that generationally, willingness to take risk was higher among older cohorts and tends to decline for younger cohorts. By gender, females remain less risk-tolerant overall, but the difference diminishes across generations - younger women are significantly more aligned with male risk attitudes.

In these first two variables willingness to take risk in financial decisions is entirely self reported, as a result of this, it might be subject to many biases. Some of these are:

1. Overconfidence- People tend to overestimate their own competence, knowledge or ability to predict financial outcomes - thus their "willingness to take risk" may be inflated relative to actual behaviour Singh & Malik (2024)

2. **Self-attribution Bias-** Success is attributed to one's own skill, failure to external factors. This can lead to reinforcing beliefs of being risk tolerant even when outcomes don't support it. In a self-report survey you might get higher risk-willingness from those who believe their past successes affirm that attitude, even if their portfolio data doesn't.
3. **Availability / Recall Bias-** Respondents may rely on easily recalled experiences (recent gains/losses) when answering about risk willingness. Thus if they recently had a loss, they might answer lower (or conversely over-optimistically if recent gain). For example, a younger investor who lost money in crypto might underrate risk willingness because that loss is salient.
4. **Social Desirability / Self-Presentation Bias-** People may answer in a way that they believe is socially acceptable or desirable (e.g., "I should be risk tolerant because I invest"). This can distort true self-assessed risk. Especially in survey data, respondents might inflate risk willingness if they believe being risk-tolerant is favourable.

Therefore, in order to determine how gender differences in risk involved with financial decision differ across generations, we must also look at portfolio composition.

First we must determine which investments are safe and which are risky.

Very Low Risk:

1. Savings / Money Market Accounts (SMMA) - Traditional savings accounts are a type of deposit account, which makes them eligible for federal insurance from the Federal Deposit Insurance Corporation (FDIC), furthermore, This insurance covers up to \$250,000 per depositor, per institution. Similarly, Money market accounts or MMAs are also insured by the FDIC for up to \$250,000. The bank uses the deposited money to invest in extremely safe, short-term, and highly liquid securities, making them very low risk.
2. Certificates of Deposit (CDs)- Guaranteed, predictable rate of return is less risky than volatile stocks and bonds. They are Federally insured if opened with an FDIC- or NCUA-insured bank or credit union
3. US Government Savings Bonds (USB)- These are very low risk as they are backed by "the full faith and credit" of the US government which has historically never failed to meet its debt obligations. Furthermore, they are protected from inflation due to their variable interest rate adjusted for inflation by the government every 6 months.

Low to Moderate Risk:

4. IRA Accounts or KEOGH accounts (IRAKEOGH)- Both IRA and KEOGH accounts are FDIC insured, however they tend to be slightly more risky as the risk associated with them is dependent entirely on the assets contained within them. They include cash equivalents and CDs which are low risk, but at the same time can also include mutual funds, stocks etc. which are high risk. There is also a risk of fraud associated with IRA accounts and the risk of early withdrawal penalties from both IRA and KEOGH accounts for withdrawals made before the age of 59.5, making them more risky.

These make up the type of investments we call "safe"

Now, for the risky investments:

Moderate to High Risk:

1. Other Bonds (corporate, municipal, government) (OBCMG)- These bonds are subject to many risks such as:

- Credit Risk/Default Risk- The risk that the bond issuer will fail to make timely interest or principal payments, leading to a default.
- Interest Rate Risk: When interest rates rise, the market value of existing bonds falls because newly issued bonds offer higher rates.
- Inflation Risk: The risk that inflation will erode the purchasing power of the fixed interest payments and the principal you receive.
- Call Risk: The possibility that the issuer will "call" or redeem the bond before its maturity date, often when interest rates fall, forcing the investor to reinvest at a lower rate.

Making them fairly risky but not as risky as stocks, mutual funds, ETFs etc.

High Risk:

1. Stock Mutual Funds, Exchange Traded Funds (ETFs) and Hedge Funds (SMFETF)- Stock Mutual Funds as well as ETFs are both subject to market volatility and economic downturns as well as liquidity risk- meaning you may not be able to sell your investment quickly at a fair price. Hedge funds are also high risk because they employ aggressive strategies, they are usually less transparent and similar to stock mutual funds and ETFs they can lack liquidity.
2. Publicly Traded Stocks (PTSTOC)- Stock prices can fluctuate significantly in value. Hence, there is a great potential for loss.

These make up the type of investments we call “risky”

To determine the share of risky investments in the portfolio we first find the sum of safe and risky investments.

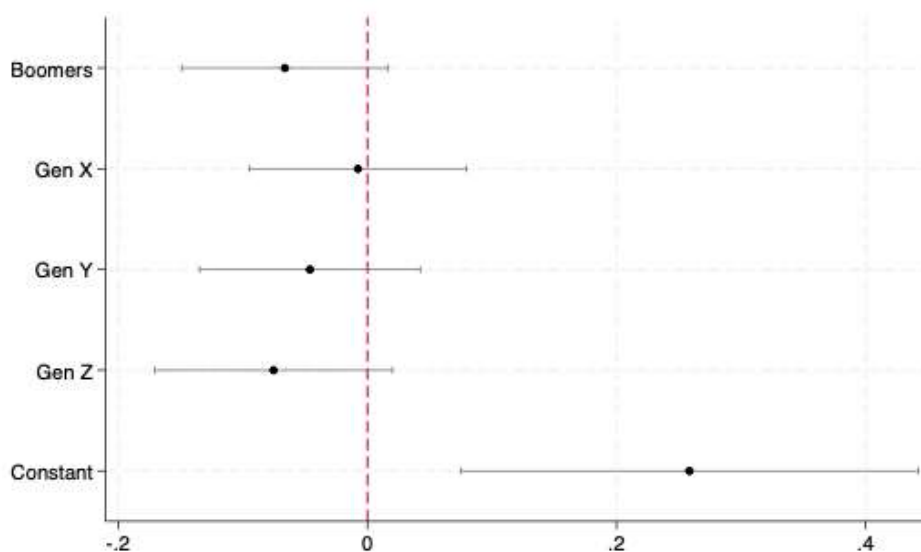
$$\text{Value safe} = (\text{SMMA} + \text{CDs} + \text{USB} + \text{IRAKEOGH})$$

$$\text{Value risk} = (\text{OBCMG} + \text{SMFETF} + \text{PTSTOC})$$

$$\text{Share risk} = \frac{\text{Value risk}}{\text{Value risk} + \text{Value safe}}$$

Now we regress Share risk against generation and gender with various controls like self-reported knowledge about personal finances, highest personal educational attainment and highest level of educational attainment of mother and of father.

Figure 5. Scatterplot showing share risk of different generations against silent generation



This scatterplot shows the differences in percentage of risky shares held by individuals across generations compared to individuals of silent generation as a reference.

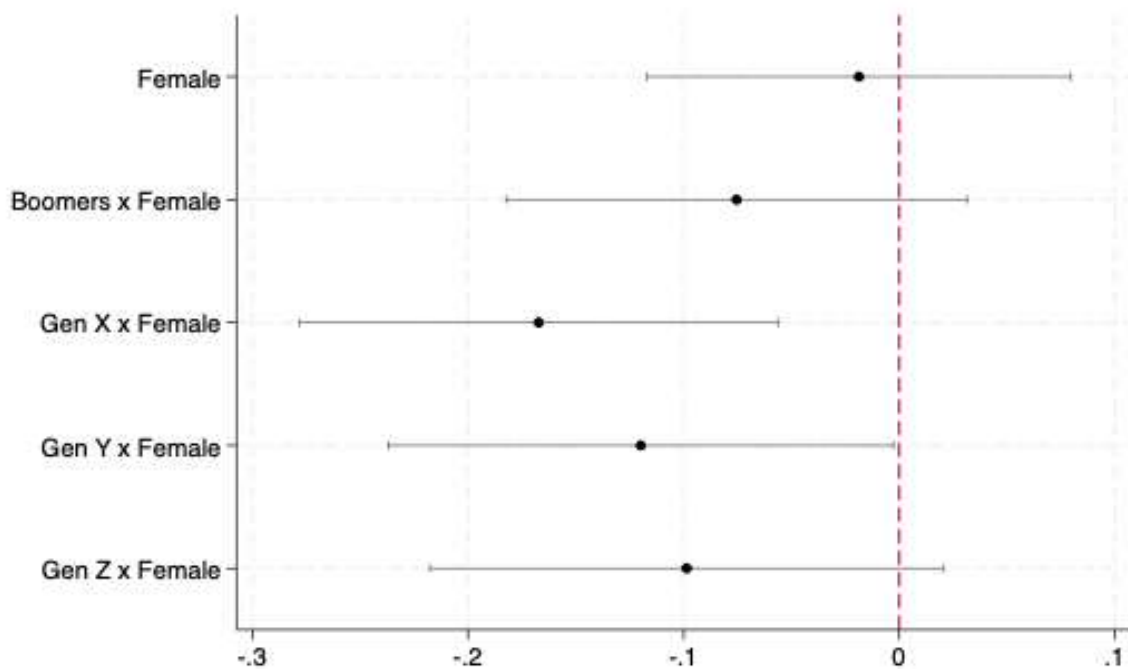
We observe that all for all 4 generations- boomers, Gen X, Gen Y and Gen Z, there is no statistically significant difference in share of risky holdings in the portfolios of individuals as compared to individuals of silent generation, with all having very slight negative coefficients, between 0 and -0.1 which all have confidence intervals overlapping with zero.

Possible explanation:

One possible explanation for this pattern is that while attitudes toward financial risk vary significantly across generations, actual investment behaviour does not. Although younger individuals report greater willingness to take risks, their real portfolios often reflect similar levels of risk exposure as older cohorts. This may be due to structural factors such as wealth accumulation, access to financial markets, and investment experience. Younger generations- particularly Gen Y and Gen Z- typically possess fewer financial assets and shorter investment histories, which can limit their ability to hold substantial positions in higher-risk instruments like equities or mutual funds. Conversely, older cohorts may maintain exposure to risky assets accumulated earlier in life, balancing their overall risk levels.

In other words, while generational differences in risk perception are clear, the data suggests that actual portfolio composition remains broadly similar. This aligns with findings in behavioural finance that psychological willingness to take risk does not always translate into corresponding financial actions, especially when constrained by income, wealth, or market access. Thus, risk-taking attitudes may evolve faster than the financial capacity or opportunity to act on them.

Figure 6. “Generation × Gender” Scatterplot with share risk



This scatterplot shows differences in percentage of risky shares held by males and females across generations.

This scatterplot shows no statistical difference between percentage of risky shares for females, female boomers, and Gen Z females and silent gen males. Gen X females and Gen Y females have a slightly negative coefficient indicating slightly lower risk taking behaviour as compared to their male counterparts.

Possible Explanation:

The overall pattern suggests that while men continue to hold marginally higher shares of risky assets, the gender gap in actual portfolio behaviour is very small and statistically insignificant for most generations. This implies that the long-standing gender disparity in investment risk-taking has largely diminished over time. For Gen X and Gen Y, the slight negative coefficients could reflect residual differences in income, wealth accumulation, or financial confidence that influence portfolio choices, even when attitudes toward risk are similar.

For Boomers and Gen Z, the lack of a significant difference points to a near convergence in financial behaviour. Among older cohorts, this may be due to post-retirement wealth management strategies that equalize portfolio risk. Among younger cohorts, it likely reflects greater gender equality in access to financial knowledge, online investing platforms, and decision-making autonomy. Together, these findings suggest that while small differences persist in middle generations, gender no longer serves as a major determinant of portfolio risk among individual investors.

Limitations:

Firstly, data is only taken from single households. This is done because in households where there are multiple individuals, the financial decisions, risk, and investments of the household might be all delegated to one individual, therefore, the respondents portfolio might not be truly representative of the risk they bear, as the risky assets might be in the name of their spouse/ partner. Therefore in order to get data pertaining solely to the respondent we take only single households.

Second, the dataset used in this research represents households within the United States only. Therefore, the findings are geographically and culturally bounded, and may not generalize to other economies or societies where gender roles, financial systems, or cultural norms surrounding risk differ substantially. Cross-national differences in access to financial markets, regulatory frameworks, and cultural attitudes toward money management may lead to distinct patterns of gender and generational risk behaviour. Comparative studies using international datasets could help validate and extend these findings in a broader context.

Third, generational differences in investment behaviour may be influenced not only by age but also by life-cycle effects and macroeconomic conditions. Older individuals, for instance, may naturally exhibit lower stock market participation and prefer liquid or low-risk assets due to shorter investment horizons and income dependency in retirement. While a cross-sectional dataset like the SCF captures these differences at a single point in time, it cannot fully distinguish between age effects (differences due to life stage) and cohort effects (differences due to the generation one belongs to). A longitudinal analysis tracking the same individuals over time could provide clearer causal insights, but such an approach introduces its own challenges - most notably, exposure to changing market conditions, regulatory environments, and economic shocks across decades. These temporal variations could confound true generational comparisons.

Conclusion:

This study examined how gender differences in financial risk-taking vary across generations using micr-

odata from the 2022 Survey of Consumer Finances. The results show that while men consistently report higher willingness to take financial risks than women, this gender gap has narrowed considerably among younger cohorts. Generations X and Y display the smallest differences in self-reported risk tolerance, suggesting that social progress, expanded financial literacy, and equal access to investment tools have reduced gender-based behavioural disparities. However, the re-emergence of a modest gap in Generation Z highlights that equality in opportunity does not always translate into equality in financial outcomes.

Interestingly, although attitudes toward risk differ, portfolio compositions across genders and generations remain broadly similar. This convergence in actual investment behaviour implies that structural constraints such as wealth, income, and access to capital continue to moderate individual risk-taking capacity, even when psychological willingness differs.

From a policy standpoint, these findings underscore the importance of targeted financial education and inclusion policies. Programs that promote investment literacy among young women could help sustain the narrowing of the gender gap in financial behaviour. Additionally, ensuring equitable access to credit, digital investment platforms, and employer-sponsored retirement plans can enable both men and women to act on their financial risk preferences. Finally, as younger generations inherit greater control over wealth, regulators and policymakers should focus on fostering confidence, transparency, and accessibility within financial markets to encourage informed and balanced participation across all demographic groups.

Citations:

1. Barber and Odean (2001), "Boys Will Be Boys: Gender, Overconfidence, and Common Stock Investment,"
2. Croson and Gneezy (2009), "Gender Differences in Preferences"
3. Dohmen, et al. (2011), "Individual Risk Attitudes: Measurement, Determinants, and Behavioural Consequences"
4. Bacher (2024), "The Gender Investment Gap over the Life Cycle"
5. J Wagner, WB Walstad (2023), "Gender differences in financial decision-making and behaviours in single and joint households"
6. Mohammadi and Shafi (2017), "Gender Differences in the Contribution Patterns of Equity-Crowdfunding Investors"
7. Singh & Malik (2024)
8. 2022 Survey of Consumer Finances (2023), Board of Governors of the Federal Reserve System
9. Bricker et al. (2017), "Changes in U.S. Family Finances from 2013 to 2016: Evidence from the SCF"
10. C. M. Gibson-Davis et al. (2018) Children and the Elderly: Wealth Inequality Among Households in the United States
11. U.S. Census Bureau (2023) More Unmarried Women Than Unmarried Men in the U.S.