



IT'S NOT ABOUT CONFIDENCE: THE HIDDEN FORCES SHAPING WOMEN'S FINANCIAL FUTURES

Executive Summary

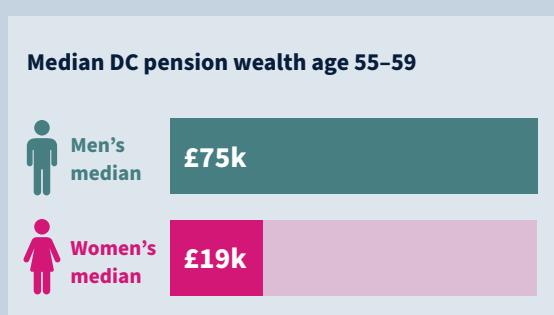
Emily Shipp | Compassion in Financial Services Hub, Edinburgh Futures Institute | Supported by Evelyn Partners

The financial engagement crisis

- Nearly 15 million people in the UK are under-saving for retirement¹, signalling a system-wide engagement crisis – with women disproportionately affected
- The gender pensions gap is widening, with a 75% gap in defined contribution (DC) private pension wealth², despite working women contributing, on average, a similar proportion of earnings as men³
- While caring responsibilities and labour market inequalities explain much of the wealth gap, they do not fully explain why women disengage from financial planning.

The engagement gap is stark:

- 60% of women do not have a financial plan for retirement
- Fewer than half feel they understand enough to make retirement decisions⁴



Why the 'confidence gap' falls short

Industry narratives have explained gender differences in financial behaviour in terms of confidence, risk aversion and financial literacy, implicitly placing responsibility on women over the contexts in which decisions are made.

Drawing on psychological research, this report reframes the 'confidence gap' as a product of context, introducing the Windows of Possibility framework to show how systemic, social and situational factors shape future planning.

Implications for industry and policymakers

- Consumer Duty – design services that work under constrained time, attention, and caring responsibilities
- Targeted Support – track and address gender differences in who converts support into sustained financial action
- Pensions Commission – assess reforms against diverse working lives, including caring and non-linear careers
- Financial Advisors – redesign advice around lived context and conditions for long-term thinking.



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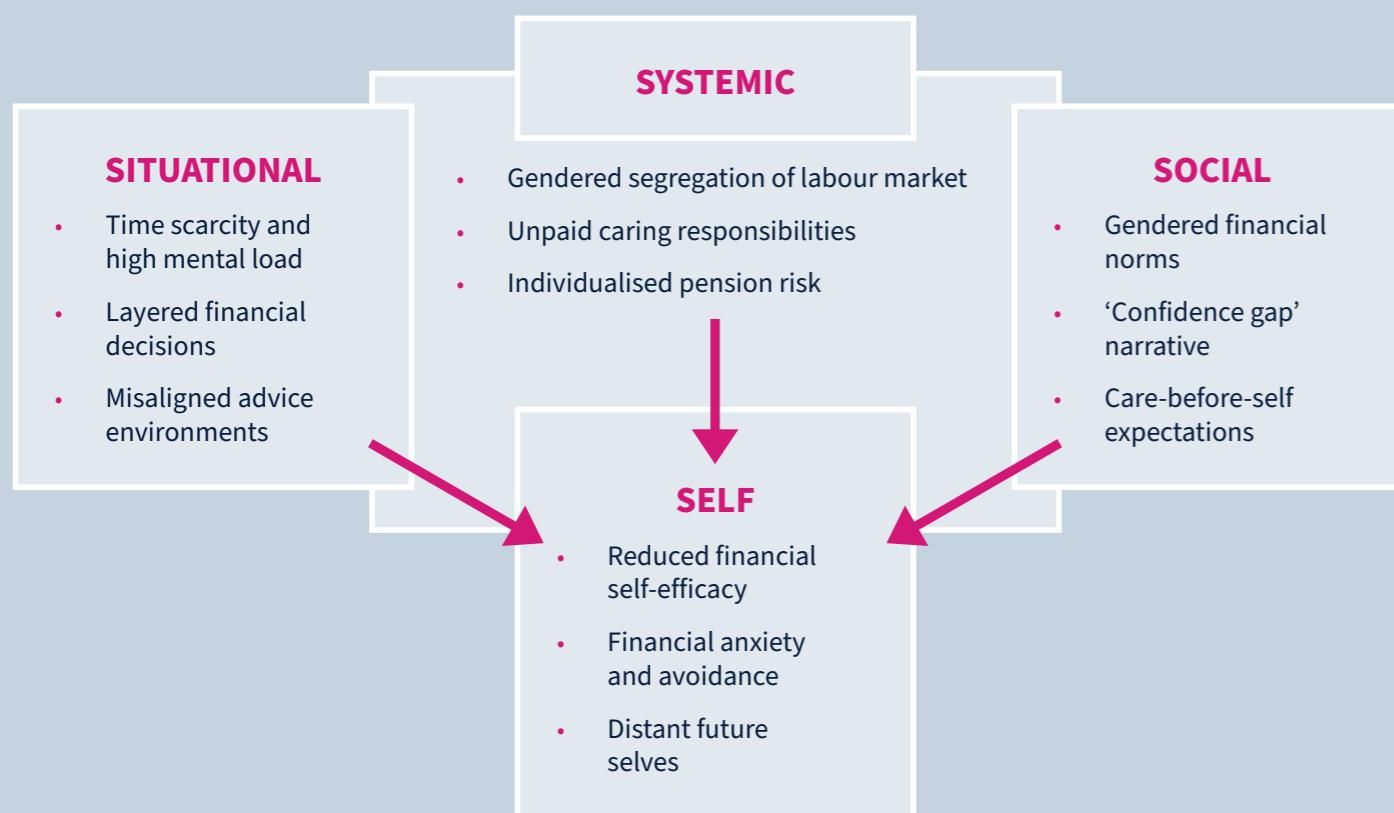


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Windows of Possibility framework



How context explains the 'confidence gap'

Financial services often interpret women's behaviour as caution, risk aversion or low confidence. When we place these behaviours in context, a new picture emerges that more meaningfully guides supportive actions.

1	Financial and time scarcity shorten decision horizons When money or time feel tight, attention shifts to immediate needs and away from long-term planning. This is a rational response to scarcity.
2	Mental load reduces cognitive bandwidth The ongoing work of anticipating, planning and caring for others consumes the same mental resources needed for future planning. This reflects overload, rather than lack of engagement.
3	Social norms shape behaviour early Underlying financial abilities begin as equal, yet the belief that men are more financially competent continues to influence women's financial behaviour. 'Confidence gaps' reflect stereotypes, not capability.
4	Fewer chances to act reduces self-efficacy On average, women have fewer opportunities to practise long-term financial decision-making because of gender inequalities in income, time, and uninterrupted work years. Self-efficacy follows action.

Scarcity The experience of insufficient present resources which focuses attention on immediate demands, to the detriment of long-term considerations.	Mental load The often invisible efforts of planning for the needs of others, which limit the mental space available for one's own future planning.	Self-efficacy The capacity to act effectively in a specific context, developed through experience of taking action and seeing its effects.
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What needs to change

WINDOW	WHAT WE SEE NOW	WHAT NEEDS TO CHANGE
SYSTEMIC	Products and policies assume linear careers	<ul style="list-style-type: none"> Value unpaid care by applying carers' pension credits above existing state pension earnings Design DC pensions that do not compound care-related contribution gaps Assess the gender impact of Pensions Commission proposals and Targeted Support
SOCIAL	Women framed as less confident or risk-averse	<ul style="list-style-type: none"> Drop the 'confidence gap' narrative Normalise non-linear working lives Show examples of women taking the lead on long-term financial planning
SITUATIONAL	Advice environments prioritise efficiency over reflection	<ul style="list-style-type: none"> Protect unhurried time for long-term planning Increase diversity among financial advisers Promote women's long-term financial needs within joint advice
SELF	Focus on literacy and mindset	<ul style="list-style-type: none"> Shift from knowledge to informed action Scaffold self-efficacy through achievable steps Create personal, actionable paths to the future

Why this matters now

The '100 Year Life' – longer, more varied working lives mean more decisions to be made with fewer useful precedents to follow. Weighing long-term needs becomes both more important and more complex.

Greater personal responsibility – the predominance of DC pensions shifts risks from employers to workers. It's no longer enough to 'set and forget' – active engagement and deliberate financial decision-making is needed.

Find out more



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Written for the Compassion in Financial Services Hub, Edinburgh Futures Institute

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Footnotes:

¹ HM Government, Analysis of Future Pension Incomes, 2025.

² Department for Work and Pensions, Gender Pensions Gap in Private Pensions: 2020–2022, 2023 (Table 4).

³ Institute for Fiscal Studies, The Gender Gap in Pension Saving (IFS Report R250), 2023.

⁴ Money and Pensions Service, UK Adult Financial Wellbeing Survey 2021: Gender Report, 2023.

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