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From:	General Secretariat of the Council
To:	Delegations
Subject:	Financial independence and gender equality: joining the dots between income, wealth and power - <i>EIGE report</i>

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Delegations will find attached a report entitled "Financial independence and gender equality: joining the dots between income, wealth and power" prepared by the European Institute for Gender Equality (EIGE) at the request of the Belgian Presidency.

# Financial independence and gender equality:

Joining the dots between income, wealth, and power

# European Institute for Gender Equality

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## Country codes

Country code	Country
BE	Belgium
BG	Bulgaria
CZ	Czechia
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DE	Germany
EE	Estonia
IE	Ireland
EL	Greece
ES	Spain
FR	France
HR	Croatia
IT	Italy
CY	Cyprus
LV	Latvia
LT	Lithuania
LU	Luxembourg
HU	Hungary
MT	Malta
NL	Netherlands
AT	Austria
PL	Poland
PT	Portugal
RO	Romania
SI	Slovenia
SK	Slovakia
FI	Finland
SE	Sweden
EU	27 EU Member States

## Abbreviations

AROP	at risk of poverty
AROPE	at risk of poverty and social exclusion
ECEC	early childhood education and care
EIGE	European Institute for Gender Equality
ESS	European Social Survey
EU-GBV survey	EU Survey on Gender-based Violence against Women and Other Forms of Inter-personal Violence
EU-LFS	EU Labour Force Survey
EU-SILC	European Union Statistics on Income and Living Conditions
FRA	European Union Agency for Fundamental Rights
GBT	gender-based taxation
HFCS	Household Finance and Consumption Survey
ISCED	International Standard Classification of Education
LCD	life cycle deficit
LCS	life cycle surplus
LIS	Luxembourg Income Study
METR	marginal effective tax rate
OECD	Organisation for Economic Co-operation and Development
OECD-INFE	OECD International Network on Financial Education
pp	percentage points
PTR	participation tax rate
SES	Structure of Earnings Survey
SOEP	Socio-Economic Panel
STEM	science, technology, engineering and mathematics

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# Executive Summary

This report presents evidence on gender inequalities in financial independence in the EU, with a particular focus on how financial independence has been defined and measured. It summarises the available data (and its limitations) and explores different methodologies and approaches for estimating key dimensions of financial independence (income, wealth, power and control) from a gender equality perspective. In addition, the report presents evidence on the impact of tax–benefit systems in EU Member States on gender inequalities in financial independence and explores consequences associated with financial dependence, including economic violence.

The study draws on a range of research methods, including a series of (targeted) literature reviews exploring different aspects of this topic, for example how financial independence has been approached conceptually and measured. To summarise gender inequalities in financial independence in the EU, the report presents a series of indicators that are derived from a range of microdata and secondary data sources <sup>(1)</sup>. The assessment of the impact of tax–benefit systems on gender inequalities in financial independence in EU Member States is based on analysis using the EUROMOD tax–benefit microsimulation model.

## Key findings

**Financial independence has most often been defined in narrow terms, focusing on earnings and income specifically within the context of female–male partnerships.**

- In empirical studies, the concept of financial independence is still rarely addressed comprehensively across key conceptual dimensions (i.e. income, wealth, power and control) and is often measured with unidimensional indicators (e.g. earnings or risk of poverty). Where the income dimension has received more attention, there has been a limited focus on wealth (assets and liabilities). However, the financial ‘safety net’ that wealth creates can be an important component of financial independence. Decision-making power and control over resources is a prerequisite for converting financial resources (income, wealth) into financial independence, but remains relatively underexplored. This may lead to a narrow comprehension of the financial independence of women and men, and at times even reinforce gender stereotypes.

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<sup>1</sup> Specifically, the report uses Eurostat (online database), EU Statistics on Income and Living Conditions (EU-SILC), the Structure of Earnings Survey, the World Bank Global Findex Database, the European Social Survey, the Eurobarometer and the European Union Agency for Fundamental Rights (FRA) survey on Violence Against Women (2012). The report also includes emerging findings from Eurostat’s EU (2021) Survey on Gender-based Violence Against Women and Other Forms of Inter-personal Violence (EU-GBV) and the European Institute for Gender Equality’s (EIGE’s) (2021) Survey of Gender Gaps in Unpaid Care, Individual and Social Activities (CARE).

- Across different dimensions and family constellations, financial independence is more comprehensively explored from the perspective of earnings and/or income of women in female–male relationships, often within the context of marriage/partnership. Where evidence allows, the current study aims to take a broader approach, providing evidence on households with children and without children, single parent households or same-sex partnerships.
- There is a lack of studies on the comparative differences in women’s and men’s financial independence (across its core dimensions) incorporating various intersecting inequalities (e.g. age, migration background, disability, different household compositions, same-sex relationships) and life course perspectives (e.g. the role of parents, partners, private and public institutions).
- As a component of or a precondition for economic independence, financial independence not only requires financial ability, but must also be combined with financial resources and decision-making power and control over those resources, so that an individual can make autonomous decisions and contribute on equal terms to joint (household) decisions. Financial independence implies that every individual is able to achieve and sustain financial independence in their adult lives, irrespective of their gender, other individual and social characteristics, or life course events.
- A multidimensional gender-sensitive measurement framework for financial independence is proposed in this report, recognising the need for and policy relevance of analysing financial independence across its three core dimensions: (1) income, (2) wealth (assets and liabilities) and (3) power and control.

**Gender inequalities in pay, earnings and income are entrenched and enduring, with gender gaps consistently being to the detriment of women.**

- Despite progress made towards gender equality in the EU, there are persistent gender gaps in pay, earnings and income, with women consistently being disadvantaged compared to men. In the EU, the gender pay gap, which reflects differences in gross hourly earnings, stands at 12.7 % (2021). The gender overall earnings gap is 36.2 % (2018), to the disadvantage of women. It reflects the combined impact of hourly earnings, the monthly average of hours paid and the employment rate, and depicts large gender gaps in labour market opportunities. The EU gender pension gap of 26 % reflects the impact of lifetime cumulative factors, such as inequalities in working hours and time out of the labour market, labour market segregation and the role of pension policies.
- On average, partnered women in the EU earn 69 % of their partner’s earnings. Earning less than a partner may result in reduced bargaining power and reduced influence over decision-making. The more financial resources (earnings, income) an individual brings into the household, the more likely they are to report being able to make decisions about expenditure and the less likely they are to be classed as materially deprived.

- An estimated 21 % of partnered women aged 18–64 in the EU in 2019 were living in a household with their partner being the single earner, compared to 6 % of men in this position.
- Single parents in particular experience financial strain in their efforts to balance their caregiving roles and paid work as sole earners, with 33 % of lone mothers and 28 % of lone fathers in the EU indicating that their families experience difficulties in making ends meet. In 2022, across the EU, 5.5 % of women and 1.1 % of men aged 25–54 years were single parents.
- The gender gap in income is considerably larger if income is individualised and adjusted for observed patterns of income pooling within the household (25 %) as opposed to assuming that income is fully pooled (3 %).
- Differences between women and men in providing unpaid childcare, long-term care and domestic work are central to understanding the gender gaps in earnings and income. Among the economically inactive population in the EU, 19 % of women and 3 % of men were not able to seek employment because they were caring for adults with disabilities or children. The 48 % gender gap in individualised income (estimated income-pooling measure) among those economically inactive due to care reasons shows the high level of financial vulnerability of carers, mostly women.
- The gender gap in individualised income is particularly large among older people, aged 65 and above (39 %), reflecting a gender-unequal distribution of unpaid care and domestic work across the life course, and among the low qualified (31 %).
- The true extent of gender gaps in poverty and deprivation may be hidden by assuming an equal distribution of resources within the household. According to the standard indicator based on equivalised household income, 17 % of women and 15 % of men are at risk of poverty. These percentages increase to 36 % and 24 %, respectively, if calculated on the basis of individualised income (estimated income-pooling measure).

**Women are consistently disadvantaged compared to men in relation to wealth, with gender gaps increasing with age or presence of children, and women often shouldering financial responsibility for making ends meet.**

- Although data on wealth (assets and liabilities) for women and men is particularly scarce, a gender wealth gap to the detriment of women has been documented across several EU Member States. Across the euro area, women's median wealth was estimated to be 62 % of men's. The gender wealth gap exists for both single adults and couple households (with substantial intrahousehold inequalities in wealth) and is largest at the top end of the income distribution. The gender wealth gap is larger for couples with children than for those without children and increases with age.

- For married couples, marital property regimes play an important role, with research suggesting that they can mitigate uneven losses of wealth for women and men upon divorce. Conversely, the dissolution of cohabiting unions is noted to be associated with wealth losses for women but not for men.
- More gender-equal labour market participation, including in self-employment and entrepreneurship, is linked to smaller gender wealth gaps. Closing gender gaps in care not only would lead to a more equal distribution of employment and income opportunities but would also contribute to reducing gender gaps in wealth.
- Existing evidence points to the gender wealth gap varying across different types of assets. Women are particularly disadvantaged relative to men in relation to financial assets (particularly riskier assets such as stocks and shares) and business wealth (assets and liabilities of businesses owned by an individual). Information on access to credit for starting or expanding businesses points to a number of (un)intentional gender biases (e.g. women encounter higher interest rates) to the detriment of women, especially in countries where overall gender inequality is more pronounced.
- Women in the EU are more likely than men to be involved in everyday financial decision-making, but less likely to be involved in making more strategic decisions about large purchases, saving and borrowing. While men are more likely to be decision-makers when it comes to debt, women are more likely to be responsible for debt management, aligning with wider observations about women's greater role in day-to-day money management, including making ends meet, rather than having strategic control over household finances.
- Across the EU, a smaller portion of women (19 %) than men (34 %) appear to be classed as having high financial literacy, which may contribute to the gender gap in wealth. This data should be interpreted in the wider context of gender inequalities in financial independence, which often have bidirectional effects. If women have fewer financial resources, they will be less able (and less keen to learn how) to invest. Women are also less likely to be in strategic decision-making roles and thus less likely to be exposed to financial literacy topics. Research also points to gender gaps in financial literacy stemming from gender differences in socialisation experiences, such as gender differences in paid work and in receiving allowances or spending money without parental control as of early adulthood.

**Data limitations make it difficult to estimate gender inequalities in financial independence across all its dimensions.**

- Key challenges associated with estimating individualised gender-sensitive measures of income include a lack of information on income pooling and sharing (which redistribute income between household members) and lack of data availability on certain sources of income beyond the household level.
- There is a lack of comparable data on wealth (assets and liabilities) and expenditure at the individual level in EU Member States. Likewise, gender statistics on various financial management aspects, such as gender gaps in the levels of savings or management of debt, are still lacking.
- Data on crucial intersecting inequalities (e.g. migration background, household composition, disability), which is needed to better understand gender gaps among the most financially vulnerable groups, is particularly scarce.

**Tax–benefit systems in EU Member States reduce gender inequalities in financial independence, but largely for the working age population.**

- Tax–benefit systems can strengthen financial independence by incentivising labour market participation. Women are more likely than men to be secondary earners, who are more responsive to labour market (dis)incentives created by tax–benefit systems. Joint taxation in particular appears to weaken labour market incentives for secondary earners. For example, when out-of-pocket childcare costs are factored in, in many EU Member States there are strong disincentives for secondary earners to be in paid work.
- On average in the EU, tax-benefit systems redistribute income (adjusted as far as possible for income pooling) so that a smaller gender gap in disposable income (11 %) is observed if compared to gender gap in market income (19 %). Tax–benefit systems reduce the gender gap in market income mainly due to taxes (7 percentage points (pp)), whereas the redistributive effects due to social transfers (1 pp) or public pensions (1 pp) are much less.
- Tax–benefit systems do not reduce the gender gap in income for all groups. For adults aged 65 and older, regardless of marital status, tax–benefit systems exacerbate the gender gap in income (i.e. + 6 pp for single people aged 65+ and + 2 pp for married/cohabiting individuals aged 65+). This is primarily due to the effect of old-age public pension systems, particularly in countries where pension systems place greater emphasis on labour market experience and contribution history. Similarly to the gender pension gap, the gender gap in (individualised) disposable income is larger for the 65+ age group than for younger people, largely reflecting the lifelong cumulative impact of unpaid care work that women shoulder responsibility for.

**Consequences associated with financial dependence are wide-ranging, and financial dependence has been linked to different forms of violence, such as economic violence.**

- Financial dependence is associated with a range of negative outcomes, including poorer physical and mental health and fewer opportunities to engage in education, paid employment and entrepreneurial activities. Financial dependence is a risk factor for experiencing domestic and intimate partner violence.
- Across the EU, 12 % of ever-partnered women report having experienced economic control and/or economic sabotage from a current or previous partner according to the FRA 2012 survey data.
- Data from Eurostat's EU-GBV survey (2021) shows that, on average, 7 % of ever-partnered women report their partner(s) (ever) forbidding them to work or controlling family finances and excessively controlling their expenses <sup>(2)</sup>.
- Coerced debt caused by an abusive partner can hinder access to credit and financial services, posing a barrier to achieving financial independence even after relationship dissolution.
- Financial dependence and economic violence do not affect all women to the same extent or in the same ways. Research highlights that certain groups of women, such as migrant women and women with disabilities, are disproportionately affected. Age and other social factors also play a role in shaping women's exposure to both phenomena.
- Women who do not work or who work but earn less than their partner face an increased risk of experiencing certain forms of economic violence (economic control and economic sabotage). Data limitations mean that comparable estimates cannot be derived for men.
- The relationship between financial dependence and economic violence is likely to be bidirectional, where financial dependence can be a consequence of economic violence as well as a risk factor for experiencing it.

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<sup>(2)</sup> The EU-GBV survey includes data from 18 EU Member States.

## Key recommendations

### **Establish and embed a multidimensional definition and means of measuring financial independence in policies and through their implementation.**

Recommendations for the European Commission:

- recognise and define financial independence as a multidimensional concept encompassing income, wealth and power/control, to more comprehensively grasp gender inequalities;
- develop standard indicators for monitoring financial independence and increase the availability of harmonised EU data, routinely collected and disaggregated by sex and other relevant individual and social characteristics;
- raise awareness of the multidimensional definition and measurement of financial independence, and support research on gender inequalities in financial independence.

Recommendations for the EU institutions:

- alter relevant questions in EU-SILC to capture more income types at the individual rather than the household level;
- repeat the question on income pooling from the 2010 EU-SILC ad hoc module and supplement it with a question on income sharing;
- integrate disaggregation by type of income into the relevant EU survey questions to better understand income pooling and sharing within households;
- use the planned ad hoc EU-SILC module (2026) to collect individualised data on expenditure on goods and services;
- use the Household Finance and Consumption Survey to collect data on individual wealth;
- regularly collect and publish sex-disaggregated data on access to financial services and resources for starting and developing a business, and regularly conduct EU-wide surveys on the prevalence of violence against women and domestic violence, including economic violence.

### **Apply an active and visible policy of mainstreaming gender in tax–benefit systems.**

Recommendations for the European Commission:

- increase awareness of the need for *ex ante* policy solutions to address gender gaps in income;
- develop guidance for EU Member States about how national tax–benefit systems can impact financial incentives or disincentives for employment;
- encourage EU Member States to strengthen financial incentives and remove financial disincentives for labour market participation;
- support EU Member States in developing and implementing effective strategies to increase gender balance in economic and financial decision-making.



#### Recommendations for Member States:

- adopt a gender-sensitive approach in the design, implementation, monitoring and evaluation of tax–benefit policies;
- ensure that intrahousehold inequality is accounted for and assessed in national tax–benefit policies;
- introduce measures to strengthen labour market incentives and remove disincentives for labour market participation;
- in the design of tax–benefit policies, expand the focus beyond normative workers (predominantly men) to cover non-standard employment and caregiving responsibilities;
- develop and implement strategies to increase the number of women in economic and financial decision-making.

#### **Address gender inequalities in unpaid care and domestic work and remove barriers to accessing care services.**

#### Recommendations for the European Commission:

- strengthen funding for and monitor Member States' implementation of the European care strategy and the Council of the European Union recommendations on early childhood education and care (2022) and long-term care (2022);
- monitor the affordability of early childhood education and care in EU Member States in a more systematic way;
- establish EU targets on access to affordable high-quality long-term care;
- continue to promote positive gender norms to foster a more equal distribution of unpaid care and domestic work between women and men, and support programmes that engage men in combating gender stereotypes and discrimination.

#### Recommendations for Member States:

- ensure accessible, affordable and high-quality early childhood education and care and long-term care infrastructure;
- consider going beyond the minimum standards set by the work–life balance directive;
- ensure that unpaid care and domestic work is valued and compensated, while not discouraging carers from seeking paid employment;
- raise awareness of and promote ways in which private and public sector institutions/companies can further enhance a gender-equal work–life balance.



## **Take steps to address gender gaps in income and wealth over the life course.**

Recommendations for the European Commission:

- introduce awareness campaigns alongside the pay transparency directive (2023) to ensure that citizens know and can exercise their rights;
- monitor progress and share good practice with regard to policies to address the gender pensions gap;
- monitor the application of the Council recommendation on adequate minimum income (2023).

Recommendations for Member States:

- ensure that state pensions have sufficient coverage and are sufficiently generous, including for individuals who have made limited or no contributions due to unpaid care work;
- allow for credited pension contributions for time out of the labour market for care-related reasons or consider making such allowances more generous where they already exist;
- strengthen minimum income schemes;
- conduct a gender-sensitive analysis of the impact of cohabitation agreements on the gender gap in wealth.

## **Invest in education and training for all ages that is focused on promoting (digital) financial knowledge and skills.**

Recommendations for the European Commission:

- strengthen funding for education and training programmes to increase (digital) financial knowledge and skills;
- work to tackle gender stereotypes about women's and men's financial abilities and roles in financial decision-making.

Recommendations for Member States:

- provide gender- and intersectional inequality-sensitive lifelong learning and training opportunities to improve (digital) financial literacy for all ages;
- promote coordinated cooperation between the labour market and educational and financial institutions, to build more comprehensive knowledge on financial independence-relevant factors and behaviours from a gender equality perspective;
- support programmes that specifically promote the financial knowledge and skills for women that are needed to expand women's business ownership and access to financial resources.

## **Effectively prevent and combat economic violence against women and monitor its prevalence in the EU.**

### Recommendations for EU institutions:

- implement the legal standards of the Istanbul Convention within the EU competences;
- adopt and implement the EU directive on combating violence against women and domestic violence;
- increase general awareness and understanding of what constitutes economic violence;
- dedicate funding for measures that are designed to prevent and tackle economic violence;
- facilitate mutual learning among actors engaged in the prevention and protection of victims of economic violence.

### Recommendations for Member States:

- adopt and implement the EU directive on combating violence against women and domestic violence;
- adopt, implement and monitor primary and secondary prevention measures;
- implement the legal standards of the Istanbul Convention to prevent and combat violence against women and domestic violence, including economic violence.
- collect and communicate administrative data on economic violence;
- conduct regular surveys on various forms of economic violence against women;
- allocate funding for regular data collection and research on economic violence and its links with financial (in)dependence;
- improve coordination between institutions in relation to data collection.

# Introduction

Financial independence may have wide-reaching implications for the ability of women and men to lead healthy, secure and fulfilling lives, to have agency and choice, and to live a life free of economic and other forms of domestic and intimate partner violence. Continued gender inequalities across a range of domains, as highlighted by the European Institute for Gender Equality (EIGE) Gender Equality Index <sup>(3)</sup>, indicate that women and men in the EU differ in their ability to achieve financial independence. Gender inequalities in financial independence may be exacerbated by ongoing economic challenges in the EU, including rising inflation and energy prices and the associated cost-of-living crisis, which have been shown to disproportionately affect women (Eurofound, 2022; European Parliament, 2023).

The EU's 2020–2025 gender equality strategy acknowledges that 'women and men in all their diversity should have equal opportunities to thrive and be economically independent, be paid equally for their work of equal value, have equal access to finance and receive fair pensions' (European Commission, 2020). Promoting women's economic rights and independence is a strategic objective of the Beijing Declaration and Platform for Action (BPfA) under Area F, on women and the economy. Launched by the United Nations in 1995, the BPfA is a global agenda for women's empowerment. The European Council acknowledged the EU's commitment to the BPfA in 1995 and to monitoring progress towards the BPfA on an annual basis with the support of the presidencies of the Council of the EU. This study was carried out in support of the Belgian Presidency of the Council, focusing on monitoring progress in the EU towards gender equality in financial independence.

Financial independence can be approached as a component of or a precondition for economic independence. Financial independence requires financial ability, reflecting financial literacy and self-efficacy. To be converted into financial independence, financial ability must be combined with financial resources (financial capability) and decision-making power and control over those resources. To achieve economic independence, women and men require agency and resources (financial independence) as well as educational and labour market opportunities, which are shaped by norms, values, policies and legislation, and individual experiences (education and socialisation).

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<sup>(3)</sup> EIGE (2023) Gender Equality Index (<https://eige.europa.eu/gender-equality-index/2023>).

The overall objective of this study was to strengthen the institutional capacity for addressing gender inequalities in financial independence in the EU Member States. To achieve this objective, the study analysed gender inequalities in multiple dimensions of financial independence. Based on the assessment of different approaches and evidence on income pooling and income sharing in the household, the study led to the proposal of a gender-sensitive measurement framework for individualised net income. The study also provided an analysis of the impact of tax–benefit systems on gender inequalities in financial independence across the EU based on the EUROMOD microsimulation model. Finally, the consequences of financial independence for gender inequalities, in relation to economic violence against women, were analysed.

The study drew on a range of research methods to achieve its objective, including a targeted literature review, statistical analysis and tax–benefit microsimulation modelling. Data from a wide range of sources, including EU Statistics on Income and Living Conditions (EU-SILC), the Structure of Earnings Survey (SES), the World Bank Global Findex Database, the European Social Survey (ESS), the European Union Agency for Fundamental Rights (FRA) (2012) survey on Violence against Women and the Eurobarometer, were analysed to summarise the state of play with regard to financial independence and gender equality in the EU. The report also includes emerging findings based on the Eurostat (2021) EU Survey on Gender-based Violence against Women and Other Forms of Inter-personal Violence (EU-GBV survey) and the EIGE (2022) Survey of Gender Gaps in Unpaid Care, Individual and Social Activities.

The report consists of seven chapters. The first chapter presents the policy context and key concepts. The second chapter introduces the concept and measurement of financial independence. The key findings about gender inequalities in financial independence in EU Member States are summarised in the third chapter. The fourth chapter presents evidence on how gender inequalities in financial independence are influenced by tax–benefit systems. Evidence on the consequences associated with financial dependence, including economic violence and other forms of violence against women, is summarised in the fifth chapter. Chapter 6 presents the conclusions and the final chapter presents the recommendations from the study.

# 1. Policy context and key concepts

The commitment of the EU to gender equality in economic independence, financial independence and economic empowerment is embedded in both multilateral and EU-level initiatives and policies. The aim of this chapter is to contextualise the key concepts of the study within the relevant policy landscape. It will also touch on financial independence as an important aspect of economic independence and a key concept within this study.

## 1.1. The Beijing Declaration and Platform for Action and 2030 Agenda for Sustainable Development promote the economic empowerment of women

The EU's commitment to gender equality and, more specifically, to supporting women's economic independence, is linked to its commitment to the 1995 **BPfA** <sup>(4)</sup>. The BPfA identifies 12 key areas of concern where urgent action is needed to ensure greater equality and opportunities for women and girls, including Area F, on women and the economy, which comprises six strategic objectives. The BPfA recognises that many women are continuously hindered in their ability to achieve economic autonomy and to ensure sustainable livelihoods for themselves and their descendants. Relating to financial independence, strategic objective F.1 concerns the promotion of women's economic rights and independence and, among other goals, control over economic resources, while strategic objective F.2 concerns facilitating women's equal access to resources. Article 26 of the BPfA relates to the promotion of women's economic independence, including employment and the eradication of poverty through changing economic structures and ensuring equal access to opportunities and public services. Article 21 recognises women as key contributors to the economy and to combating poverty through paid and unpaid work, and emphasises that growing numbers of women have achieved economic independence through gainful employment (United Nations, 1995).

Likewise, Goal 5 of the **2030 Agenda for Sustainable Development** (United Nations, 2015) contains several targets relating to women's economic empowerment. Target 5.A aims to develop reforms that give women equal rights to economic resources, including ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws. Target 5.4 aims to reduce care inequality and Target 5.5 aims to ensure women's full and effective participation in and equal opportunities for leadership at all levels of decision-making in political, economic and public life (the 2030 Agenda for Sustainable Development, 2015). The EU is committed to implementing the 2030 Agenda, together with Member States, by mainstreaming the sustainable development goals in the European policy framework (European Commission, 2016) <sup>(5)</sup>. In parallel, EU Member States, and the EU itself, pledged to work towards gender equality and empowering all women and girls under the BPfA (Shreeves and Prpic, 2020).

## 1.2. The EU's commitment to the economic independence of women and men is embedded in its legislation and policies

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<sup>(4)</sup> <https://www.un.org/womenwatch/daw/beijing/pdf/BDPfA%20E.pdf>.

<sup>(5)</sup> [https://ec.europa.eu/commission/presscorner/detail/en/MEMO\\_16\\_3886](https://ec.europa.eu/commission/presscorner/detail/en/MEMO_16_3886).

Promoting equality in all EU activities, including between women and men, is enshrined in the treaties. Gender equality is a core value of the EU, a fundamental right <sup>(6)</sup> and a key principle of the **European Pillar of Social Rights** (European Commission, 2017) <sup>(7)</sup>. The **EU's 2020–2025 gender equality strategy** (European Commission, 2020) <sup>(8)</sup> aims to ensure that women and men in all their diversity have equal opportunities to thrive and be economically independent, get paid equally for work of equal value, have equal access to finance and receive fair pensions. It emphasises that women and men should equally share caring and financial responsibilities.

Another core objective set out in the gender equality strategy is to create an EU free from violence and stereotypes. The EU is committed to eradicating all forms of violence against women, including economic violence. The EU has acceded to the Council of Europe **Convention on Preventing and Combating Violence against Women and Domestic Violence** (the Istanbul Convention) <sup>(9)</sup>. The **EU's new directive on combating violence against women and domestic violence** <sup>(10)</sup> seeks to achieve the objectives of this convention within the EU's remit. The proposal states that all forms of violence against women should be criminalised, with comprehensive support for victims and strengthened coordination and cooperation at the EU and Member State levels.

The EU tries to ensure equal opportunities in the labour market for women and men through different directives, such as Directive 2006/54/EC **on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation** (recast) <sup>(11)</sup>. This directive includes requirements for equal treatment of men and women in relation to equal pay; access to employment, vocational training and promotion; working conditions; occupational social security schemes; and the burden of proof. Directive (EU) 2022/2041 on **adequate minimum wages in the European Union** <sup>(12)</sup> aims to strengthen the position of low earners, who are disproportionately women. Another recent directive has been introduced specifically with the aim of addressing inequalities between men and women in pay and promoting equal pay for equal work: Directive (EU) 2023/970 on **strengthening the application of the principle of equal pay for equal work or work of equal value between men and women** through pay transparency and enforcement mechanisms <sup>(13)</sup>.

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<sup>(6)</sup> See Articles 2 and 3(3) of the Treaty on European Union, Articles 8, 10, 19 and 157 of the Treaty on the Functioning of the European Union and Articles 21 and 23 of the EU Charter of Fundamental Rights.

<sup>(7)</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32017C1213%2801%29>.

<sup>(8)</sup> [Gender equality strategy - European Commission \(europa.eu\)](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32020C0001%2801%29)

<sup>(9)</sup> <https://rm.coe.int/168008482e>.

<sup>(10)</sup> Proposal for a directive of the European Parliament and of the Council on combating violence against women and domestic violence, COM(2022) 105 final.

<sup>(11)</sup> OJ L 204, 26.7.2006, p. 23.

<sup>(12)</sup> OJ L 275, 25.10.2022, p. 33.

<sup>(13)</sup> OJ L 132, 17.05.2023, p. 21.

Recognising that women's disproportionate involvement in unpaid care work contributes to labour market and economic inequalities between women and men (EIGE, 2021c), the EU has also taken steps to promote access to high-quality, affordable care services. The **Council recommendation on early childhood education and care** (which addresses **the Barcelona targets for 2030**) <sup>(14)</sup> sets out more ambitious targets for the percentage of children enrolled in early childhood education and care (ECEC) <sup>(15)</sup>. The recommendation underlines that Member States should ensure that ECEC is accessible and affordable, recognising that the cost of childcare remains a key barrier to women's (full-time) employment. This is also recognised in the context of long-term care, the burden of which falls disproportionately on women, in the **Council recommendation on access to affordable high-quality long-term care** <sup>(16)</sup>. Another key piece of legislation with relevance to gender inequalities in care work is Directive (EU) 2019/1158 on **work-life balance for parents and carers** <sup>(17)</sup>. It sets out minimum standards for family leave and flexible working policies in EU Member States, including elements such as non-transferable leave, which are specifically designed to encourage equal sharing of caring responsibilities between parents.

In the resolution of 3 May 2022 on **reaching women's economic independence through entrepreneurship and self-employment** (2021/2080(INI)) <sup>(18)</sup>, the European Parliament calls on the European Commission and Member States to take additional steps to facilitate women's entrepreneurship, including through public-private partnerships and mentoring programmes.

In addition to gender inequalities in employment, pay and earnings, this study also points to gender gaps in financial literacy as a factor contributing to gender issues around financial independence. In collaboration with the Organisation for Economic Co-operation and Development International Network on Financial Education (OECD-INFE), the European Commission has developed financial competence frameworks <sup>(19)</sup> for adults and children/youth to assist Member States in assessing levels of financial literacy and designing programmes to address low levels of literacy.

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<sup>(14)</sup> OJ C 484, 20.12.22, p. 1.

<sup>(15)</sup> The recommendation sets a threshold of at least 45 % of children below the age of 3 years to participate in ECEC, but with specific targets for Member States that have not reached the 2002 goals, which implies increasing ECEC participation in relation to the respective current participation rates as follows: (1) by at least 90 % for Member States whose participation rate is lower than 20 % or (2) by at least 45 %, or until at least reaching a participation rate of 45 %, for Member States whose participation rate is between 20 % and 33 %. It also sets a threshold of at least 96 % of children between the age of 3 years and the starting age for compulsory primary education to participate in ECEC.

<sup>(16)</sup> OJ C 476, 15.12.22, p. 1.

<sup>(17)</sup> OJ L 188, 12.7.2019, p. 79.

<sup>(18)</sup> OJ C 465, 6.12.2022, p. 54.

<sup>(19)</sup> For more information, see European Commission, 'Financial literacy' ([https://finance.ec.europa.eu/consumer-finance-and-payments/financial-literacy\\_en](https://finance.ec.europa.eu/consumer-finance-and-payments/financial-literacy_en)).



### 1.3. Financial independence is imperative to economic independence

Whereas EU legislation and policies relate to economic independence and empowerment, this study refers to financial independence. There are no standard or widely accepted EU definitions of financial and economic independence to refer to in explaining how these concepts differ and how they complement one another.

Financial independence as a precondition for and an imperative component of economic independence is embedded in EU documents (such as those mentioned in Section 1.2), although there is no explicit focus on it. Financial independence relates to financial resources, such as income and wealth, whereas economic independence is embedded in a broader socioeconomic context and arises from a wider array of resources, including human and social capital, access to employment and education. To achieve economic independence, women and men require agency (Akilova and Marti, 2014; Bennett and Sung, 2013; Daga, 2021; Sedai et al., 2020; Stöckl et al., 2021; Williams et al., 2022) and resources (e.g. earnings, income from pensions, investments and other benefits) as well as opportunities, which are shaped by norms, values, policies and legislation, and individual experiences (e.g. education and socialisation). This study focuses on gender inequalities in financial independence while recognising the vast contribution of economic independence to the accumulation of financial resources and influence/control over them.

Financial independence, as a concept, is still not approached in a clear and comprehensive way in academic research and policy documents, with no standard definition or measurement framework. A significant part of the body of research focuses on financial dependence and stresses, in particular, the importance of tackling (married) women's financial dependence on their (male) partner and the consequences of this situation (Bettio and Ticci, 2017; Huber et al., 2009; Kalmijn et al., 2007). Financial dependence is also noted to represent a poverty risk and is associated with the ability of people to meet their needs with their own income, without help from anyone else (Meulders et al., 2012). This notion of financial dependence stresses the need for individual empowerment and thus the need to assess the at-risk-of-poverty (AROP) rate on an individual basis rather than by assuming that incomes are shared equally within the household.



Financial independence can be approached as a component of or a precondition for economic independence. Financial independence not only requires financial ability, reflecting financial literacy and self-efficacy (Daga, 2021), but must be combined with financial resources (financial capability) (Peled and Krigel, 2016) and decision-making power and control over those resources. Financial independence is noted to provide individuals with the resources, opportunities and agency to lead fulfilling lives, irrespective of their background or identity (Xiao et al., 2014). The concept of agency relates to an individual's ability to make autonomous decisions and contribute on equal terms to joint (household) decisions (Xiao et al., 2014).

Financial independence is often viewed as a marker of adulthood and implies having one's own access to and control over financial resources to provide for decent living and, when relevant, for decent living for dependent family members. This includes having access to safe and adequate housing and the resources needed for preventing homelessness. Perspectives such as the life course, gender equality and intersecting inequalities are crucial to the concept of financial independence, implying that individuals in all their diversity may follow different trajectories (e.g. in terms of time, due to a longer time spent in education, or because of societal and institutional barriers such as those faced by people with disabilities) in achieving financial independence. However, generally, financial independence implies that every individual is able to achieve and sustain financial independence in their adult lives, irrespective of their gender, other characteristics and life course events and shocks, such as separation from or the death of a partner, the birth of children, single parenthood, illness, disability or retirement.

## 2. Approaching financial independence from a gender equality perspective

This chapter aims to build further the conceptual framework for financial independence. It reflects on how the concept evolved in research and empirical evidence and concludes with a proposal for a multidimensional measurement framework for financial independence.

### 2.1. Evidence on financial independence as a multidimensional issue is scarce, with most research focusing on the income of women in female–male partnerships

**The gender analysis of financial independence has greatly contributed to understanding it as a multidimensional issue.** Earlier conceptual studies focused mostly on (married) women's financial (income) dependence on their partner and the repercussions of this (Becker, 1981; Blood and Wolfe, 1960; Hobson, 1990; Huber et al., 2009; Vogler and Pahl, 1994). These studies applied the necessary gender lens to explore unequal power relationships between women and men, with most economic models assuming that households operate as a single economic entity. The research findings made it explicit that both the absolute level of financial resources and financial resources relative to a partner's are of key importance to one's bargaining power within the process of household decision-making. More recent literature addresses a wider array of factors linked to financial independence, underscoring the need to look beyond financial resources and drawing attention to the process of decision-making to better understand if, why and how financial resources can be translated into living a life according to one's values and aspirations (e.g. Sen, 1985; Kabeer, 1999; Nussbaum, 1999). This conceptual research emphasised independence over dependence and highlighted the notion that financial independence is about women and men's ability to fulfil their aspirations and convert resources into the outcomes they seek to achieve.

In empirical studies, the concept of financial independence is still rarely approached comprehensively. Studies do not address the different dimensions of financial independence associated with different theoretical perspectives, and it is often defined on the basis of how it is measured. Generally, empirical studies tend to associate financial independence with one indicator or a small set of indicators, not least due to data constraints. Overall, it is widely recognised that financial independence is a gendered issue, although important gaps in knowledge remain.

Across different dimensions and family constellations, financial independence is more comprehensively explored from the perspective of earnings and/or income of women in female–male relationships, often within the context of marriage/partnership (Bettio and Ticci, 2017; Huber et al., 2009; Kalmijn et al., 2007). This focus on women in female–male partnerships provides evidence on women’s income situation, including from the perspective of their resources for power and decision-making relative to their partner’s. This aspect is often explored using indicators on women’s earnings relative to their partner’s earnings (Bettio and Ticci, 2017; Huber et al., 2009) or women’s income relative to the household income (Alper, 2019; Beznoska, 2019; Bonke, 2015; Guio and Van den Bosch, 2021; Hobson, 1990; Kalmijn et al., 2007; Karagiannaki and Burchardt, 2020), and has been linked to a range of outcomes. For example, research across the EU Member States shows that the greater an individual’s share of household income in couple households, the more they are protected from material deprivation <sup>(20)</sup> (Guio and Van den Bosch, 2021; Karagiannaki and Burchardt, 2020).

Leaving aside income share and links to poverty, research from the Netherlands indicates that the higher the coupled women’s share of household income, the greater the likelihood of the couple’s relationship breaking down (Kalmijn et al., 2007). This shows that having a higher income than her partner might increase women’s ability to form an autonomous household, which is of particular importance in the context of, for example, abusive relationships (see Chapter **Error! Reference source not found.**). Increased power and control are often considered a consequence of financial independence, although existing research suggests that the causality of this issue is complex and multidirectional. Lower earnings and/or income than a partner may lead to less power in decision-making and, at the same time, having less power in relationships may be associated with reduced access to and/or control over one’s own resources (Vogler and Pahl, 1994). Therefore, despite the importance of access to financial resources, this alone does not guarantee financial independence. Individuals who have sufficient income can still be financially constrained if they do not have control over these resources, for instance in the context of economic violence (see Chapter **Error! Reference source not found.**). While financial resources may strengthen agency, it will also be shaped by other factors, including knowledge and skills. Research has, for example, pointed to the importance of financial literacy for financial independence, including in relation to household decision-making (Grohmann and Schoofs, 2021), the accumulation of wealth (Cupák et al., 2021) and effective retirement planning (Bucher-Koenen and Lusardi, 2011; Kalmi and Ruuskanen, 2018).

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<sup>(20)</sup> A state of economic strain, defined as the enforced inability to (rather than the choice not to) pay for certain items ([https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Material\\_deprivation](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Material_deprivation)).

Some of these aspects of financial independence have also been explored in the context of same-sex marriage/partner relationships, but the evidence base is less well developed than for female–male partnerships. For example, research in the Netherlands noted that income equality between the couple decreases the likelihood of relationship dissolution for both same- and different-sex couples. Qualitative (Burns et al., 2008) and quantitative (Burgoyne et al., 2011) research from the United Kingdom also indicates that there may be some differences in financial management practices between same- and different-sex couples, with less emphasis on income pooling and greater emphasis on financial independence for both partners being observed in same-sex couples (Burgoyne et al., 2011; Burns et al., 2008). Generally, there is not enough research to inform whether and how gender norms and stereotypes contribute to different power dynamics and shape financial independence in same-sex partnerships.

Outside the context of partnerships, a number of empirical studies have explored financial independence of women in general (Bettio and Ticci, 2017; Hobson, 1990; Huber et al., 2009; Sniekers and van den Brink, 2019; Vinkenburg, 2015) or that of specific groups of women, such as young mothers (Sniekers and van den Brink, 2019) or single mothers (Huber et al., 2009). Financial independence is highly important to these groups of women, as single-adult households in the EU face a relatively high risk of poverty, particularly if they include dependent children (Chzhen and Bradshaw, 2012; Nieuwenhuis, 2021). With most single-parent households in the EU headed by women, single parenthood can be seen as gendered phenomenon (Nieuwenhuis, 2021), along with the effect of this situation on financial independence.

Although many studies focus on women, a limited number look at the differences in women and men’s financial independence, including from the perspective of gender and other intersectional attributes, as an explanatory factor in their analysis (e.g. Bell et al., 2007; Hammer et al., 2015; Istenič et al., 2018). For example, a comparative study of six advanced economies (including Germany and Italy from the EU Member States) found that young men (aged 18–35) have become less independent since the 1980s in terms of household living arrangements (i.e. living separately from their parents), employment rates, earnings and income (Bell et al., 2007). Over this time period, prospects improved slightly for young women’s independence, as measured by these indicators, but remained poorer than for men (Bell et al., 2007).

Taking into account different family constellations and reliance on different actors for financial independence is important to better understand income-related consumption patterns, especially from a lifelong perspective. For example, a number of studies explore financial dependency during the life cycle period when individuals' consumption exceeds their individual income (i.e. when they are reliant on income from a partner or other sources to meet their consumption needs) (Hammer et al., 2015; Istenič et al., 2018). Research defines life cycle deficit (LCD) as the difference between consumption and labour income, which is used as a measure of the age-specific level of economic dependency (Hammer et al., 2015). The LCD is typically positive during childhood and retirement, and is negative and termed life cycle surplus during the working years. A comparative study of 10 European countries <sup>(21)</sup> found that, generally, LCD is more common for women than for men, and that this is mainly due to women's disproportionate involvement in unpaid care and domestic work (Hammer et al., 2015). In line with rising women's participation in the labour market, research from Slovenia finds that a gendered pattern in LCD has declined over time, however (Istenič et al., 2018).

The literature, overall, emphasises the importance of labour market participation for economic independence and consequently for financial independence. Employment has commonly been used as an indicator of economic independence (see for instance Atkinson et al., 2002; Bettio and Ticci, 2017). Market-based wage labour is well noted as a way to achieve 'self-sufficiency, independence, and control' over 'resources, decisions, and circumstances in their lives' (Scott et al., 2007). Research from 15 countries, including 8 EU Member States <sup>(22)</sup>, notes that the most important determinant of women's earnings as a proportion of both spouses' earnings in married couples is women's labour force participation and working hours (Huber et al., 2009). However, engagement in paid labour – especially part-time work or precarious employment – may not guarantee sufficient income to be considered financially independent. A number of empirical studies note that even when individuals are working, they may need to rely on state welfare benefits, a partner or other family members (Scott et al., 2007; Sniekers and van den Brink, 2019).

The literature on financial independence has to date focused primarily on regular financial resources (earnings, other sources of income). Less attention has been paid to the role of wealth (assets, liabilities), especially in providing a financial 'safety net' to strengthen financial independence.

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<sup>(21)</sup> Austria, Finland, France, Germany, Hungary, Italy, Slovenia, Spain, Sweden and the United Kingdom.

<sup>(22)</sup> Belgium, Denmark, Germany, France, the Netherlands, Austria, Finland and Sweden.

Assets can be a source of utility (e.g. home ownership) and income (e.g. investments) (Ponthieux and Meurs, 2015) that support long-term financial security (Grabka et al., 2013). Assets can protect individuals from unexpected events (Grabka et al., 2013) and make it easier for them to form a new household (for instance, by leaving a partner), if desired. Conversely, liabilities can decrease disposable income, undermine long-term financial security and make it more difficult to leave a partner. Without sufficient assets (and/or with large liabilities), women and men may fall short of full independence even with independent income. Moreover, assets as well as earnings and income may affect bargaining power and decision-making within the household (Grabka et al., 2013). A substantial body of literature explores the gender gap in wealth (Bonnet et al., 2013; D'Alessio, 2018; Frémeaux and Leturcq, 2020; Meriküll et al., 2021; Schneebaum et al., 2018; Sierminska, 2017; Sierminska et al., 2010) and intrahousehold inequalities in wealth (Frémeaux and Leturcq, 2020; Grabka et al., 2013; Rehm et al., 2022) in the EU. However, while this issue has been addressed from the perspective of gender equality, it has rarely been framed in terms of financial independence.

Overall, existing research and evidence on financial independence covers some dimensions of financial independence, such as income and access to financial resources, quite well. There is less evidence supporting other aspects of financial independence (e.g. power and control over own resources). Furthermore, if limited assessment of financial independence is coupled with a focus on only one gender, it may cause a potential gender reporting bias due to a lack of gender comparative assessments.

## **2.2. Approaching financial independence from a gender equality perspective should take account of both financial resources and power and control over them**

Based on a multidimensional understanding of financial independence, including the gender equality perspective, this study proposes a measurement framework for financial independence. The framework is grounded in the empirical and theoretical literature<sup>(23)</sup>, and highlights the key dimensions and subdimensions of financial independence, while noting the complex interlinkages between them. The framework aims to provide a more comprehensive and gender-equality-sensitive interpretation basis for various analyses in relation to financial independence. The measurement framework is structured around three core dimensions:

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<sup>(23)</sup> The measurement framework draws on the literature as summarised in Section 2.1, Chapter 1 and Annex 1.

1. **income**, which may come from different sources (e.g. earnings, state benefits, transfers or pension payments);
2. **wealth** (assets and liabilities), which reflects the financial ‘safety net’ available to the individual;
3. **power and control**, which include access to resources, financial literacy, decision-making and spending.

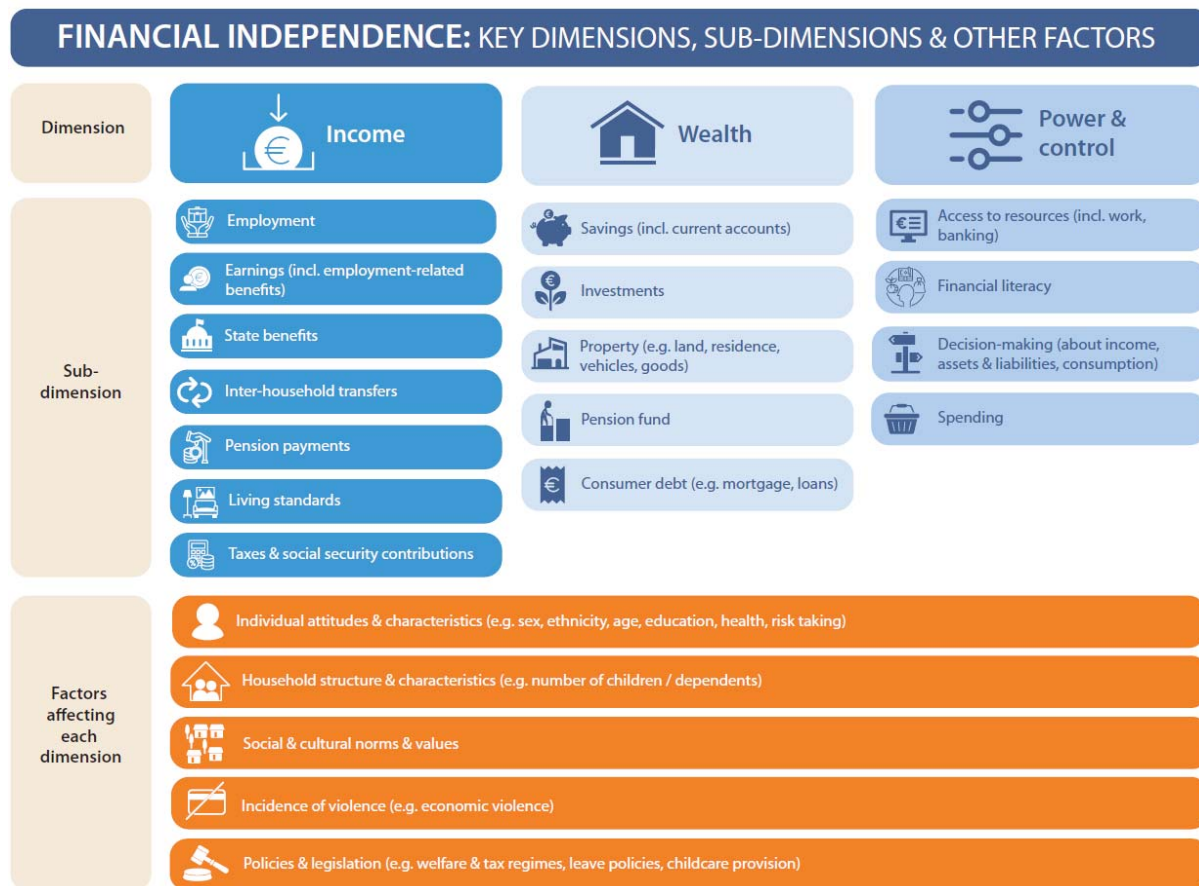
Some dimensions and subdimensions of financial independence are particularly pertinent to certain groups, for instance the importance of state benefits and services to parents of young children, and the growing importance of pension wealth and other assets over the life course. As an individual moves through life, their ability to achieve financial independence is influenced not only by the current situation, but also by their historical experiences and how this translates into a financial ‘safety net’. Dimensions are identified separately in the framework concept (Figure 1), but there is likely to be a complex web of causality in which dimensions and subdimensions strengthen and reinforce one another.

Dimensions and subdimensions might have both positive and negative effects for financial independence. For example, ‘assets’ and ‘liabilities’ are listed under the same dimension, which might appear counter-intuitive, as ‘assets’ are crucial for the attainment of financial independence, while ‘liabilities’ might prevent people’s financial independence (e.g. consumer debt). However, taking a long-term perspective into account, the consumer debt might lead to attainment of stronger financial independence (e.g. via a positive effect of study loans, mortgages). Furthermore, the measurement framework refers to the ‘net’ effect of various factors, and, therefore, earnings, benefits, taxes and social security contributions are listed under the same ‘income’ dimension.

In addition to the three core dimensions of financial independence, the proposed measurement framework recognises overarching factors that may contribute to and influence financial independence across all dimensions. From an intersectional perspective, women’s and men’s financial independence is shaped by their personal characteristics, crucially gender, but also by intersecting identities such as age, race, nationality, social status, sexual orientation, disability or ethnic origin. Financial independence is also shaped by household and family characteristics such as the presence of a partner, marital status and the presence of dependent children. The familial context may extend beyond the household (as a residential unit) and may include, for instance, an ex-spouse or partner or non-resident family members who offer financial or other support. One highly relevant aspect of household or family life is the incidence of economic or other forms of intimate partner violence, which is noted to have a profound impact on women’s financial independence. Financial independence is also shaped by factors at the societal level, including gendered norms and stereotypes, and policies at the Member State and EU levels (see Chapter 4).



**Figure 1.** Measurement framework for financial independence



Source: Developed by the authors.



## 3. Gender inequalities in financial independence

### 3.1. Gender gaps in income in EU Member States are persistent

Regarding the income dimension, data and evidence point to large and enduring differences between women and men in employment, earnings and income. Efforts to estimate gender differences in aggregate income are still hampered by the unavailability of individual-level data across different income sources and by measurement challenges.

#### Box 1. Data sources on gender inequalities in income in the EU

Extensive harmonised data is available on employment and earnings in EU Member States, including from the EU Labour Force Survey (EU-LFS), the Structure of Earnings Survey (SES), EU Statistics on Income and Living Conditions (EU-SILC) and the Luxembourg Income Study (LIS) database. Due to the large size of the dataset and because information is collected directly from employers, the SES provides the main dataset used by Eurostat for calculating gender gaps in pay and earnings. However, certain groups of women and men (the self-employed, people employed by microenterprises) are not represented in the SES. EU-SILC and LIS collect data on income from a range of sources, as well as data on earnings, enabling researchers to understand household income and to estimate individualised aggregate income from all sources. However, information about certain sources of income is available at only the household level. Further information can be found in Annex 2.

#### 3.1.1. Women are employed less and work fewer hours than men, with family life reducing women's but not men's opportunities for paid work

Across the economically inactive population in the EU, 19 % of women and 3 % of men were not seeking employment due to responsibilities caring for adults with disabilities or children <sup>(24)</sup>. Reflecting the disproportionate involvement of women in homemaking and unpaid care work (EIGE, 2021c), large differences exist in the employment rate and working hours of women and men of working age (20–64 years) <sup>(25)</sup> in the EU (EIGE, 2015a). As shown by EIGE's Gender Equality Index (2023), the full-time equivalent employment rate for individuals aged 15–89 is lower for women (42 %) than men (57 %) <sup>(26)</sup>. Gender differences in participation in the labour market as well as in working hours have multiple implications for the gender gap in earnings and therefore income. For example, the research notes 'part-time penalties' where, all things being equal, hourly pay is lower for employees working part-time than for those working full-time (Matteazzi et al., 2012). Gender segregation <sup>(27)</sup> in the labour market (EIGE, 2018) and segregation of part-time jobs into lower paid sectors and occupations are important factors contributing to the gender pay gap (Matteazzi et al., 2018) <sup>(28)</sup>.

<sup>(24)</sup> See Eurostat, 'Inactive population not seeking employment by sex, age and main reason', 2022 ([https://ec.europa.eu/eurostat/databrowser/view/LFSA\\_IGAR/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/LFSA_IGAR/default/table?lang=en)).

<sup>(25)</sup> Eurostat aggregate data offers two definitions of working age: 20–64 and 15–65 years. The former is presented here because it is closer to the definition used elsewhere (18–64 years), and financial independence is arguably a separate issue for people aged under 18, even if they are in the labour market.

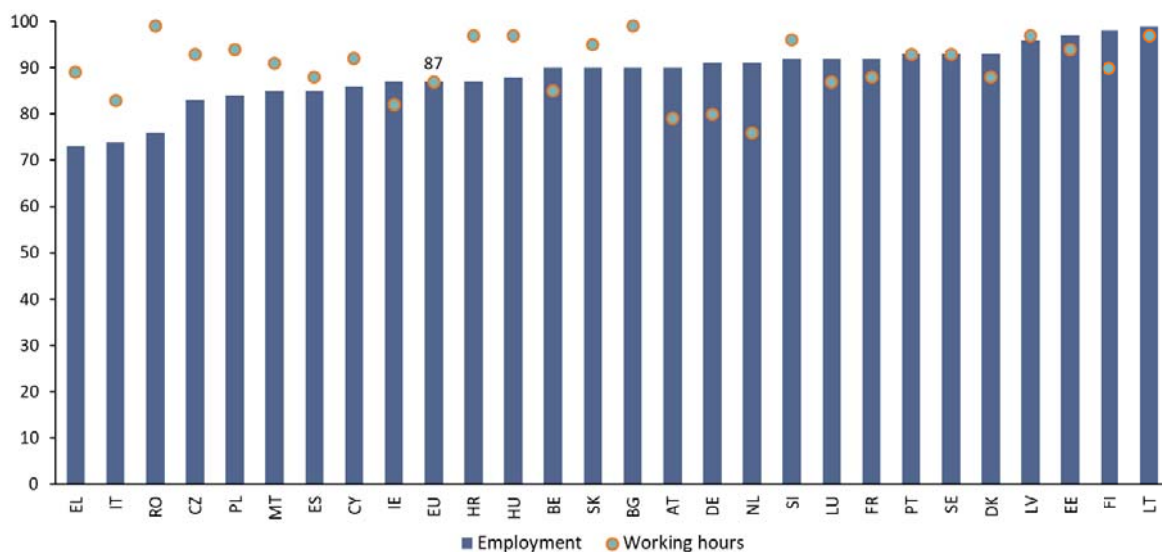
<sup>(26)</sup> The full-time equivalent employment rate is calculated by comparing an employee's average number of hours worked to the average number of hours worked by a full-time worker (<https://eige.europa.eu/gender-equality-index/2023/domain/work>).

<sup>(27)</sup> Gender segregation in the labour market refers to the concentration of one gender in certain economic sectors or occupations (horizontal segregation) and to the concentration of one gender in certain grades, levels of responsibilities or positions (vertical segregation).

<sup>(28)</sup> The study includes Austria, Belgium, Finland, France, Germany, Italy, the Netherlands, Norway, Poland, Spain and the United Kingdom.

Figure 2 shows that in **all EU Member States, women of working age are less likely to be in employment than men of working age**. On average across the EU-27 in 2022, the employment rate for women was 87 % of the rate for men. This marks a slight improvement from 84 % in 2013 <sup>(29)</sup>. In addition to a lower employment rate, women of working age in the EU work on average 34.7 hours per week, which is 87 % of the hours worked by men (39.9 hours). Exceptions to the latter indicator are Bulgaria and Romania, where working hours are similar for women and men. **Figure 2** Women's working hours as a percentage of men's increased over this period from 84 % to 87 %. This increase corresponds to a small increase in women's hours (0.5 hours), while a slight reduction is observed in men's hours (0.7 hours).

**Figure 2.** Women's employment rate and working hours as a percentage of men's employment rate and working hours, by EU Member State (% , 20–64, 2022)



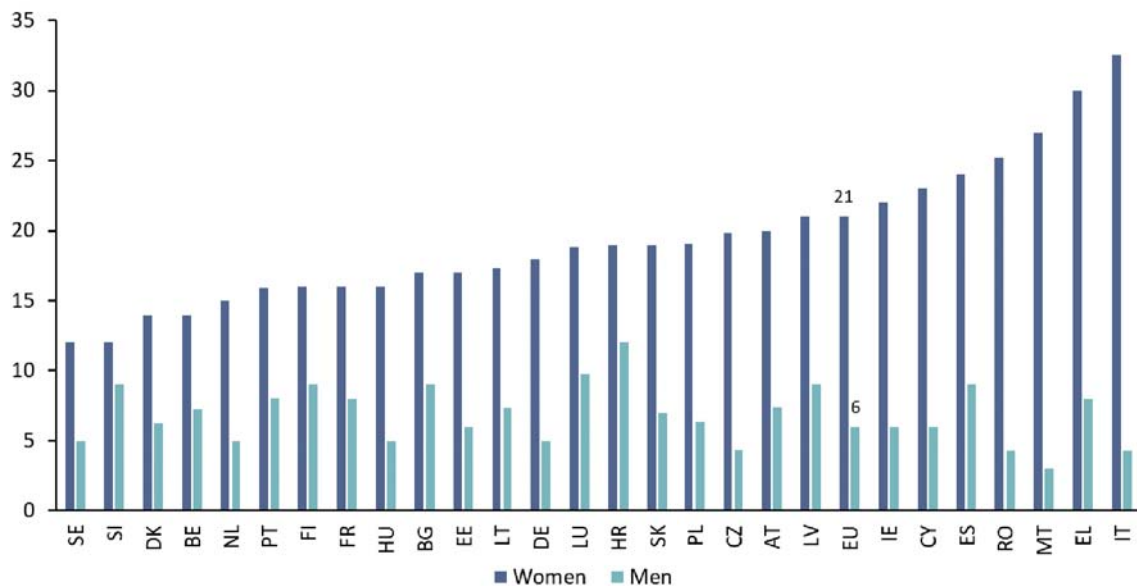
NB: The employment rate is defined as the percentage of the total population (women and men aged 20–64) who worked at least on 1 hour for pay or profit during the reference week or were temporarily absent from such work.

Source: Authors' calculation based on Eurostat data (EU Labour Force Survey) on the employment rate (lfsi\_emp\_a), and usual weekly working hours in the main job, disaggregated by sex (fsa\_ewhun2).

<sup>(29)</sup> Between 2013 and 2022, the employment rate for women aged 20–64 in the EU rose from 61 % to 69 %, while the employment rate for men increased from 72 % to 80 %.

Regarding financial independence, not having income from employment may lead to a particularly vulnerable situation, as the individual may need to rely on income from a partner or other family members or actors (support from other households or institutions, including state-provided safety net incomes) <sup>(30)</sup>. Although gender differences in employment and working hours remain, in the EU it is now relatively uncommon for adults living in a couple to rely on a single income, although the gender differences in this context remain stark. An estimated 21 % of partnered women aged 18–64 in the EU in 2019 were living in a household with their partner as the single earner, compared to 6 % of men in this position (Figure 3). Across the EU, stark differences exist between countries in terms of gendered distribution of employment within couples, with the largest gender gaps noted in Italy (28 percentage points (pp)), Malta (24 pp), Greece (22 pp) and Romania (21 pp). Differences between women and men as the single earner were relatively smaller in countries such as Slovenia (3 pp), Sweden, Belgium, Finland and Croatia (all 7 pp).

**Figure 3.** Percentage of women and men living in a couple (households) who are not employed but live with a partner who is employed in an EU Member State, by EU Member State (% , 18–64, 2019)



NB: Couple households are defined according to whether the individual had a partner (based on partner ID). Includes households with and without children. Employment is defined according to self-defined activity status (includes self-employment). The latest data available is used, avoiding the years 2020 and 2021, which were not analysed because they might reflect atypical and temporary arrangements associated with the COVID-19 pandemic.

Source: Authors' calculations based on EU-SILC microdata.

<sup>(30)</sup> Approaching financial independence from a lifelong perspective, lack of income from employment is less relevant in some life stages, such as being a dependent adult child while in education or simply being in retirement and receiving an old-age pension.

The difference between women and men for this indicator is considerably larger if there are dependent children living in the household (Table 1). On average in the EU, the percentage of men who live in a single-earner household where they are the non-earner is the same for men with and without dependent children (4 %). However, for women, having dependent children is associated with increased non-participation in the labour market. 24 % of women with dependent children live in a single-earner household where they are the non-earner, while 14 % of women without dependent children are in this situation. In addition to the paid work penalty due to caring for dependent children, women are also disproportionately in charge of unpaid household work and informal long-term care – with both factors major sources of women’s inability to take on jobs in the same way that men are able to (EIGE, 2022).

A number of other intersectional characteristics further shape gendered employment patterns within couples (Table 1). The share of women who live in a single-earner household where they are a non-earning partner is much higher than that of men across all education levels (low, medium and high). The difference is greatest for individuals with low educational attainment: 30 % of women are in this situation compared to 8 % of men. It is concerning that, despite a higher percentage of women than men having tertiary education <sup>(31)</sup> and the EU’s strategic aspirations to boost the competitiveness, participation and talent of its workforce <sup>(32)</sup>, 15 % of women with high educational attainment, if living in a couple, are not employed, compared to only 5 % of men in the same situation. Adding age to the list of intersectional characteristics shows an opposite trend between women and men across the life course. In the age group 50-64 lower percentage of women (18 %) compared to other age groups live in couple households where they are not employed and their partner is the sole earner. For men aged 50-64, the trend is opposite (Table1). An immigration background and having dependent children represent particularly strong barriers to employment for women living in a couple: 30 % of women with an immigration background living in a couple are the non-earning partners, whereas only 8 % of men in this situation are, and 24 % of women living in a couple with dependent children are non-earners, whereas only 4 % of men are in this situation.

<sup>(31)</sup> See Eurostat, ‘More women than men held tertiary degrees in 2022’, 2023 (<https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20230530-3>).

<sup>(32)</sup> [https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/europe-fit-digital-age/european-year-skills-2023\\_en](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/europe-fit-digital-age/european-year-skills-2023_en).

**Table 1.** Percentage of women and men living in couple households who are not employed but live with a partner who is employed, by age group, education level, immigration status and presence of dependent children (% , 18–64, EU, 2019)

Characteristic	Women	Men
<b>Age group</b>		
18–24	32	6
25–49	22	4
50–64	18	10
<b>Education level</b>		
Low (ISCED 0–3)	30	8
Medium (ISCED 4–5)	21	7
High (ISCED 6–8)	15	5
<b>Household type</b>		
Couple with dependent children	24	4
Couple with no dependent children	14	10
<b>Immigration background</b>	30	8

NB: Proportions are calculated in relation to all working age women or men; couple households are defined according to whether the individual had a partner (based on partner ID). Employment is defined according to self-defined activity status (includes self-employment). Immigration background is defined as having a country of birth different from country of residence. Dependent children include all people aged under 18 as well as people aged 18 to 24 years, living with at least one parent and economically inactive. The latest data available is used, avoiding the years 2020 and 2021, which were not analysed because they might reflect atypical and temporary arrangements associated with the COVID-19 pandemic. ISCED, International Standard Classification of Education.

Source: Authors' calculations based on EU-SILC microdata.

Taking into account wider gender inequalities, such as women's disproportionate involvement in unpaid care work (EIGE, 2021c), as well as factors such as (economic) violence from a partner, is highly important to better understanding the diversity of reasons behind the major gender gaps in couple employment patterns. Inter alia and despite overall progress in gender equality, a non-negligible share of women from across the EU Member States still report their intimate partners forbidding them to work or controlling the whole family's finances, including the women's expenses (see more in Section 5.4) <sup>(33)</sup>.

<sup>(33)</sup> <https://ec.europa.eu/eurostat/web/products-statistical-reports/w/ks-ft-22-005>.

### 3.1.2. Women earn less than men and are more likely to be secondary earners when living in a couple

In 2021, the gender pay gap <sup>(34)</sup> in the EU was 12.7 %, indicating that, on average, **women's gross hourly earnings were over a tenth lower than men's gross hourly earnings**. The size of the gender pay gap varied markedly across EU Member States, with the largest gender pay gap in 2021 observed in Estonia (20.5 %).

A relatively small proportion of the gender pay gap in the EU can be attributed to or 'explained' by differences in educational qualifications and employment characteristics of women and men, such as gender segregation in the labour market and gender differences in part-time and temporary employment (Boll and Lagemann, 2018; Leythienne and Pérez-Julián, 2021). These differences include women being over-represented in sectors with lower pay levels, such as education, health and social work, and men dominating higher paid sectors, such as construction and science, technology, engineering and mathematics (STEM). The effect of occupational segregation differs across the EU Member States, but is consistently present and to the detriment of women's income: women are less likely than men to be employed in higher paying sectors and industries (Leythienne and Pérez-Julián, 2021). The gender pay gap also occurs due to the strong role of vertical gender segregation in the labour market and the 'glass-ceiling' effect, that is, often invisible barriers to women's access to top decision-making and managerial positions (EIGE, 2018). The gender pay gap persists despite the fact that employed women have, on average, a higher level of education than employed men (Boll and Lagemann, 2018; Leythienne and Pérez-Julián, 2021).

Labour market segregation, particularly the under-representation of men in education, health and welfare jobs and the under-representation of women in STEM jobs, has been attributed to gender stereotypes, which in turn relate to the 'unexplained' part of the gender pay gap (EIGE, 2018). Gender stereotypes impact the choice of study fields and, later, occupations by driving interest towards specific subjects that are deemed 'appropriate' to the specific gender. For example, the dominant perception of science as a masculine study field may equip boys with aspirations for STEM jobs, while posing challenges for girls to view STEM as a potential career choice. Research also shows that, currently, gender stereotypes as regards jobs are stronger for boys than girls, which partially explains a slight improvement in representation of women in STEM jobs while the share of men in education, health and welfare jobs remains much the same (EIGE, 2018). Aside from gender stereotypes, the 'unexplained' part of the gender pay gap is also due to the impact of gender discrimination or wider gender differences in employment histories.

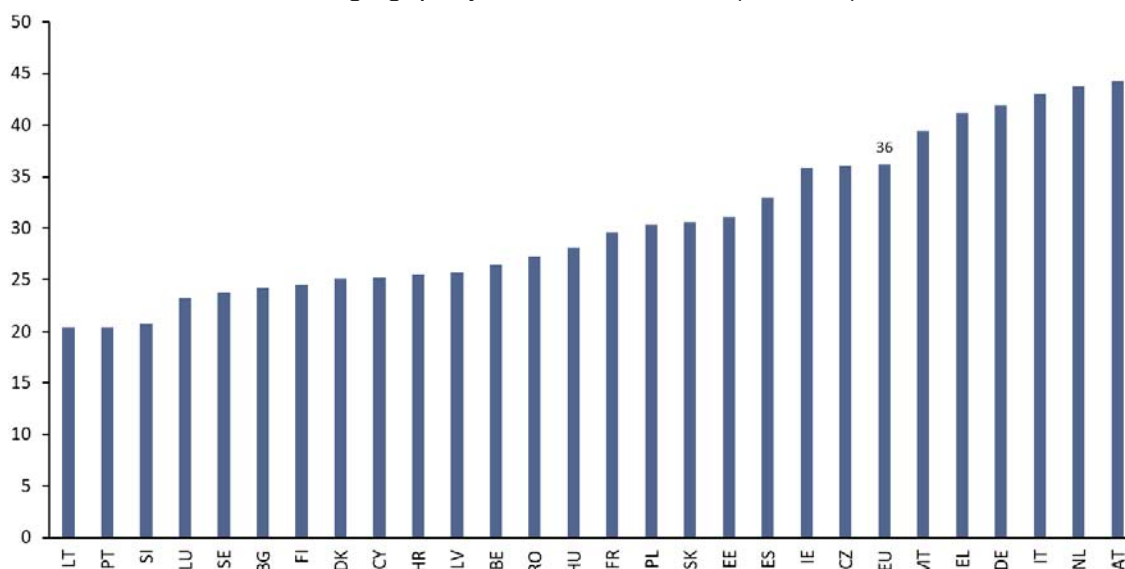
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<sup>(34)</sup> The gender pay gap is one of the key metrics for measuring gender disparities in earnings in the EU and is defined by Eurostat as the difference in average gross hourly earnings for women and men employees expressed as a percentage of gross hourly earnings for men employees. Data for 2021 might reflect atypical and temporary arrangements associated with the COVID-19 pandemic. The gender pay gap is derived from the SES, with a sample comprising employees in enterprises with more than 10 employees, with no restrictions on age or working hours.



The gender pay gap, which, as a gross hourly pay measure, does not take into account the effect of national tax systems, offers important but still limited information about the income inequalities present in the labour market (EIGE, 2019). Therefore, the gender pay gap indicator is often accompanied by other measures, enabling a wider assessment of the level of economic independence and labour market opportunities of women and men, such as the gender overall earnings gap<sup>(35)</sup>. This synthetic indicator measures the impact of three combined factors, namely (1) average hourly earnings, (2) the monthly average of the number of hours paid (before any adjustment for part-time work) and (3) the employment rate, on the average earnings of all women of working age (whether employed or not employed) compared to men. **The gender overall earnings gap in the EU is substantially larger than the gender pay gap.** In the latest available data from 2018, the gender earnings gap was 36.2 % compared to 14.4 % for the gender pay gap<sup>(36)</sup>. The difference between the two indicators reflects the gap between women and men in labour market participation (employment rates and working hours) and other inequalities in pay. Similarly to the gender pay gap, the size of the gender earnings gap varies widely across the EU (Figure 4). In 2018, the gender earnings gap ranged from 20.4 % in Lithuania and Portugal to 44.2 % in Austria.

**Figure 4.** Gender overall earnings gap, by EU Member State (% , 2018)



NB: The [gender overall earnings gap](#) is a synthetic indicator constructed by Eurostat. It measures the impact of three combined factors, namely (1) average hourly earnings, (2) the monthly average of the number of hours paid (before any adjustment for part-time work) and (3) the employment rate, on the average earnings of all women of working age – whether employed or not employed – compared to men. The latest data available is from 2018.

Source: Based on Eurostat SES data, (teqges01).

**Differences between women’s and men’s involvement in unpaid care and domestic work are central to understanding the gender pay gap and the gender earnings gap** (EIGE, 2021c). Women are more likely than men to exit the labour force and reduce their working hours due to caring responsibilities, particularly caring for dependent children (EIGE, 2015a; OECD, 2012; Ponthieux and Meurs, 2015). Mothers are particularly likely to work part-time rather than full-time in certain EU Member States such as Germany, Ireland, Luxembourg, the Netherlands and Austria

<sup>(35)</sup> For more information, see Eurostat, ‘Gender overall earnings gap’, 2023 (<https://ec.europa.eu/eurostat/databrowser/product/page/teqges01>).

<sup>(36)</sup> Although both the gender pay gap and the gender overall earnings gap are derived from SES data, the latest available data for the gender earnings gap is from 2018; the estimated gender pay gap at the same reference time of 2018 was 14.4 % ([https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Gender\\_statistics#Earnings](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Gender_statistics#Earnings)).

(OECD, 2012). The literature on motherhood earnings penalties highlights parenthood as a factor that exacerbates inequalities between women and men in pay and earnings (Budig et al., 2012, 2016; OECD, 2012). Across OECD countries, the gender pay gap increases sharply during childbearing and childrearing years (OECD, 2012).

Single parents, especially women, experience financial strain in their efforts to balance their caregiving roles and employment. Providing care as a single parent means not having a partner to rely on to help find a crucial balance between allocating time needed for childcare and time needed to obtain financial resources. These two aspects are therefore linked in a potentially vicious cycle. Being in a financially disadvantaged position reduces a caregiver's ability to obtain paid external care support, increasing the time that they need to spend on providing care and reducing the time that they have available for other responsibilities and paid work. The EIGE (2022) Survey of Gender Gaps in Unpaid Care, Individual and Social Activities <sup>(37)</sup> indicates that single-parent households experience significantly higher financial strain <sup>(38)</sup> compared to households with two parents. 33 % of lone mothers and 28 % of lone fathers indicated that they had difficulties making ends meet. In comparison, 20 % of mothers with a cohabiting father and 17 % of fathers with a cohabiting mother indicated that they had difficulties making ends meet.

Demographic developments in the EU bring a further important context to the future implications of unpaid care-related financial strains. From 2009 to 2022, the share of single-adult households with children increased by almost 20 % and constituted 6.2 million households in the EU in 2022 <sup>(39)</sup>. Furthermore, in 2022, 5.5 % of adult women aged 25–54 years were single parents with children compared to 1.1 % of adult men. During the same period, Eurostat notes a shrinking share of households composed of couples with children (31.7 million in 2009 compared to 30.6 million in 2022).

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<sup>(37)</sup> <https://eige.europa.eu/publications-resources/publications/online-panel-survey-gender-gaps-unpaid-care-individual-and-social-activities-technical-report>.

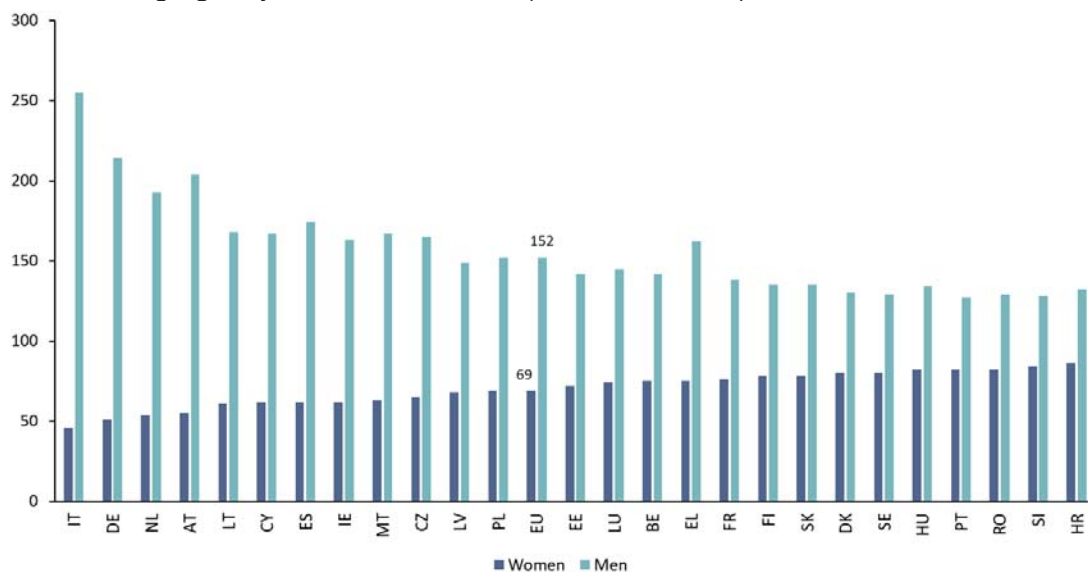
<sup>(38)</sup> The survey included a question about the household's ability to make ends meet, with answer categories ranging from 'with great difficulty' to 'very easily'.

<sup>(39)</sup> [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Household\\_composition\\_statistics&curid=29071&oldid=606220#Increasing\\_number\\_of\\_households\\_composed\\_of\\_adults\\_living\\_alone](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Household_composition_statistics&curid=29071&oldid=606220#Increasing_number_of_households_composed_of_adults_living_alone).



The concept of relative resources is particularly important in couple relationships, with earning less than a partner associated with reduced bargaining power and influence over decision-making (Hobson, 1990; Huber et al., 2009; Vogler and Pahl, 1994). From this perspective, the absolute level of earnings of the individual should be compared to their partner's earnings or to a wider household income. Looking at earnings as a percentage of a partner's earnings for adults living in couple households in the EU in 2019 (Figure 5), **in all EU Member States women reported earning on average less than their partner** <sup>(40)</sup>. The reverse is true for men: in all EU Member States, coupled men indicated earning on average more than their partner. From the perspective of financial independence, men may be in a better position than women in terms of bargaining power and decision-making because they tend to be the higher earner in relationships.

**Figure 5.** Median earnings expressed as a percentage of a partner's earnings for coupled women and men of working age, by EU Member State (% , 18–64, 2019)



NB: Couple households are defined according to whether the individual had a partner (based on partner ID). Based on aggregate earnings over the reference period (annual).

Source: Authors' calculations based on EU-SILC microdata.

<sup>(40)</sup> This analysis was not restricted to different-sex-couple households, so this will include some relationships where, for example, women are partnered with other women.

Looking across key subgroups (Table 2), there is on average a larger earnings gap between younger women and their partner than that between older women and their partner. In the youngest age group (18–24), women indicate earning on average less than half of what their partner earns (44 %). Although men indicate having higher earnings than women across all age groups, the smallest difference between men’s earnings and their partner’s is noted among the youngest age group of men <sup>(41)</sup>. In the youngest age group (18–24), men indicate earnings that are 1.36 times larger than their partner’s. Differences are also observed according to education. Earnings differentials relative to a partner are most pronounced for the low education group, where women earn on average 54 % of their partner’s earnings and men earn on average 171 % of their partner’s earnings. Differences between women and men in earnings relative to a partner are more pronounced in households with dependent children, where women earn on average 53 % of their partner’s earnings and men earn on average 189 % of their partner’s earnings. Differences are more pronounced for women and men from an immigrant background, with women earning on average 50 % of their partner’s earning.

**Table 2.** Median earnings expressed as a percentage of a partner’s earnings for coupled women and men of working age, by age group, education level, immigration status and presence of dependent children (% , 18–64, EU, 2019)

Characteristic	Women	Men
<b>Age group</b>		
18–24	44	136
25–49	59	169
50–64	85	157
<b>Education level</b>		
Low (ISCED 0–3)	54	171
Medium (ISCED 4–5)	61	155
High (ISCED 6–8)	75	178
<b>Household type</b>		
Couple with children	53	189
Couple with no children	88	129
<b>Immigration background</b>	50	182

NB: Couple households are defined according to whether the individual had a partner (based on partner ID). Based on aggregate earnings over the reference period (annual). Immigrant background is defined as having a country of birth different from country of residence. Dependent children include all people aged under 18 as well as people aged 18 to 24 years, living with at least one parent and economically inactive. The latest data available is used, avoiding the years 2020 and 2021, which were not analysed because they might reflect atypical and temporary arrangements associated with the COVID-19 pandemic. ISCED, International Standard Classification of Education.

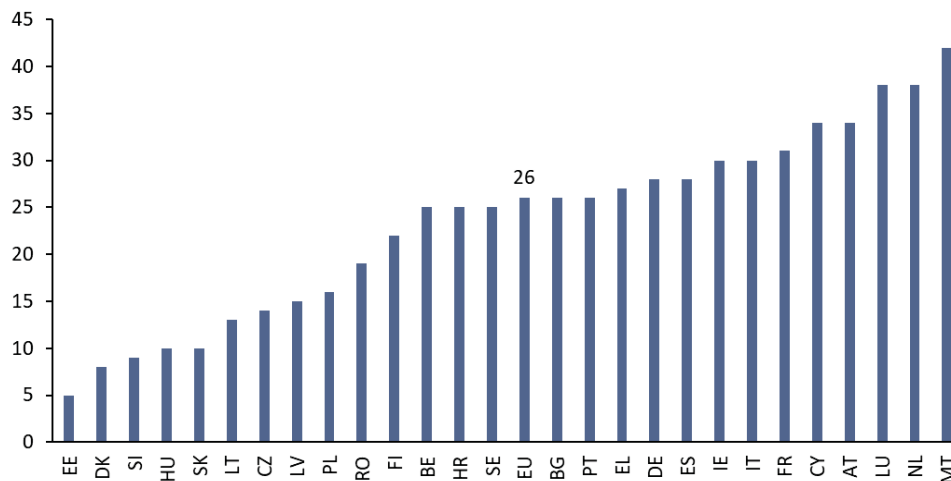
Source: Authors’ calculations based on EU-SILC microdata.

<sup>(41)</sup> The latter statistics should take into account the age difference between women and men in forming partnerships; for example, in 2021, the mean age at first marriage was 34.7 years for women, but 36.9 years for men (<https://ec.europa.eu/eurostat/databrowser/view/tps00014/default/table?lang=en>).

### 3.1.3. In all EU Member States, women receive lower income from pensions than men

From a life course perspective, the gender pensions gap ‘can be understood as the sum of gender inequalities over a lifetime’ (EIGE, 2015b, p. 4). In 2022, data from Eurostat shows that the pension income of women in the EU aged 65+ was 26 % lower than that of men (Figure 6). It also shows a very wide variation across EU Member States, ranging from 5 % lower in Estonia to 42 % lower in Malta.

**Figure 6.** Gender pensions gap, by EU Member State (% , 65+, 2022)



NB: The gender pensions gap is the difference in pension income (from old-age benefits and victims' benefits as well as regular pensions from individual private plans) for men and women expressed as a percentage of pension income for men  
Source: Eurostat (EU-SILC), (ilc\_pnp13).

The gender pensions gap reflects the cumulative effect of factors such working hours, time out of the labour market and labour market segregation over someone's working life, as well as retirement age (relative to life expectancy) and pensions policy in each Member State (Bettio et al., 2013). As with the gender pay gap (Boll and Lagemann, 2018), only a relatively small proportion of the gender pensions gap in the EU can be 'explained' with reference to the observed characteristics of women and men of retirement age (defined in the study as 65+) (Bettio et al., 2013). Similarly to the motherhood earnings penalty, the gender pensions gap is greater for women who have raised children, with the gap increasing along with the number of children raised (Bettio et al., 2013). Given the size of the gender pensions gap in the EU, older women are a particularly vulnerable group from the perspective of financial dependence, particularly given high rates of poverty among people of retirement age compared to the working age population (EIGE, 2015b) and the fact that it may be difficult to secure new sources of income after retirement.

### 3.1.4. In the EU, aggregate income is lower for women than for men, particularly in older age

Depending on an individual's life circumstances (age, household composition, labour market participation), they may receive income from a variety of sources, including earnings, pension, state benefits, interhousehold transfers and income from assets (investments, rental income, etc.). Differences between women and men in aggregate income (i.e. income from all sources) are important to understand from the perspective of financial independence because earnings and/or pension income may be augmented by other sources of income (e.g. state transfers, interhousehold transfers, income from assets), boosting an individual's financial position, bargaining power and consumption abilities. For example, interhousehold transfers may be received from an ex-spouse or partner (alimony and/or child support), other family members (for instance, parents or children living in other households) or a non-resident partner. However, there is limited harmonised data on income from interhousehold transfers at the individual level in EU Member States (EU-SILC contains data at the household level). Little is known, therefore, about how these forms of income differ for women and men and the extent to which they are pooled and shared with other household members.

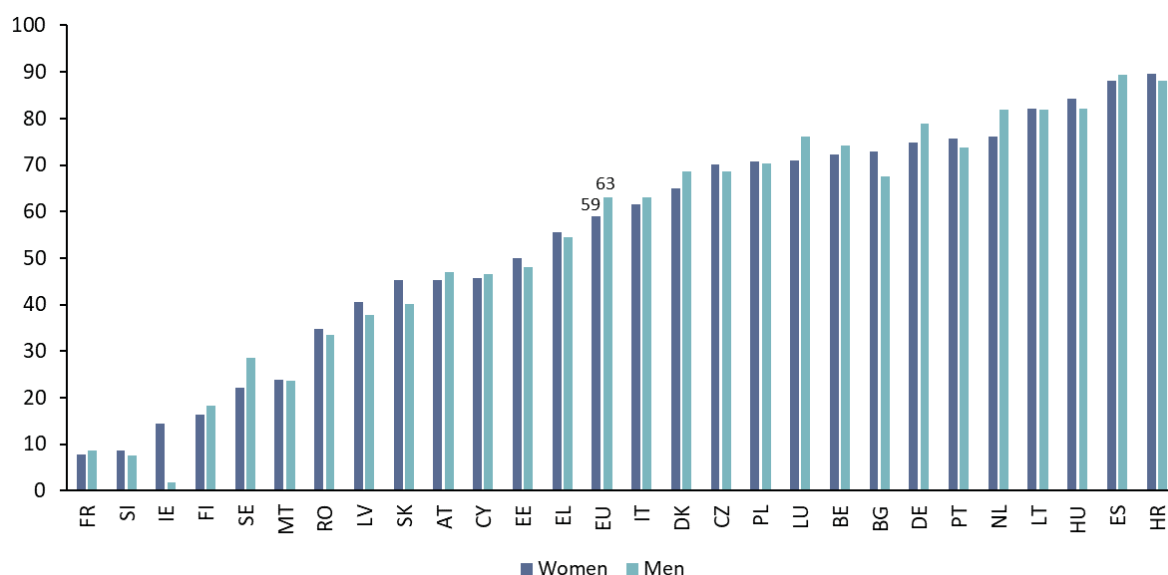
Taking all the aspects discussed so far into account, a large gender gap in aggregate income would be expected. However, aggregate individualised income is difficult to estimate for several reasons. First, certain sources of data on income are available only at the household level; for example, some sources of income documented in EU-SILC are captured only at the household level (see Annex 2 for more detail).

A second reason why it is difficult to estimate aggregate individualised income is that the extent of income pooling <sup>(42)</sup> and income sharing <sup>(43)</sup> is often unknown, and these processes may have a large impact on the income available to individuals. The main source of information about income pooling and income sharing in EU Member States is the EU-SILC 2010 ad hoc module on the intrahousehold sharing of resources (Eurostat, 2012; Ponthieux, 2013). This module provides harmonised data on income pooling (but not strictly income sharing) in EU Member States, but there is a lack of more recent data on this issue. Data from the 2010 module shows that while income pooling is fairly common in EU Member States, it is far from universal (Ponthieux, 2013). Across the EU, 59 % of women and 63 % of men report keeping none of their personal income separate from the common household budget (i.e. pooling all their personal income) (Figure 7). A range of factors have been associated with greater propensity to pool income, including having a low level of education (Hamplova and Le Bourdais, 2009; Hiekel et al., 2014), being married (Beznoska, 2019; Evans and Gray, 2021; Hamplova and Le Bourdais, 2009; Hiekel et al., 2014; Ponthieux, 2013; Vitali and Fraboni, 2022), being in a long-term relationship (Bonke and Uldall-Poulsen, 2007; Hiekel et al., 2014), having no intention to break up with your partner (Hiekel et al., 2014), living as part of a single-earner couple and being part of a dual-earning couple where one partner earns much more than the other (Ponthieux, 2013).

**Figure 7.** Percentage of women and men in multi-adult households who report keeping none of their personal income separate from the common household budget, by EU Member State (% , 18+, 2010)

<sup>(42)</sup> Combining income into a common household pool.

<sup>(43)</sup> Using income (whether pooled or not) for joint household purchases and/or to support other household members.



NB: Based on an individual-level question about how personal incomes are treated (PA010); percentage answering, 'none of my personal income [is kept separate from the household budget]'. The definition of personal income used by Eurostat is 'income which first passes through the hands of the respondent in the household' (Eurostat, 2012, p. 6).

Source: Authors' calculations based on EU-SILC microdata.

A third challenge in estimating aggregate individualised income is that there may be challenges estimating gross <sup>(44)</sup> and/or net income <sup>(45)</sup>, as required. The distinction between gross and net income is important for understanding gender inequalities, because research shows that tax–benefit systems redistribute income between women and men, reducing gender gaps in income (Avram and Popova, 2022; Doorley and Keane, 2020). Most studies that calculate individualised income focus on income after taxes and transfers (Avram and Popova, 2022; Corsi et al., 2016; Doorley and Keane, 2020; Karagiannaki and Burchardt, 2020; Meulders et al., 2012; Mysíková, 2016; Ponthieux, 2017). Net income is a better reflection of the resources available to individuals than gross income and is therefore more relevant from the perspective of financial independence. However, in datasets such as EU-SILC, there is incomplete information about gross/net income, and the availability of such data varies across countries. For this reason, some studies use the EUROMOD microsimulation model to provide more precise estimates of net income in EU Member States (Avram and Popova, 2022; Doorley and Keane, 2020).

<sup>(44)</sup> Income before taxes and transfers.

<sup>(45)</sup> Income after taxes and social transfers; also referred to as disposable income.

These data limitations make it more difficult to estimate individualised measures of income that account for (gender) inequalities in income within as well as between households. Without this information, previous studies have relied on certain assumptions about how income is treated within the household (Ponthieux, 2017). A common approach in the literature, described as the minimum income-pooling approach (Avram and Popova, 2022), assumes that 'personal' income is retained by the individual whereas 'household' income is pooled and shared equally with other adult household members. There are some minor differences in how 'personal' and 'household' income are defined across studies, partly reflecting data unavailability (i.e. information about certain sources of income may be available only at the household level). However, broadly speaking, earnings and benefit income received by the individual are deemed 'personal' income and income from family/household benefits, capital and interhousehold transfers are classified as 'household' income.

Variations of the minimum income-pooling approach are applied in several studies (Avram and Popova, 2022; Cantillon et al., 2016; Corsi et al., 2016; Karagiannaki and Burchardt, 2020; Meulders et al., 2012; Mysíková, 2016; Ponthieux, 2017). Some examine differences between women and men, identifying a large gender gap in individualised income (Corsi et al., 2016; Meulders et al., 2012). Analysing EU-SILC data from EU Member States (EU-27) for 2007–2012, Corsi et al. (2016) find that the gender gap in individualised annual net income across the EU (the difference between women's and men's average incomes expressed as a percentage of men's incomes) is 47 % (data is not reported at the country level). Using data from EU-SILC 2006, Meulders et al. (2012) analyse gender differences in individualised annual net income for adults <sup>(46)</sup> in eight EU Member States <sup>(47)</sup> and the UK. This study shows that the gender gap in individualised annual net income ranges from 20 % in Sweden to 45 % in Luxembourg.

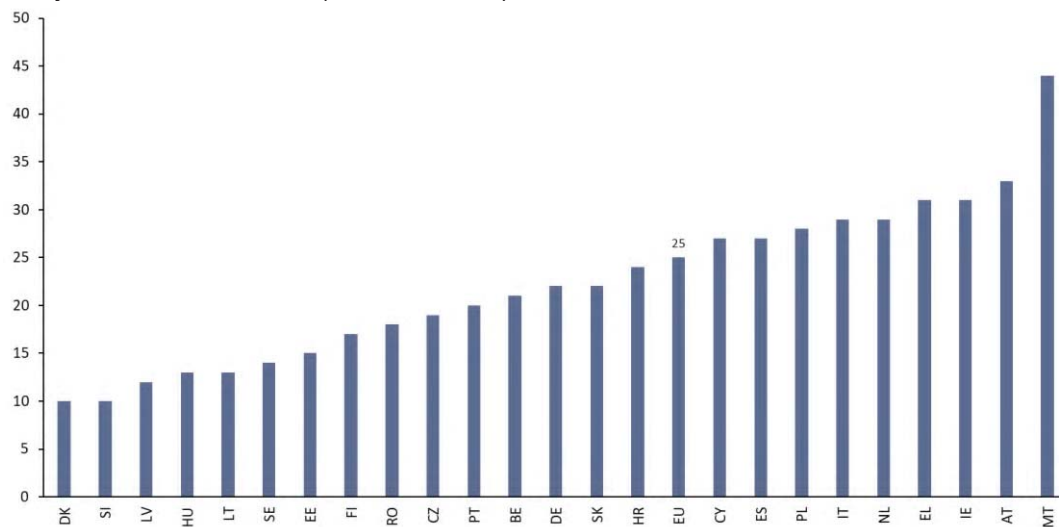
In line with the literature, a measure of the gender gap in mean individualised annual net income was developed for the purpose of this report. It is based on the individual's estimated propensity to pool their personal income (rather than assuming that all personal income is retained by the individual). The gender gap in aggregate individualised annual net income according to this measure is 25 % across the EU, meaning that, on average women have a quarter less income than men. There is wide variation across EU Member States in the size of the gender gap in aggregate individualised annual net income, ranging from 10 % in Denmark and Slovenia to 44 % in Malta (**Error! Reference source not found.**). The average gender gap in aggregate individualised annual net income across EU Member States is somewhat smaller using this measure compared to previous estimates (Corsi et al., 2016). This may reflect the fact that **income pooling redistributes income between women and men**, a fact obscured by assuming that all personal income is retained by the individual (as per the minimum income-pooling approach). However, discrepancies may also relate to the year(s) of data analysed and other methodological differences.

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<sup>(46)</sup> Aged 18+, although adults aged 18–24 were excluded from the sample if they were not active in the labour market.

<sup>(47)</sup> Belgium, Ireland, Spain, France, Luxembourg, Austria, Poland and Sweden.

**Figure 8.** Gender gap in mean individualised annual net income based on estimated income pooling for adults, by EU Member State (% , 18+, 2021)



NB: BG, FR and LU and excluded due to lack of data availability and comparability. The **gender gap in individualised annual net income** is the difference in mean net income (i.e. after taxes and transfers) from all sources for women and men expressed as a percentage of mean net income for men. **Estimated income pooling** is a measure where the proportion of personal income pooled is based on a likelihood function developed from EU-SILC 2010 data. *Source:* Author's calculations based on EU-SILC microdata.

Individualised annual net income for women and men in EU Member States was compared using (1) **estimated income pooling** and two alternative measures of income based on assumptions made in the literature, (2) **full income pooling** and (3) **minimum income pooling**. Comparing the estimated gender gap in individualised annual net income using the three measures, it is apparent that **different approaches and methodologies used to measure individualised income have implications for understanding gender inequality**.

**Table 3.** Mean individualised annual net income for women and men and corresponding gender gaps for three different income measures (18+, EU, 2021)

Measure	Mean net income (EUR)		Gender gap (%)
	Women	Men	
Estimated income pooling	12 742.43	17 010.14	25
Minimum income pooling	12 053.94	17 443.84	31
Full income pooling	14 578.59	14 984.57	3

NB: BG, FR and LU excluded due to lack of data availability and comparability. The **gender gap in individualised annual net income** is the difference in mean net income (i.e. after taxes and transfers) from all sources for women and men expressed as a percentage of mean net income for men. **Estimated income pooling** is a measure where the proportion of personal income pooled is based on a likelihood function developed from EU-SILC 2010 data. **Minimum income pooling** is a measure where no personal income is assumed to be pooled. **Full income pooling** is a measure where all personal income is assumed to be pooled. *Source:* Author's calculations based on EU-SILC microdata.



The estimated gender gap in individual net income is smallest (3 %) using the full income-pooling measure (where it is assumed that all personal income is pooled and shared with other household members) (Table 3). In essence, the true extent of gender inequality in income is masked by the assumption of full pooling (Ponthieux, 2013). Assuming minimum income pooling (i.e. all personal income is retained by the individual), the gender gap in aggregate net income in the EU is 31 %, larger than when using the estimated income-pooling measure (25 %). Assuming that all personal income is retained (minimum income pooling) may, in fact, overestimate the extent of gender inequality in income. However, even when estimated individual net income is adjusted based on the best available data about income pooling (i.e. the estimated income-pooling measure), a sizable gender gap in individualised annual net income remains.

Despite some of the challenges associated with estimating gender gaps in income from all sources, there is **strong evidence that women in the EU have lower individualised net income than men**, although the magnitude of the difference varies across EU Member States. In addition to country variation, the size of the gender gap in income varies across population groups. For example, the research notes that in several EU Member States, **the gender gap in individualised annual net income increases with age** (Meulders et al., 2012). A similar pattern was observed for the measure of individualised net income based on estimated income pooling (



**Table 4).** In the youngest age group (18–24), women’s mean annual net income was estimated to be 15 % lower than men’s, and the size of the gap increases with age. In the oldest age group (65+), women’s mean annual net income was estimated to be 39 % lower than men’s. This reflects the employment history of older women, who, compared to younger women, faced a larger gender pay gap and were more likely to spend extended periods out of the labour market. The resulting gender pensions gap is well documented (Bettio et al., 2013).

**Table 4.** Mean individualised annual net income for women and men (estimated income-pooling measure) and corresponding gender gaps, by age group, education level and employment status (18+, EU, 2021)

	Mean net income (EUR)		Gender gap (%)
	Women	Men	
<b>Total</b>	12 742.43	17 010.14	25
<b>Age group</b>			
18–24	4 962.24	5 822.16	15
25–49	13 728.45	16 636.96	17
50–64	14 240.21	19 325.81	26
65+	13 243.49	21 756.18	39
<b>Education level</b>			
Low (ISCED 0–3)	8 774.50	12 791.85	31
Medium (ISCED 4–5)	12 166.29	15 942.59	24
High (ISCED 6–8)	19 733.34	24 563.50	20
<b>Employment status</b>			
Employed	16 745.19	18 664.79	10
Unemployed	7 879.68	8 465.15	7
Retired	14 053.40	21 438.64	34
Inactive (health)	12 287.06	12 272.89	0
Inactive (home/family)	6 211.23	11 879.67	48

NB: BG, FR and LU excluded due to lack of data availability and comparability. The **gender gap in individualised annual net income** is the difference in mean net income (i.e. after taxes and transfers) from all sources for women and men expressed as a percentage of mean net income for men. **Estimated income pooling** is a measure where the proportion of personal income pooled is based on a likelihood function developed from EU-SILC 2010 data. ISCED, International Standard Classification of Education.

Source: Author's calculations based on EU-SILC microdata.

The gender gap in individualised annual net income varies according to education. Across the EU in general (

**Table 4), the gender gap in individualised net income is larger among the low education level group (31 %), with somewhat smaller gender gaps among the medium education level (24 %) and high education level groups (20 %).** Previous research notes that the relationship between education and the size of the gender gap in individualised annual net income can vary considerably across the EU Member States (Meulders et al., 2012).

From the perspective of individual income, where all gender gaps in income from different sources accumulate, women's gainful employment can mitigate the overall income gap, as demonstrated by the gender gap in income according to economic (in)activity and employment status (

**Table 4).** Corresponding with the data on age, the gender gap in individualised net income in EU Member States is considerably larger for retirees (34 %) than for people who are in employment (or self-employment) (10 %). The largest gender gap in individualised annual net income is observed among people who are economically inactive for family reasons (48 %), showing that women are particularly financially vulnerable due to taking on unpaid care responsibilities and domestic work.

### **3.1.5. Women are at higher risk of poverty than men, particularly when intrahousehold inequalities are taken into account**

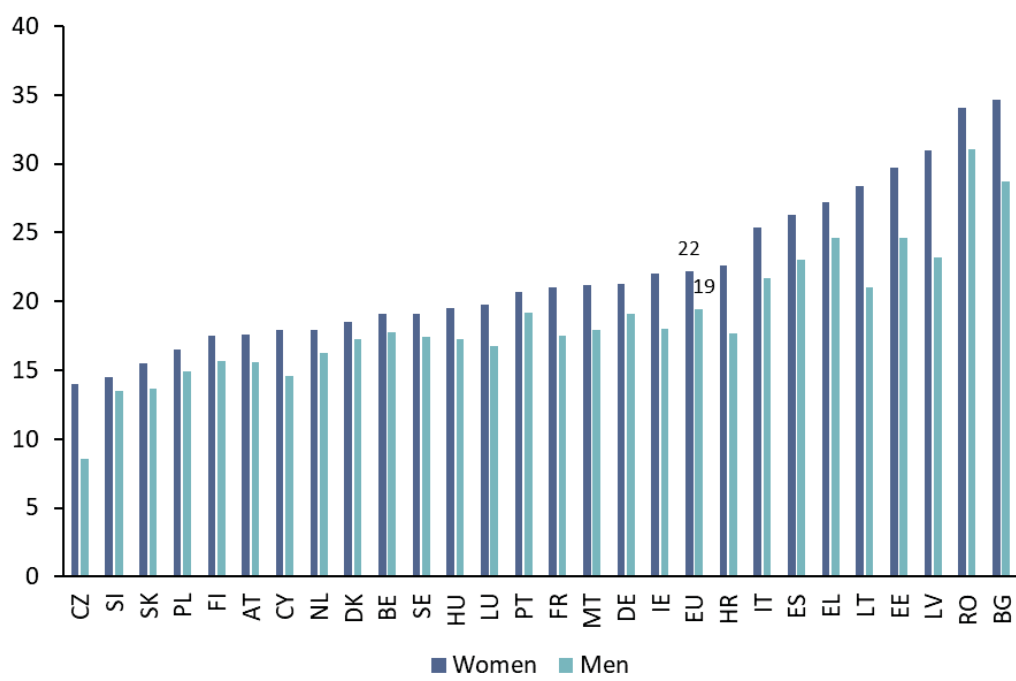
Poverty has traditionally been measured in terms of low income. The main at-risk-of poverty (AROP) measure used by Eurostat is equivalised disposable household income below 60 % of the national median. In 2022, 17 % of adult women (aged 18+) compared to 15 % of adult men were classed as AROP <sup>(48)</sup>. AROP is complemented by a new indicator: at risk of poverty or social exclusion (AROPE), which reflects material deprivation and low work intensity in addition to low income <sup>(49)</sup>. Across the EU, a slightly larger percentage of adult women (22 %) than adult men (19 %) are classed as AROPE (

<sup>(48)</sup> See Eurostat, 'At-risk-of-poverty rate by poverty threshold, age and sex – EU-SILC and ECHP surveys', 2022 data ([https://ec.europa.eu/eurostat/databrowser/view/ilc\\_li02\\_custom\\_8246232/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/ilc_li02_custom_8246232/default/table?lang=en)).

<sup>(49)</sup> The precise definition of AROPE provided by Eurostat is 'the sum of persons who are either at risk of poverty, or severely materially and socially deprived or living in a household with a very low work intensity' ([https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:At\\_risk\\_of\\_poverty\\_or\\_social\\_exclusion\\_\(AROPE\)](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:At_risk_of_poverty_or_social_exclusion_(AROPE))). People are included only once even if they are in more than one of the situations mentioned above. Severe material and social deprivation is defined as 'an enforced lack of necessary and desirable items to lead an adequate life' ([https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Severe\\_material\\_and\\_social\\_deprivation\\_rate\\_\(SMSD\)&stable=0&redirect=no](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Severe_material_and_social_deprivation_rate_(SMSD)&stable=0&redirect=no)). It is defined as the proportion of the population experiencing an enforced lack of at least 7 out of 13 deprivation items (6 related to the individual and 7 related to the household). Very low work intensity is defined as 'the number of persons living in a household where the members of working age worked a working time equal or less than 20 % of their total work-time potential during the previous year' ([https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Persons\\_living\\_in\\_households\\_with\\_low\\_work\\_intensity](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Persons_living_in_households_with_low_work_intensity)).

**Figure 9).** However, this difference assumes that women and men living within the same household have the same income and therefore the same risk of experiencing income poverty.

**Figure 9.** Percentage of women and men who are classed as at risk of poverty or social exclusion, (AROPE) by EU Member State (% , 18+, 2022)



NB: AROPE is defined as at risk of poverty (equivalised household disposable income below 60 % of the national median), severely materially and socially deprived (enforced lack of at least 7 out of 12 deprivation items) **or** living in a household with very low work intensity (working age household members worked 20 % or less of their total work-time potential during the previous year). Adults are defined as individuals aged 18 or over.  
 Source: Eurostat (EU-SILC), (ilc\_peps01n).

**Gender inequalities in the AROP rate are greater if poverty is based on individualised income rather than household income.** The percentage of women in the EU in 2021 classed as AROP based on the measure of individualised net income (income-pooling measure) is 36 % compared to 17 % when using Eurostat estimates based on household income. The percentage of men classed as AROP using the individualised net income measure is also higher than Eurostat estimates based on household income (24 % v 15 %), but the difference is less pronounced. This finding aligns with previous studies that calculate AROP based on individualised income (Corsi et al., 2016; Meulders et al., 2012). In all EU Member States included in the analysis conducted by Meulders et al. (2012) (Belgium, Ireland, Spain, France, Luxembourg, Austria, Poland and Sweden) the poverty rate for women is higher using this individualised approach than when using the standard AROP approach. For men, differences in estimated poverty risk using the two approaches are much smaller (Meulders et al., 2012). Similarly, Corsi et al. (2016) find that individualised poverty among women aged 18+ in the EU in 2012 (43 %) is considerably higher than estimates using the standard AROP approach (17 %). Similar results have been found for material deprivation in the EU. Measuring material deprivation at the household level appears to underestimate women's deprivation (Karagiannaki and Burchardt, 2020). In short, **the true extent of women's poverty and deprivation may be hidden by assuming an equal distribution of resources within the household.**

### 3.2. Across the EU, evidence points to notable gender gaps in wealth

This section presents evidence on gender inequalities in assets and liabilities in EU Member States. Reflecting the lack of harmonised data on assets and liabilities at the individual (rather than household) level in EU Member States (Box 2), the evidence is weighted towards certain Member States, notably Germany, where data is available to generate more precise estimates of gender gaps in wealth.

#### **Box 2.** Data sources on gender inequalities in assets and liabilities in the EU

There is a lack of harmonised data on individualised wealth (assets and liabilities) in EU Member States. The main dataset on assets and liabilities, the Household Finance and Consumption Survey (HFCS) from the European Central Bank, provides detailed information about a range of assets and liabilities at the household level, but not at the individual level. National-level survey data and/or administrative data provides information about individual (as opposed to household) ownership of assets and liabilities in certain Member States, including Germany (the Socio-Economic Panel (SOEP) and France (Patrimoine). Harmonised data is available from the World Bank Global Findex Database (2017 and 2021) on saving and borrowing behaviour. Further information can be found in Annex 2.



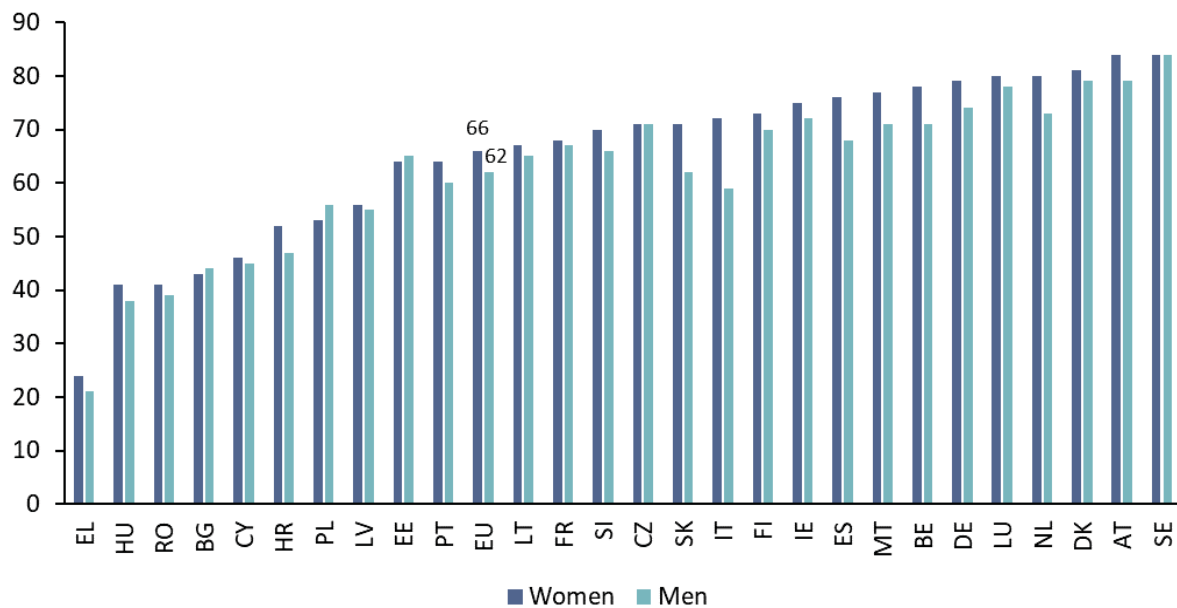
### 3.2.1. Across the EU, women and men are similar in terms of saving and borrowing money in the past year

Data from the World Bank Global Findex Database (2017) shows that, across the EU, **women are slightly more likely than men to have saved money in the past year** (66 % v 62 %). This pattern is observed in most EU Member States (

**Figure 10**), except in Bulgaria, Estonia and Poland, where the percentage of men who report saving money is slightly higher than that of women. Although the observed gender differences in savings are not large, the finding is somewhat unexpected given that, overall, women have lower earnings and lower overall income than men. This data may reflect differences in men's and women's values and how important saving is to them in managing finances. It is also important to recognise the limitations of this indicator, as it does not show **how much** money women saved compared to men or whether these were joint or individual savings, both of which are important to understand from the perspective of financial independence.

A comparable indicator is available relating to the percentage of women and men who report **borrowing money** in the past year. Across the EU, **women are more likely than men to report having borrowed money in the past year** (54 % v 46 %). This pattern is observed in all EU Member States except Bulgaria, where the proportions are equal (Figure 11). The largest disparities between women and men who report borrowing money are observed in Estonia, the Netherlands and Portugal. However, there are, again, limits to what can be inferred from this indicator. First, it does not reveal the magnitude of borrowing and differences between women and men. Secondly, this indicator does not distinguish between different forms of borrowing, some of which may reflect financial vulnerability and difficulties making ends meet, whereas others, such as a mortgage, may be a means of accruing wealth that is only available to individuals with a certain level of income. In addition, this indicator does not distinguish between borrowing for personal and business reasons (see Figure 13 for an indicator on borrowing for business reasons).

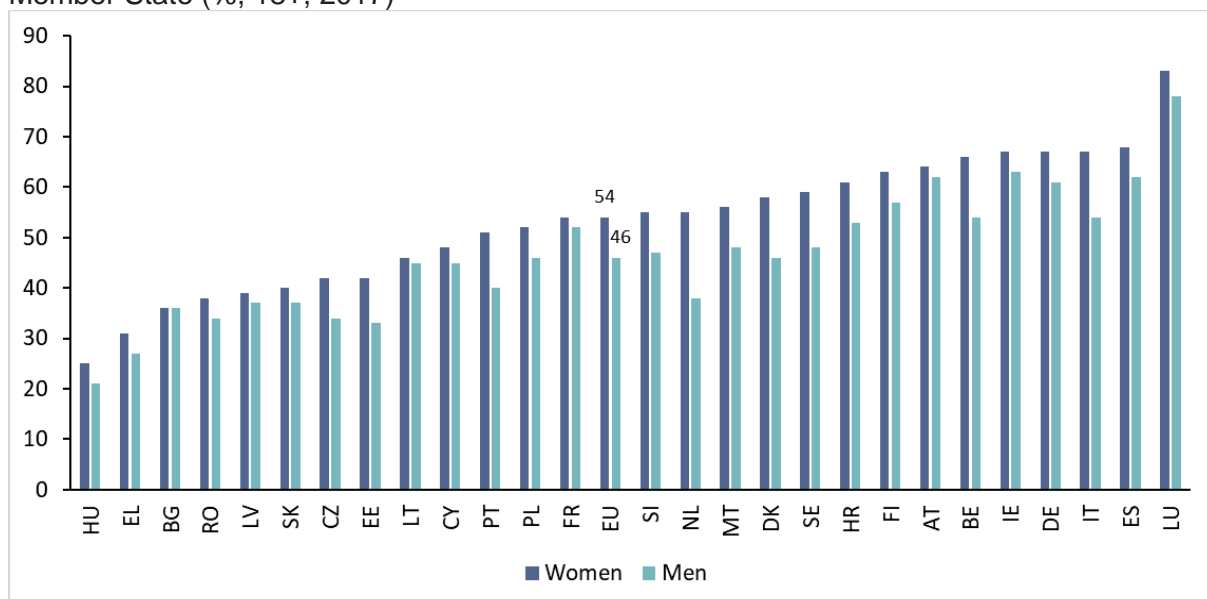
**Figure 10.** Percentage of women and men who report saving money in the past year, by EU Member State (% , 18+, 2017)



NB: Based on a binary variable (saved) indicating that the respondent personally saved or set aside money in the past year, including using an account at a financial institution or via a mobile money account, savings club or person outside the family, and for any reason.

Source: Authors' calculations based on microdata from the World Bank Global Findex Database.

**Figure 11.** Percentage of women and men who report borrowing money in the past year, by EU Member State (% , 18+, 2017)



NB: Based on a binary variable (fin21\_t\_a) indicating whether the respondent, personally or together with someone else, borrowed money in the past year, including from a bank or financial institution, via a mobile money account, from family or friends, or from an informal savings group, and for any reason.

Source: Authors' calculations based on microdata from the World Bank Global Findex Database.

### 3.2.2. Gender gap in wealth is documented in majority EU Member States

The gender wealth gap is often defined as the difference in women's and men's average assets and liabilities expressed as a percentage of men's average assets and liabilities. However, how the

gender wealth gap is defined across different studies varies. Some studies measure the gender wealth gap in terms of the ratio of women's average assets and liabilities relative to men's.

**A gender wealth gap to the detriment of women has been documented across multiple EU Member States.** Reflecting the lack of harmonised individual-level data on assets and liabilities in EU Member States (see Box 2), some studies derive comparative estimates for multiple countries by focusing on single-adult households (Schneebaum et al., 2018) or comparing households headed by women and men (Sierminska, 2017). Using data from the 2010 Household Finance and Consumption Survey (HFCS), Schneebaum et al. (2018) estimate the gender wealth gap for single adults aged 18–60 across eight EU Member States <sup>(50)</sup> to be 32 %, with country estimates ranging from 8 % in Slovakia to 49 % in Germany. The study finds that gender wealth gaps among single adults are largest at the upper end of the wealth distribution that is, among the wealthiest single adults. Another study conducted for the European Commission finds that across the population as a whole (i.e. including couple and other multi-adult households), households headed by women <sup>(51)</sup> have lower levels of wealth than households headed by men in all countries analysed (Sierminska, 2017). Analysing HFCS data for 2010/2011 for 12 EU Member States <sup>(52)</sup>, the study finds that the ratio of wealth for households headed by women compared to households headed by men is 0.73 across all countries analysed, ranging from 0.91 in Slovakia to 0.51 in the Netherlands.

**Individual country studies (based on individual-level data on assets and liabilities) have identified gender wealth gaps to the detriment of women** in Germany (Sierminska et al., 2010), Estonia (Meriküll et al., 2021), France (Bonnet et al., 2013; Frémeaux and Leturcq, 2020) and Italy (D'Alessio, 2018). Using data from the German Socio-Economic Panel (SOEP) (2002), Sierminska et al. (2010) estimate the gender gap in net wealth in Germany to be 31 % <sup>(53)</sup>. In France, the gender gap in wealth grew over the period 1998–2015, attributed in part to greater individual (rather than joint) ownership of assets within couples (Frémeaux and Leturcq, 2020). Another study (using data from 2003–2004 and 2009–2010) estimates the gender gap in wealth in France to be 15 % (Bonnet et al., 2013). Using HFCS data for Estonia, Meriküll et al. (2021) estimate that the gender gap in net wealth amounts to 45 %. In Estonia, the gender gap in net wealth is predominantly located at the upper end of the wealth distribution (Meriküll et al., 2021).

**Although there is known to be a gender wealth gap among single adults (Schneebaum et al., 2018), the gender wealth gap is also driven by intrahousehold inequalities in multi-adult households.** Analysis of cross-sectional data from the French survey Patrimoine over the period 1998–2015 shows a trend towards greater individualisation of assets in couple households (Frémeaux and Leturcq, 2020). Using data from SOEP for 2007, Grabka et al. (2013) analyse the gender gap in net wealth for married/cohabiting female–male couples in Germany. The findings show that it is relatively uncommon for both partners to have equal net wealth (19 % of the sample). The most common scenario for female–male partnerships in Germany is the man being wealthier than the woman (52 %) (Grabka et al., 2013). In Austria, the size of the within-couple wealth gap (for

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<sup>(50)</sup> Belgium, Germany, Greece, Spain, France, Austria, Portugal and Slovakia.

<sup>(51)</sup> The study categorises households as being headed by a woman or a man according to the most financially knowledgeable person in the household.

<sup>(52)</sup> Belgium, Germany, Greece, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Poland, Portugal and Slovakia.

<sup>(53)</sup> Gender wealth gaps are reported in this study in monetary amounts; this was used to calculate the gender wealth gap as a proportion (the difference between women's and men's wealth as a proportion of men's wealth).

female–male couples) increases across the distribution, that is, it is larger for wealthier couples (Rehm et al., 2022), a pattern also observed in Germany (Grabka et al., 2013).

**The gender gap in net wealth is largest for married couples, especially if they have children –** pointing to the significance of the gendered labour market history in shaping wealth profiles (Section 3.2.4). Research has found an association between marriage and wealth accumulation. Married individuals typically accrue more wealth than individuals who have never married or who have experienced marital disruptions. This has been termed ‘the marriage premium’ (Lersch, 2017). However, literature on the marriage wealth premium tends to focus on household-level wealth, neglecting intrahousehold differences. There is research to suggest that marriage’s financial benefits are different for men and women. Men often see gains in various assets such as real estate, insurance, pensions, business holdings and tangible assets. For women, marriage tends to enhance wealth mainly through joint investment in home ownership (Lersch, 2017).

The literature suggests that the gender wealth gap is comparatively large among married individuals. A study from Germany estimates that the gender gap in mean wealth is 29 % <sup>(54)</sup> among single adults compared to 36 % among married individuals (Sierminska et al., 2010). A study from Estonia finds that the gender wealth gap is statistically significant among individuals living in couple households but not among single adults (Meriküll et al., 2021). The gender wealth gap is noted to be larger among couples with children than among couples without children (Meriküll et al., 2021).

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<sup>(54)</sup> Gender wealth gaps are reported in this study in monetary amounts; this was used to calculate the gender wealth gap as a proportion (the difference between women’s and men’s wealth as a proportion of men’s wealth).

**Marital property regimes play an important role in shaping the distribution of wealth within households.** The literature suggests that common property regimes <sup>(55)</sup> act as a safeguard against large intrahousehold differences in wealth (Frémeaux and Leturcq, 2020). This has been observed in a French study that explored the impact of legal status and property regimes on wealth accumulation and the gender wealth gap. Analysing longitudinal data from the French Wealth Survey (2015–2018) for couples with different legal statuses and property regimes, the study found that married couples, particularly those with a separate property regime, accumulated more wealth than cohabiting couples. However, among married couples with a separate property regime, the woman partner's share of household wealth was observed to be the lowest (Frémeaux and Leturcq, 2020). Research using Survey of Health, Ageing and Retirement in Europe (SHARE) data <sup>(56)</sup> also shows that in the event of a partner's death, representing both a large emotional and a financial shock to the dependents, the use of a will is associated with an increased probability of the surviving partner retaining wealth. This is of particular importance given that research shows a significant drop in income among newly widowed women, and given that poverty in retirement is a major risk among widowed women <sup>(57)</sup>. The latter research also notes that will usage varies significantly across countries (e.g. 5 % of decedents in Czechia, but 72 % in England) and that spouses are typically included in the wills, with more notable exceptions being Poland and Greece (where 36 % and 23 % of decedents explicitly excluded their spouse, respectively).

There is also research to suggest that **marital property regimes can mitigate uneven losses of wealth after the dissolution of marriage.** A study in Germany investigated changes in household wealth following relationship dissolutions, using data from SOEP for the years 2002 to 2017. The findings revealed that both women and men experienced a decrease in per capita household wealth after divorce, with no significant gender differences in the extent of wealth loss. Conversely, the dissolution of cohabiting unions was linked to wealth losses for women but not for men (Boertien and Lersch, 2021). Unequal wealth distribution within marriages and cohabiting unions, and variations in financial outcomes after relationship dissolutions, underscore the importance of considering legal frameworks and property arrangements to ensure financial independence for both women and men. This is particularly relevant amid the changing landscape of marriage, where alternative partnerships are gaining ground as traditional marital structures become less prevalent. In recent years, there has been a decline in the crude marriage rate, which represents the number of marriages per 1 000 people in a given year (Figure 12Error! Reference source not found.). At the same time, there is a growing trend in the adoption of legal alternatives to marriage, such as registered partnerships <sup>(58)</sup>.

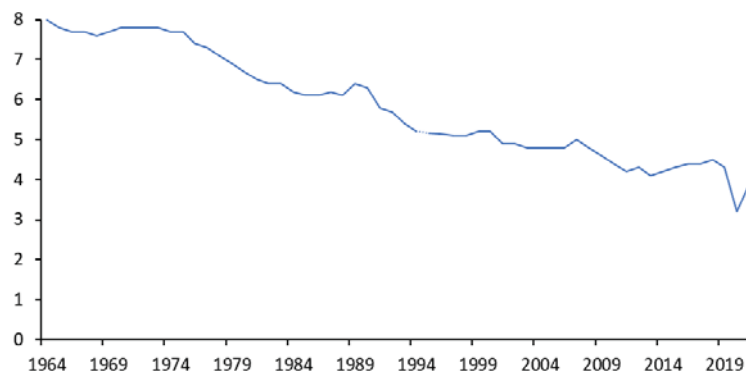
<sup>(55)</sup> Where assets and debts are jointly owned by spouses and divided equally between parties on dissolution of a marriage.

<sup>(56)</sup> See SHARE (Survey of Health, Ageing and Retirement in Europe), 'The connection of wills and wealth in the context of national intestacy laws', 2020 (<https://share-eric.eu/research-results-details/the-connection-of-wills-and-wealth-in-the-context-of-national-intestacy-laws>).

<sup>(57)</sup> See SHARE (Survey of Health, Ageing and Retirement in Europe), 'The connection of wills and wealth in the context of national intestacy laws', 2020 (<https://share-eric.eu/research-results-details/the-connection-of-wills-and-wealth-in-the-context-of-national-intestacy-laws>).

<sup>(58)</sup> [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Marriage\\_and\\_divorce\\_statistics#Fewer\\_marriages.2C\\_fewer\\_divorces](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Marriage_and_divorce_statistics#Fewer_marriages.2C_fewer_divorces)

**Figure 1.** Crude marriage rate in the EU per 1 000 people, 1964–2021



NB: No data available for 1995 and 1996 (dotted line). Data up to 1990 excludes French overseas departments; Cyprus data included from 2019. Crude marriage rate for 2021 is an estimate.

Source: Eurostat, (demo\_nind).

### **3.2.3. The size of the gender wealth gap varies across different types of assets and liabilities**

**The gender wealth gap is larger in relation to financial assets than property**, a trend observed in several EU Member States (Sierminska, 2017), including Germany (Lersch, 2017) (

**Table 5**), France (Bonnet et al., 2013) and Italy (D'Alessio, 2018). This may be because property is more likely than financial assets to be jointly owned in couple households and/or other multi-adult households. A study from France (Bonnet et al., 2013) showed that men's financial wealth exceeded that held by women by 37% in 2009 and the gap was even higher for securities (stocks and bonds). Across the EU, **men are more likely than women to invest in riskier financial assets, including their own businesses, which may have higher rates of return** (Meriküll et al., 2021; Sierminska, 2017). In the EU-15, the ratio of shares and mutual funds (classed as riskier assets) held by women relative to those held by men is 0.58, indicating that women have considerably less wealth from these type of assets (Sierminska, 2017).



**Table 5.** Mean values of women's and men's assets and liabilities and corresponding gender gaps (18+, Germany, 2019)

Asset type	Mean value (EUR)		Gender gap (%)
	Women	Men	
Financial assets: savings accounts, bonds, shares	16 558.54	27 189.77	39
Residential assets: owner-occupied property	108 629.60	119 885.00	9
Aggregate wealth: tangible assets and investment properties as well as financial and residential assets	143 308.80	185 741.00	23
Residential debt: owner-occupied property	17 192.18	20 297.88	15
Private debt: personal credit debt, personal loans	1 886.67	4 097.61	54
Aggregate debt: debts relating to investment property as well as residential and private debt	22 631.43	31 165.56	27

NB: The **gender wealth gap** is defined as the difference in the mean value of women's and men's assets/liabilities as a percentage of the value of men's. Different definitions of the gender wealth gap are used in the literature, but this approach is consistent with how Eurostat defines the gender pay gap.

Source: Authors' calculations based on SOEP microdata.

Evidence from Germany shows that, while women have on average fewer assets than men, they also have less debt (the gender gap on aggregate debt is 27 %). The fact that men have on average more debt than women does not necessarily indicate that they experience greater financial strain. As shown in

**Table 5**, in Germany most debt is accounted for by residential debt (mortgages), which are ultimately a means of accruing wealth, accessible only to those with a certain level of capital. However, gender gaps are observed in relation to private debt (54 %) as well as residential debt (15 %). A literature review summarising findings from the international literature on gender and debt explains that men are more likely to have debts related to bankruptcies and public debts, unpaid alimony and high-cost expenditures such as televisions and cars, whereas women are more likely to have debts related to credit cards (Callegari et al., 2020). In female-male partnerships, the higher earning partner (disproportionately the man) is more likely to make decisions about debt and borrowing (Callegari et al., 2020). ‘Coerced debt’ refers to situations where non-consensual debt is associated with coercive control in intimate relationships (Adams et al., 2020b), highlighting that debt can form part of economic violence (see Chapter 4 for more information about economic violence). While men are more likely to be decision-makers when it comes to debt, women are more likely to be responsible for debt management (Callegari et al., 2020), corresponding with the wider literature about women’s larger role in day-to-day money management (Bennett, 2013). There is limited evidence on whether the financial burden of debt (debt repayments) is shared (equally) in couple households, including in cases where the debt officially ‘belongs’ to one partner.

### 3.2.4. Differences in women’s and men’s labour market participation is a key factor contributing to the gender wealth gap

**More equal labour market participation among women and men is associated with a smaller gender wealth gap.** In Germany, the gender gap within married/cohabiting female–male couples is smaller in couples in which the woman has more work experience (Grabka et al., 2013). In female–male married couples in western Germany <sup>(59)</sup> and the United Kingdom where the woman is aged 55+, the woman’s spells outside the labour market and part-time employment are associated with greater wealth inequality: ‘the gender wealth gap to the disadvantage of women was largest in couples with a gender-traditional division of labour’ (Nutz and Gritti, 2022, p. 566). Among female–male couples in western Germany, the wealth gap was 13 pp higher for couples with a stable woman homemaker than dual-earner couples. The importance of (full-time) labour market participation for women’s wealth is also confirmed by other studies (Bonnet et al., 2013; Grabka et al., 2013; Sierminska et al., 2010).

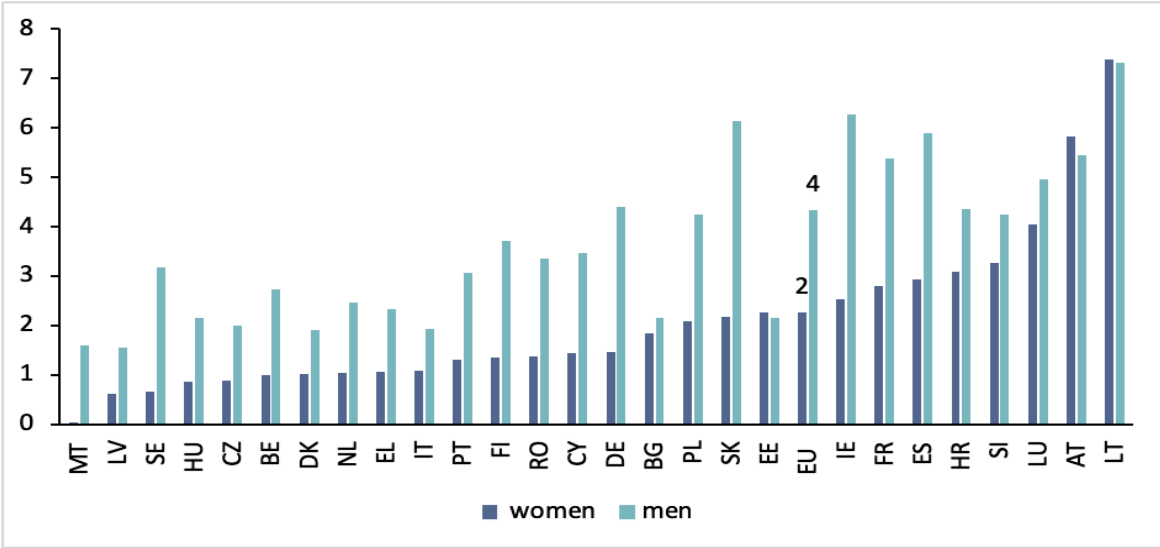
**Self-employment and entrepreneurship are additional factors that have been linked to the gender gap in wealth.** The higher prevalence of self-employment and entrepreneurship among men has been posited in the literature as an explanation for the fact that gender wealth gaps tend to be highest at the top end of the wealth distribution (Grabka et al., 2013; Meriküll et al., 2021; Sierminska et al., 2010). National-level studies from Germany (Sierminska et al., 2010) and Estonia (Meriküll et al., 2021) show that men have vast more business wealth <sup>(60)</sup> than women. In Germany, men are estimated to have five times as much business wealth as women (Sierminska et al., 2010). In Estonia, the gap is even greater, with men estimated to have nine times the amount of business wealth as women (Meriküll et al., 2021). Across the EU as a whole, women constitute 34 % of the self-employed population and 30 % of start-up entrepreneurs (European Economic and Social Committee, 2022). All-men teams receive 92 % of venture capital funding in the EU (European Economic and Social Committee, 2022).

<sup>(59)</sup> The study excludes observations from eastern Germany on the grounds that welfare policy and life experiences were different for older generations in eastern Germany from those in western Germany.

<sup>(60)</sup> Business wealth refers to the value of assets and liabilities of businesses owned by an individual.

As noted in the BPfA (Area F, point 155) (United Nations, 1995), ‘**insufficient attention to gender analysis has meant that women’s contributions and concerns remain too often ignored in economic structures**’, such as financial markets and institutions, labour markets, economic and social infrastructure, and taxation and social security systems, which, as a result, means that policies and programmes may continue to contribute to inequalities between women and men. EIGE’s data on women and men in decision-making shows that, in 2023, women were highly under-represented among the key decision-makers of the financial institutions in the EU <sup>(61)</sup>. Furthermore, although accessibility of finance is crucial to the creation, development and survival of an enterprise (de Andrés et al., 2021), women still face many barriers to accessing credit and venture capital (Pavlova and Gvetadze, 2023). Data from the World Bank Global Findex Database (2017) shows that, across the EU, **women are less likely than men to have borrowed for the purpose of starting, operating or expanding a farm or business** (see Figure 13Error! Reference source not found.).

**Figure 2.** Women and men who borrowed to start, operate or expand a farm or business in the past 12 months (% , 15+, 2017)



NB: Based on a binary variable (fin21\_t\_a) indicating whether a respondent used their account at a formal financial institution for farming/business purposes only or for both farming/business purposes and personal transactions (% , aged 15+).

Source: Authors’ calculations based on microdata from the World Bank Global Findex Database.

**Gender gaps in accessing finance are due to various (supply-side) reasons**, including higher rejection rates of women, higher interest rates encountered by women, and negative gender stereotypes and discrimination of, or at times an (un)intentional bias against, women entrepreneurs (Delgado Coelho et al., 2022; Pavlova and Gvetadze, 2023). For example, analysis of loan contracts between microfirms and banks in Italy reveals a consistent trend of women encountering higher interest rates when securing loans (Alesina et al., 2013). These discrepancies persist even after controlling for various characteristics of the banks, borrowers and the banking sector. Similarly, de Andrés et al. (2021) find evidence that points to implicit gender discrimination in credit markets.

<sup>(61)</sup> [https://eige.europa.eu/gender-statistics/dgs/indicator/wmidm\\_bus\\_fin\\_wmid\\_fineur](https://eige.europa.eu/gender-statistics/dgs/indicator/wmidm_bus_fin_wmid_fineur).

**Several gender gaps in accessing finance are attributed to other structural gender inequalities**, such as gender gaps in levels of financial resources, gender stereotypes, differences in women's and men's financial knowledge and confidence, and wider cultural barriers that are the result of deeply entrenched and manifold gender biases in countries with higher gender inequality. For example, women's reduced access to finance is linked to their lower assets/collateral with which to apply for credit (Delgado Coelho et al., 2022). Although women face challenges in accessing finance in various national contexts (Delgado Coelho et al., 2022), research on women entrepreneurs in 17 countries in Europe <sup>(62)</sup> noted that they were more likely to avoid formal loan applications in countries where gender bias was more pronounced (Ongena and Popov, 2016). Instead, women entrepreneurs tended to opt for informal finance in these countries. The study (Ongena and Popov, 2016) hypothesised that women are avoiding the formal credit market due to the fear that their applications will be denied, although this hypothesis could not be substantiated by the study data. A study based on data from over 80 000 Spanish companies that were started by sole entrepreneurs between 2004 and 2014 corroborated the findings of the Ongena and Popov (2016) research, however, providing evidence that, for women who did seek a loan, the probability of it getting approved in the founding year was significantly lower than for men seeking a loan (de Andrés et al., 2021). The literature highlights several aspects that contribute to reducing gender gaps in entrepreneurship, such as entrepreneurial education, social entrepreneurship and a supportive institutional and sociocultural context, including tackling gender stereotypes, family and community support, and supportive welfare systems (Cardella et al., 2020a). The role that family circumstances play in fostering women's entrepreneurship is also being increasingly documented (Cardella et al., 2020b).

**Individual income, of which labour income (from employment or self-employment) is often a key component, is also associated with the gender wealth gap.** Evidence from Germany (Sierminska et al., 2010), Estonia (Meriküll et al., 2021) and France (Bonnet et al., 2013) shows that higher individual income (from all sources) is associated with greater wealth for both women and men (Meriküll et al., 2021). One study finds that, in Estonia, women seem to accumulate wealth better than men do at the same level of income (Meriküll et al., 2021). For female–male couples in Germany, women's higher individual income (from all sources, averaged over a 5-year period) is associated with a smaller intrahousehold gender wealth gap (Grabka et al., 2013). In France, the labour market situation and income of women and men (estimated jointly) is the most important explanatory factor contributing to the gender wealth gap (Bonnet et al., 2013). A similar pattern is observed in a second multi-country study covering 12 EU Member States <sup>(63)</sup> (Sierminska, 2017).

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<sup>(62)</sup> Bosnia and Herzegovina, Croatia, Czechia, Germany, Greece, Hungary, Ireland, Lithuania, North Macedonia, Poland, Portugal, Romania, Russia, Serbia and Montenegro, Slovakia, Slovenia, Spain.

<sup>(63)</sup> Belgium, Germany, Greece, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Poland, Portugal and Slovakia.

**The gender wealth gap increases with age.** Sierminska (2017) notes that while women and men start with similar (relatively low) levels of wealth, the gender gap increases with age, a pattern also observed in other studies (D'Alessio, 2018). For partnered individuals in Germany, women's wealth as a share of couple's wealth increases with age (Grabka et al., 2013), which might appear to contradict the overall trend for the gender wealth gap to increase with age. This points to the vulnerability of older single women (including women who are separated, divorced or widowed), who may have a particularly weak wealth profile. Across a range of EU Member States, divorced women are estimated to have around 30 % to 40 % of the wealth of divorced men (Sierminska, 2017). It is unclear how far the pattern observed in Germany of partnered women's share of household wealth increasing with age is replicated in other EU Member States. This may at least partly reflect a cohort effect whereby older women are more likely to come from couples with a traditional division of labour where they are compensated for their unpaid work in the home (Grabka et al., 2013).

**Table 6.** Gender gaps across different types of assets and liabilities, by age, education level and household type (%), 18+, Germany, 2019)

	Financial assets	Residential assets	Aggregate wealth	Private debt	Residential debt	Aggregate debt
<b>Overall</b>	39	9	23	54	15	30
<b>Education level</b>						
Low (ISCED 0–3)	– 35	– 19	– 9	60	41	16
Medium (ISCED 4–5)	10	– 11	– 4	31	– 2	44
High (ISCED 6–8)	24	22	34	64	13	25
<b>Age group</b>						
18–24	– 11	*	*	40	*	*
25–49	51	– 1	20	52	3	16
50–64	42	13	27	59	22	44
65+	36	20	25	18	31	25
<b>Household type</b>						
Single adult	50	– 19	18	22	12	42
Lone parent	– 18	10	24	76	20	30
Couple without children	19	12	21	44	6	22
Couple with children	60	18	29	64	20	30
Other household	53	– 13	1	67	– 25	9

\* Data (i.e. residential and aggregate assets/liabilities) is omitted for the 18–24 age group due to low levels of property ownership (i.e. too small a sample) in this age group.

NB: The **gender wealth gap** is defined as the difference in the mean value of women's and men's assets/liabilities as a percentage of the value of men's. Negative values indicate that average (mean) wealth in that group is higher for women than for men. ISCED, International Standard Classification of Education.

Source: Authors' calculations based on SOEP microdata.

Evidence from across the EU shows that the gender gap in wealth is also associated with differences in women's and men's education (Sierminska, 2017). Descriptive analysis of SOEP data (**Table 6**Table 6) indicates that, in Germany, it is primarily women with a higher level of education who are disadvantaged in terms of assets, compared to their men counterparts. The gender wealth gap in Germany is estimated to be 34 % for individuals with a high level of education, whereas among individuals with a low (–9 %) and medium (–4 %) level of education the gender gap is relatively small and negatively signed, indicating that average wealth is higher for women than men in these groups. It is unclear exactly why a comparatively large gender wealth gap is observed for individuals with a high level of education. This could stem from a range of factors, including employment and occupational segregation, self-employment and entrepreneurship, financial literacy and propensity to save or to invest in riskier assets. In Austria, in female–male partnerships where the woman is the most financially knowledgeable person in the household, there is lower intrahousehold wealth inequality (Rehm et al., 2022). Using data from the OECD-INFE survey for 13 countries including seven EU Member States <sup>(64)</sup>, Cupak et al. (2021) find that investment in riskier assets is predicted by both financial literacy and confidence in one's financial knowledge and skills. Given gender differences in both financial literacy and confidence (see Section 2.3.6), these factors may contribute to the gender gap in wealth. Gender stereotypes may also contribute to differences between women and men in financial decisions and wealth accumulation strategies.

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<sup>(64)</sup> Germany, Spain, Croatia, Hungary, the Netherlands, Austria and Finland.

### 3.3. Individual income affects decision-making and the balance of power in the household

This section summarises the evidence on gender inequalities in power and control and how these play into the issue of financial independence in EU Member States.

#### **Box 3.** Data sources on gender inequalities in power and control in the EU

In terms of access to resources, there is harmonised data on access to a bank account in EU Member States from EU-SILC and the World Bank Global Findex Database. Multiple sources of harmonised data on the financial literacy of women and men in EU Member States are available, including a recent Eurobarometer (2023) on the topic. The EU SILC 2010 ad hoc module provides data on decision-making in multi-adult households. This is disaggregated according to the type of decisions: everyday shopping, children's expenses, purchases of durables, borrowing money, making use of savings and general decisions. This data, as well as data on decision-making available from the Gender and Generations Survey (GGS), is specific to couple households. In terms of expenditure, the main source of information about consumption patterns in the EU, the Household Budget Survey, (HBS) contains only household-level information. The Luxembourg Income Study (LIS) also includes data on consumption expenditure across a range of items for a large number of EU Member States, but, again, this is at the household rather than the individual level. EU-SILC contains harmonised data on capacity to consume certain items (including due to lack of financial resources), used to construct indices of material deprivation. At the Member State level, data on individual expenditure is available from the Danish Expenditure Survey (DES) (Bonke and Browning, 2006; Bonke, 2015). In this survey, participants allocate expenditure on goods and services to the household or to specific individuals. Administrative data from some Member States, for instance Germany (Beznoska, 2019), also provides individual-level data on expenditure. Further information on data sources relating to power and control can be found in Annex 2.

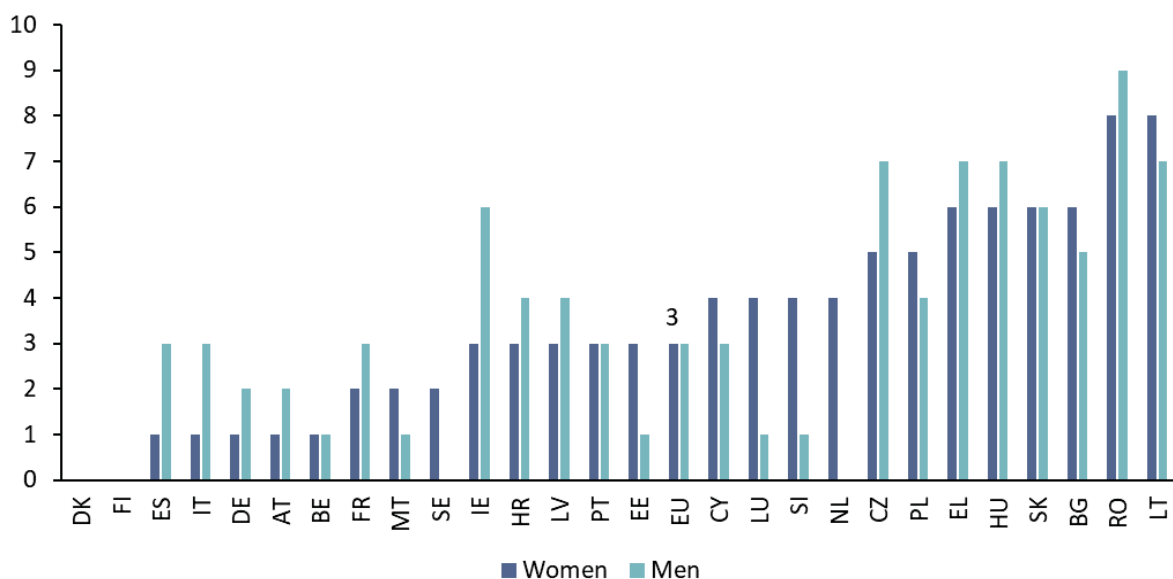
#### 3.3.1.



### 3.3.2. It is rare for adults in the EU not to have access to a bank account, and there is no consistent gendered pattern

Having access to a bank account is arguably a prerequisite for financial independence, since, without this, one would be reliant on someone else for making any kind of financial outlay. In 2017, **the percentage of men and woman in the EU who reported not having a bank account because a family member already has one was low** (3 % for both women and men in 2017). In specific Member States such as Lithuania and Romania, the percentage is higher but there is no consistently gendered pattern (Figure 14). From the perspective of financial independence, it may be important to have access to an individual (as opposed to joint) bank account. Qualitative research conducted in 2006 with women and men living in low-income households in the United Kingdom found that having an individual bank account was identified as an important dimension of financial autonomy by women but less so by men (Bennett and Sung, 2013). Having an individual bank account gave women privacy and autonomy concerning their financial matters and meant that they did not need to justify their spending or consult their partner before making an expenditure (Bennett and Sung, 2013). However, no harmonised data was identified capturing the percentage of adults in EU Member States who lack an individual bank account, have no bank account or have access to only a joint bank account.

**Figure 14.** Percentage of women and men who do not have a bank account because a family member already has one, by EU Member State (% , 15+, 2017)



Source: Authors' calculations based on microdata from the World Bank Global Findex Database.



### 3.3.3. Women are more likely than men to be involved in making everyday financial decisions, but this does not necessarily indicate control over resources

The literature on bargaining power emphasises the **importance of resources in shaping an individual's ability to make autonomous decisions and have a 'say' in household matters**. In the EU-SILC 2010 ad hoc module, coupled women and men were asked whether decision-making on different financial aspects was balanced, or whether decisions were made more often by them or by their partner. Responses varied greatly across different types of financial decisions (

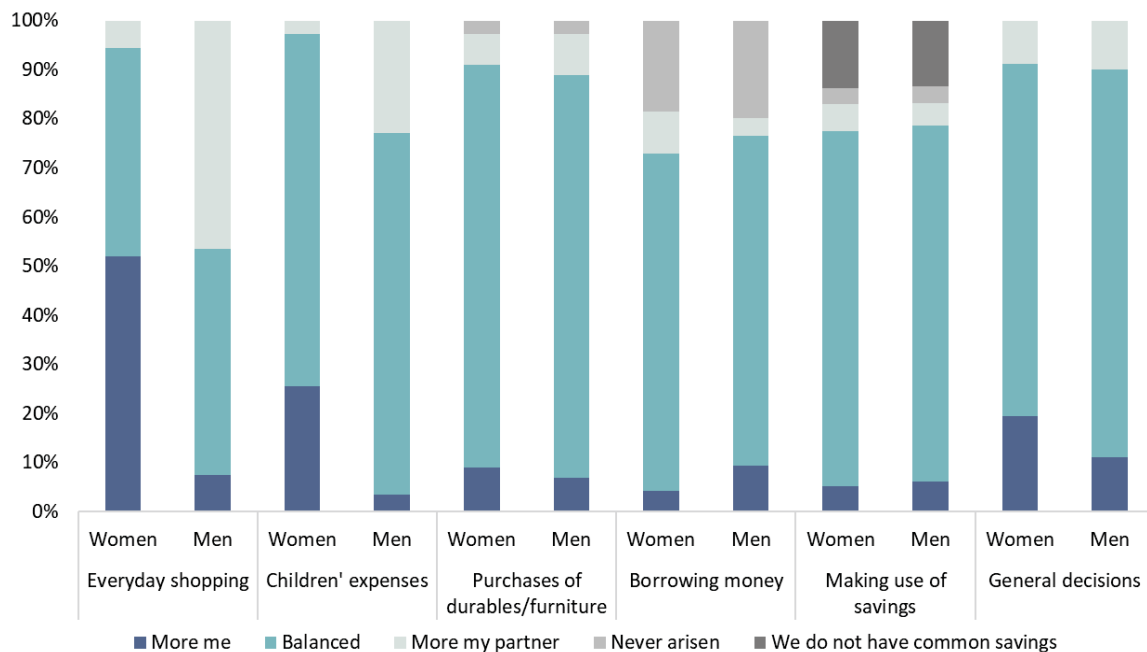
**Figure 15).** Decision-making in couple relationships is most likely to be balanced when it relates to general decisions and decisions about expenditure on consumer durables and furniture. Decision-making about saving and borrowing is balanced in most relationships. However, when decisions about borrowing are made more often by one partner, this is more commonly the man (the corresponding proportions for decisions about savings are similar for women and men). **Gender differences are most pronounced in decision-making about everyday shopping and children's expenses;** in both cases decisions are disproportionately made by women. Across the EU, less than half of women and men in partner relationships report that decision-making about everyday shopping is equal in their relationship. Analysing data from the EU-SILC 2010 module, Mazzotta et al. (2019) find that decision-making about everyday shopping is most unequal (and most gendered) in single-earner households.

A consistent finding in the literature (summarised in Bennett (2013)) is that **women tend to be more involved than men in day-to-day financial management**, which is likely to contribute to the gendered pattern observed for everyday shopping (

**Figure 15).** For some women, this may be a way of gaining more power and control when they have little or no independent income (Bennett and Sung, 2013). However, management is not necessarily the same as control (Bennett, 2013; Vogler and Pahl, 1994). Vogler and Pahl (1994) distinguish between strategic control over household finances and financial management as an executive function. The person making strategic decisions may be different from the person responsible for day-to-day money management, and this may follow a gendered pattern. As well as unequal involvement in decision-making, one person having financial control may involve them setting limits on saving or spending, or the partner having to justify or seek permission for expenditure (Bennett, 2013). Money management in couples may take the form of a 'housekeeping allowance', whereby one partner (the primary or sole earner in the household) allocates to the other a certain amount of money for household expenses, retaining the rest (Vogler and Pahl, 1994). Thus, women's greater involvement in decision-making about everyday household purchases (

**Figure 15)** should not necessarily be read as indicating greater power and control over resources. The responsibility of day-to-day financial management may be an added burden on women, particularly in low-income households, putting pressure on them to be the one responsible for making ends meet (Bennett, 2013; Chen and Woolley, 2001).

**Figure 15.** Financial decision-making by partnered women and men (% , 16+ years, EU, 2010)



NB: Data available only for adults aged 16+ living with a partner.

Source: [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Archive:Intra-household\\_sharing\\_of\\_resources](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Archive:Intra-household_sharing_of_resources) (EU-SILC).

### 3.3.4. Across the EU, a similar percentage of women and men report being able to decide about expenses for their personal consumption

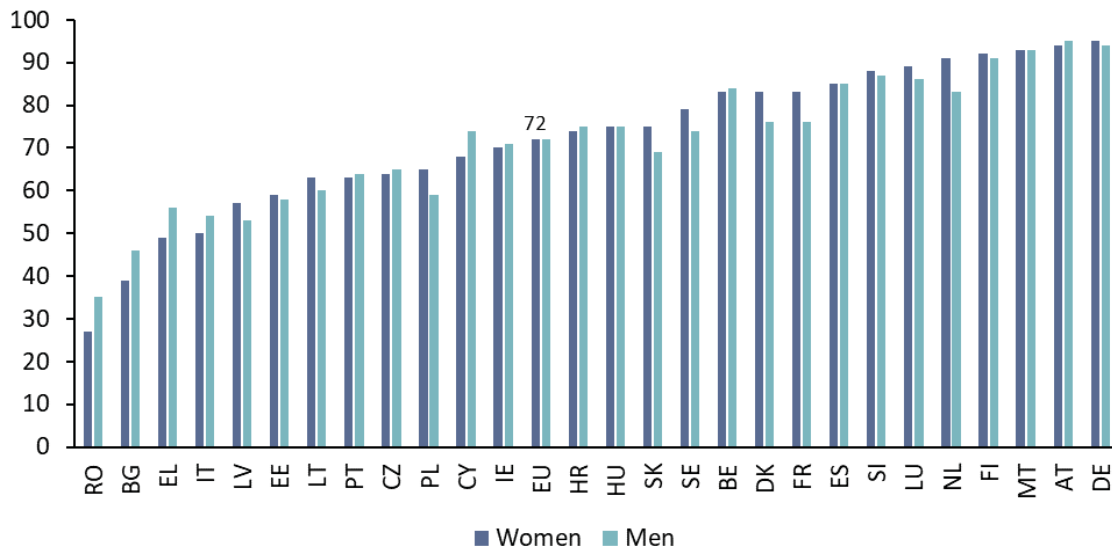
Data from the 2010 EU-SILC ad hoc module on the intrahousehold sharing of resources shows that, across the EU (EU-27), the same percentage of men and women who live with other adults (72 %) report always (or almost always) **being able to decide about expenses for their own personal consumption**. Gender differences are observed in some Member States, but not always in the same direction: in some countries, the percentage is higher for men; in other countries it is higher for women (

Figure 16

**Figure 16.** Percentage of women and men living in multi-adult households who report being able to always (or almost always) decide about expenses for their own personal consumption, by EU Member State (% , 16+, 2010)). Being able to make autonomous decisions about personal consumption may also be interpreted as being free of budgetary constraints (Ponthieux, 2013).

Ponthieux (2013) looked at the degree of intrahousehold consistency in responses to the former EU\_SILC ad hoc module question. In most couple households, both partners selected the same response to this question. However, in almost a quarter of couple households across the EU (23 %), partners gave different responses to this question. This may reflect intrahousehold inequalities in consumption power, but could also be the result of differences in how the question was interpreted by different household members (Ponthieux, 2013).

**Figure 16.** Percentage of women and men living in multi-adult households who report being able to always (or almost always) decide about expenses for their own personal consumption, by EU Member State (% , 16+, 2010)



NB: Data available only for adults aged 16+ living in a household with at least two people aged 16+.  
Source: Authors' calculation based on EU-SILC microdata.

### 3.3.5. The income an individual brings to the household affects the amount of money spent on them and their decisions about personal consumption

Although women and men in the EU living in multi-adult households are equally likely to report being able to make decisions about expenses for their own personal consumption, there is evidence to show that **the amount of income the individual brings into the household affects the amount of money spent on them and their ability to make decisions about this**. Given women's lower earnings and income than men, as described in Section 2.1, this is likely to have gender-related implications.

Data from the 2010 EU-SILC ad hoc module on the intrahousehold sharing of resources shows that, for people living in a multi-adult household in the EU (EU-28), the percentage who report always (or almost always) being able to decide about expenses for their own personal consumption is higher for people who have personal income <sup>(65)</sup> (76 %) than people who have no personal income (53 %) (Ponthieux, 2013).

<sup>(65)</sup> Having personal income is defined according to variable PA010 in the same dataset, which asks people living in households with more than one adult for the proportion of personal income kept separate from the common household budget (not having personal income is one of the response options; respondents may have interpreted 'personal income' differently in answering this question).



EU-SILC data has also been used to assess how individual income affects a person's likelihood of experiencing material deprivation. Material deprivation can be defined as a lack of consumption power relating to everyday items required to participate fully in society. Material deprivation is commonly estimated at the household level, reflecting the household's ability to afford certain things ('enforced lack'). However, EU-SILC contains data about enforced lack of certain items at the individual level. Analysis of the 2015 EU-SILC data shows that, although differences in the responses given by partners are small, they are almost always to the disadvantage of women. The largest gender differences are observed in relation to spending a small amount of money each week on yourself and having regular leisure activities. It suggests that an intrahousehold gender gap in deprivation to the women's disadvantage is more likely if only the man is in employment and if the women's share of household income is lower (Guio and Van den Bosch, 2021). Using data from the 2014 ad hoc EU-SILC module <sup>(66)</sup>, Karagiannaki and Burchardt (2020) find similar results. Their analysis shows that **the individual's share of household income is a significant predictor of their risk of experiencing material deprivation**. This provides further evidence against the unitary model of the household, that is, the idea of the household having only one set of preferences and all its members being equal in decision making power and standards of living. This analysis indicates that individual income affects each household member's ability to consume basic items, which is considered essential for social participation.

National-level datasets with sex-disaggregated individual-level data on expenditure provide insights into gendered patterns of consumption, with the caveat that the results cannot necessarily be assumed to hold across the EU. Bonke (2015) analyses intrahousehold differences in consumption for couple households in Denmark using the Danish Expenditure Survey (1999–2004), finding a fairly gender-equal split between goods reported as consumed by specific individuals (53 % of such goods are consumed by women). **The proportion of goods reported as consumed by women is positively correlated with their share of household income** ('the more she earns the more is spent on her' (Bonke, 2015, p. 90)). This holds true regardless of whether income is pooled. Even in households where income is pooled, consumption is influenced by the spouses' relative income contributions. Using administrative data from Germany (2008 and 2013), Beznoska (2019) finds that, holding household income constant, women's share of household income is associated with higher expenditure on her own clothing and footwear and less expenditure on these items for her partner/spouse.

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<sup>(66)</sup> The module on material deprivation, which contains a large number of indicators at the individual level.

### 3.3.6. Having an individual income may give greater control over resources

Evidence suggests that, for both men and women, **higher (relative) income strengthens bargaining power and control over resources**. Analysis based on the EU-SILC 2010 module finds that the more women in EU Member States earn relative to their partner, the less involved they are in decisions about everyday shopping and the greater their involvement in more strategic decisions (Mazzotta et al., 2019). Bennett and Sung (2013) found that having an independent income meant that women were able to have more of a 'say' in the use of household finances and maintain separate finances if they wished, and did not have to regularly ask for money from their partner or justify their personal spending to their partner. The link between income, bargaining power and decision-making may extend beyond consumption to other areas. Evidence suggests that women in the EU are more likely to be involved in decisions about saving and borrowing if they earn more than their partner (Mazzotta et al., 2019).

**Women's education level and labour market participation may confer greater power in decision-making, independently of their impact on income.** In couple households in the EU where women have a similar level of education to, or higher than, their partner, they are less likely to be involved in decisions about everyday shopping and more likely to be involved in more strategic decisions, including decisions about saving and borrowing (Mazzotta et al., 2019). A second study from Spain also confirms a link between women's education level and greater equality in household decision-making (Albert and Escardíbul, 2017).

### 3.3.7. Financial literacy and confidence are gendered

Vulnerabilities in financial knowledge, behaviours and attitudes can undermine individuals' financial resilience, impeding their ability to withstand and recover from financial shocks, ultimately impacting their long-term financial well-being (OECD, 2021). Several studies point to a **gender gap in financial literacy levels**, with men found to be advantaged compared to women in Germany (Bucher-Koenen and Lusardi, 2011), Spain (Aguiar-Díaz and Zagalaz- Jiménez, 2022; Arellano et al., 2018), Italy (Baglioni et al., 2018; Bottazzi and Lusardi, 2021), the Netherlands (Furrebøe et al., 2023), Finland (Kalmi and Ruuskanen, 2018) and Sweden (Tinghög et al., 2021). Data from a recent Eurobarometer survey on financial literacy in the EU (2023) <sup>(67)</sup> shows that men rate their financial knowledge higher than women do. Across the EU, 38 % of men and 24 % of women rate their financial knowledge compared to other adults in their country as high (quite high or very high). However, given that this is self-rated knowledge, differences between women and men may reflect gender gaps in confidence induced by internalised stereotypes rather than differences in knowledge and understanding.

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<sup>(67)</sup> European Commission Flash Barometer 525 (<https://europa.eu/eurobarometer/surveys/detail/2953>).

Research suggests that **men are more confident about their financial abilities than women** (Arellano et al., 2018; Bucher-Koenen et al., 2021; Tinghög et al., 2021). A survey experiment in the Netherlands in 2012 found that women were more likely than men to answer survey questions on financial knowledge by saying ‘do not know’, but, when this response option was unavailable, they often chose the correct answer, suggesting that women may underestimate their financial knowledge (Bucher-Koenen et al., 2021). Women’s lack of confidence in their financial capabilities has also been linked to gender differences in entrepreneurial intent (Dabic et al., 2012; Kakouris et al., 2018; McCracken et al., 2015). Women’s perceived lower financial skills and knowledge not only deters them from pursuing business ventures, but may also reduce their propensity to seek funding, driven by a perception of lower creditworthiness (McCracken et al., 2015).

In addition to the subjective assessment of financial knowledge, the Eurobarometer contained five questions designed to test financial literacy level <sup>(68)</sup>. Across the EU, men (34 %) were more likely than women (19 %) to get four or five answers correct (and therefore have a high level of financial literacy). Women (31 %) were more likely than men (17 %) to get no answers or only one answer correct (and therefore have a low level of financial literacy). Although the level of financial literacy varies considerably across EU Member States, the trend is strikingly consistent: **in all countries, men report a higher level of financial literacy than women** (

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<sup>(68)</sup> The questions designed to test financial literacy were as follows (correct answers in bold text):

1. “Which of the following is true? An investment with a higher return is likely to be **(a) more risky than an investment with a lower return**, (b) less risky than an investment with a lower return, (c) as risky as an investment with a lower return, (d) don’t know.
2. Now imagine the following situation. You are going to be given a gift of [€1,000] in one year and, over that year, inflation stays at 2%. In one year’s time, with the [€1,000], will you be able to buy: (a) More than you could buy today, (b) the same amount, **(c) less than you could buy today** (d) don’t know.
3. An investment in a wide range of “company shares” is likely to be: (a) more risky than an investment in a single share, (b) **less risky than an investment in a single share**, (c) as risky as an investment in a single share, (d) don’t know.
4. Imagine that someone puts [€100] into a savings account with a guaranteed interest rate of 2 % per year. They don’t make any further payments into this account and they don’t withdraw any money. How much would be in the account at the end of 5 years once the interest payment is made? **(a) More than EUR 100**, (b) exactly EUR 100, (c) less than EUR 100, (d) don’t know.
5. If interest rates rise, what will typically happen to bond prices? (a) They will rise, **(b) they will fall**, (c) they will stay the same, as there is no relationship between bond prices and the interest rate, (d) don’t know”.

Source: Flash Eurobarometer 525 (Monitoring the Level of Financial Literacy in the EU). English questionnaire available at: <https://access.gesis.org/dbk/75043>

Figure 17).

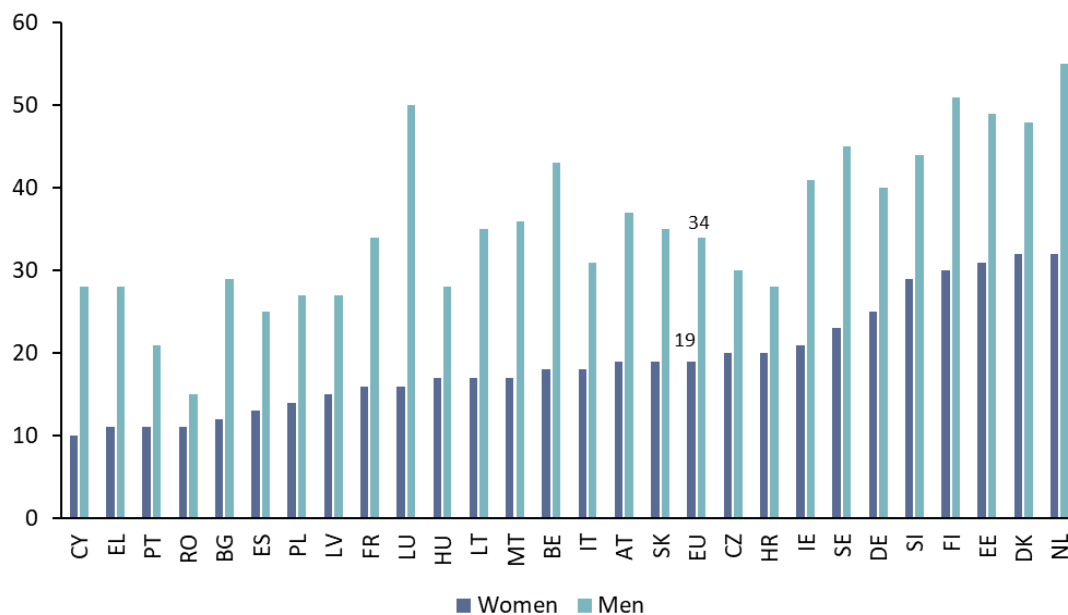
**Evidence suggests that there is no gender gap in financial literacy among schoolchildren, but that it occurs along the life path, linked to socioeconomic levels and education in STEM** <sup>(69)</sup>. Research from the Netherlands indicates that differences between women's and men's financial literacy may stem from early socialisation experiences, such as early experience of paid work, receiving an allowance and spending money without parental control (Furrebøe et al., 2023). Survey data from the Netherlands in 2018 shows differences between women and men (aged 20–79) in self-reported early exposure to economic socialisation, including receiving an allowance (reported by 70 % of women compared to 74 % of men), having more than one job between the ages of 12 and 16 (reported by 45 % of women compared to 54 % of men) and being free to spend money as they please between the ages of 8 and 12 (reported by 55 % of women and 60 % of men). In this survey, women were more likely than men to report being taught how to budget between the ages of 12 and 16 (58 % of women compared to 51 % of men). Evidence from Spain (Arellano et al., 2018) and Sweden (Tinghög et al., 2021) shows that the gender gap in financial literacy remains robust after controlling for differences in women's and men's level of confidence. In the context of strong gender differences in paid work not only in early adulthood, but also across the later life stages, gender gaps in financial literacy may be linked to these work-related experiences.

Financial literacy is closely linked to wealth accumulation (see Section 3.2.4), with research from Germany (Bucher-Koenen and Lusardi, 2011) and Finland (Kalmi and Ruuskanen, 2018) showing that financial literacy improves retirement planning, demonstrating the importance of financial knowledge and skills for financial independence over the life course. Research has also demonstrated a link between financial literacy and entrepreneurship (Bacigalupo et al., 2016; Riepe et al., 2022), emphasising that financial literacy plays a crucial role in the success and expansion of an enterprise. Entrepreneurs possessing greater financial knowledge tend to make well-informed and strategic choices, enhancing their ability to allocate resources effectively. This, in turn, bolsters their creditworthiness, resulting in greater accessibility to credit at reduced costs (OECD and Commission, 2022). Thus, women's lower levels of financial literacy can create additional barriers to business creation (see Section 3.2.4). For example, gender disparities in financial literacy have been linked to inequalities in access to finance, as lower financial literacy levels can impede individuals' capacity to recognise funding prospects for their businesses and can adversely affect their ability to pitch their business to lenders and investors (OECD, 2023).

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<sup>(69)</sup> <https://www.ebf.eu/ebf-media-centre/a-golden-key-and-not-a-silver-bullet-addressing-the-gender-gap-in-financial-literacy-as-part-of-a-broader-strategy-for-economic-empowerment/>.

**Figure 17.** Percentage of women and men classed as having high levels of financial literacy, by EU Member State (% , 18+, 2023)



NB: A high level of financial literacy is defined as answering four or five questions correctly in a test of financial knowledge.

Source: <https://europa.eu/eurobarometer/surveys/detail/2953>.

Relatively little research has explored the relationship between financial literacy and household decision-making. Research shows that, in Italy, people who are involved in managing family resources have a higher level of financial knowledge than those who are not (Baglioni et al., 2018). However, the relationship between financial literacy and household decision-making may depend on the type of decision-making, referring back to the literature discussed previously about the distinction between day-to-day financial decisions and more strategic choices about large expenditures, saving and borrowing. The literature on economic socialisation (Furrebøe et al., 2023) and money management (Baglioni et al., 2018) points to how exposure to and experiences of financial decision-making can help to increase financial literacy, underscoring the need to address broader inequalities, for instance in relation to care work and labour market participation, in addressing gender gaps in financial literacy. For example, Salmieri and Rinaldi (2020) note that, across the OECD countries, fewer girls than boys report receiving money from an allowance, working outside school hours in casual or informal jobs, working in a family business or selling things. This study highlights the strong impact of traditional gender role divisions on first job opportunities (i.e. boys are accustomed to earning money to strengthen their masculinity), which then largely shapes observed gender gaps in financial literacy.

Finally, emerging literature on digital financial literacy also emphasises the need for knowledge and skills to manage digital banking services. It also points to a number of gender gaps that arise from barriers to accessing services, cost factors, gaps in financial and digital literacy and skills, gender biases and sociocultural norms <sup>(70)</sup>.

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<sup>(70)</sup> <https://www.adb.org/sites/default/files/publication/843526/adbi-digital-financial-inclusion-and-literacy-g20-perspective.pdf>.

## 4. The impact of tax–benefit systems

### 4.1. Policies can facilitate financial independence and reduce gender inequalities by enabling and incentivising employment

**One of the key channels through which policy can facilitate financial independence is by enabling or incentivising participation in paid employment.** The relevance of employment to financial independence is clear: for most adults, earnings from employment (or self-employment) are the primary component of personal income. To the extent that tax and welfare policies weaken work incentives or otherwise contribute to low participation rates (and/or shorter working hours), they can create dependence on other sources of income (e.g. benefits, a partner's income). Policies may encourage individuals to either participate or withdraw from paid employment and work longer or shorter hours. Traditional measures of fiscal incentives are the marginal effective tax rate (METR) <sup>(71)</sup>, which affects participation at the intensive margin, and the participation tax rate (PTR) <sup>(72)</sup>, which affects participation at the extensive margin (Rastrigina and Verashchagina, 2015).

A consistent finding in the literature is that **the labour supply of married women is more responsive to financial incentives created by the tax–benefit system than the labour supply of married men.** This implies that, for example, married women may shorten working hours when tax rates increase or care provisions reduce, while married men do not change their labour market behaviour. These findings emphasise the role of gender norms and marital status in the labour supply elasticities of primary and secondary earners. Women in the EU are far more likely than men to be secondary earners in couple households due to structural gender inequalities.

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<sup>(71)</sup> The METR is the increase in taxes paid by the household resulting from a marginal increase in the earnings of a secondary earner. Secondary earners are partnered individuals who are employed but earn less than their partners.

<sup>(72)</sup> The PTR is the increase in taxes paid by the household resulting from a secondary earner entering paid employment or changing employment from a part-time to a full-time job.



A study by Bargain et al. (2014) compared the responsiveness of women and men to financial incentives to work in 17 EU Member States and the United States. This study found that, across all countries and time periods, the responsiveness of married women to financial incentives was more than twice as large as the responsiveness of married men. In line with this finding, labour supply elasticity (i.e. the extent to which labour supply responds to a change in wages) is noted to be higher among secondary earners than primary earners (Bartels and Shupe, 2021; European Commission, 2021; Rastrigina and Verashchagina, 2015). Differences in labour supply elasticities between married and unmarried women who are secondary (or primary) earners, and likewise among different groups of men, cannot be easily inferred from the aforementioned research, as comparative research is relatively scarce <sup>(73)</sup>.

Fiscal incentives created by the tax–benefit system may encourage individuals to work longer hours. METRs have been found to vary widely across EU Member States (Rastrigina and Verashchagina, 2015; Jara et al., 2017). Individuals may be encouraged to increase their earnings through various incentives created by the taxation system. The main component contributing to METRs for secondary earners in the EU is the increase in household taxation (e.g. due to progressive income tax rates) associated with an increase in their (individual) earnings (Rastrigina and Verashchagina, 2015). A high tax burden on earned income can also contribute to large METRs for secondary earners (Rastrigina and Verashchagina, 2015). **The degree to which taxation is joint or individual has a large bearing on work incentives for secondary earners** (Delgado Coelho et al., 2022; Rastrigina and Verashchagina, 2015). In most EU Member States, the unit of taxation is individual, but elements of joint taxation <sup>(74)</sup> exist in countries including Germany, Ireland, France, Luxembourg and Portugal (Rastrigina and Verashchagina, 2015). Research focusing on the United States and 17 EU Member States reveals significant disincentive impacts of joint taxation on the work hours of married women. A reduction in benefits appears to be less influential than taxation in shaping METRs for secondary earners, except in countries such as Ireland and France, where there is a strong emphasis on means-testing (Rastrigina and Verashchagina, 2015).

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<sup>(73)</sup> For example, a study on labour supply incentives of the German tax and transfer system shows that participation tax rates vary strongly by the marital status and the number of children (<https://www.ifo.de/en/publications/2020/monograph-authorship/who-has-incentive-work-participation-tax-rates-german-tax>).

<sup>(74)</sup> The calculation of tax liabilities based on the combined income of a couple, as opposed to individualised taxation, where liabilities are calculated on each person's income separately.

Research also shows that **the decision to participate in paid employment (the ‘extensive margin’) is also shaped by fiscal incentives, particularly for secondary earners, most of whom are nowadays still women** (Rastrigina and Verashchagina, 2015). Joint taxation also contributes to a higher PTR, that is, it disincentivises labour market participation for secondary earners. For example, the uptake of a so-called ‘minijob’ is attractive for secondary earners in Germany, but there are disincentives for secondary earners to extend their hours and thus income beyond ‘minijobs’ that accrue from joint taxation (Blömer and Peichl, 2020). Previous empirical investigations within individual countries have examined the prospective labour market consequences of transitioning from joint to individual taxation. These country-specific studies include Germany (Decoster and Haan, 2011), Ireland (Callan et al., 2009; Doorley, 2018), France (Kabátek et al., 2014) and Luxembourg (Doorley, 2016). The findings suggest that such a shift could lead to an estimated increase of approximately 1 % to 9 % in the labour market participation rate of married women. In addition, various studies have used a natural experiment framework to assess the incentive effects of individual taxation in different countries; for instance, research has been conducted in Canada (Crossley and Jeon, 2007), Sweden (Selin, 2014) and the United States (LaLumia, 2008). In each of these cases, individual taxation is associated with notably higher levels of labour market engagement among women.

PTRs for secondary earners in the EU have been shown to differ according to parental status (Rastrigina and Verashchagina, 2015), reflecting the high cost of childcare in some Member States (Bleijenbergh and Ciccia, 2014). One study concludes that ‘out-of-pocket childcare costs are likely to influence employment decisions as much as, if not more than, other ‘explicit’ fiscal (dis)incentives’ (Rastrigina and Verashchagina, 2015, p. 58). **Once out-of-pocket childcare costs are taken into account, there are strong fiscal disincentives for secondary partners to participate in paid employment in most EU Member States** (Rastrigina and Verashchagina, 2015). This effect is particularly strong in Member States such as Czechia, Germany, Ireland and Slovakia.

To counteract gendered patterns of (dis)incentives to participate in paid employment created by tax–benefit systems, some have argued for gender-based taxation (GBT) (Alesina et al., 2011). Proponents of GBT argue that taxing women and men at different rates is justified on the grounds that labour supply elasticity is greater for women, meaning that GBT has the potential to contribute to closing gender gaps in labour market participation, pay, earnings and care (Alesina et al., 2011; Colombino and Narazani, 2018). The positive effect on women’s labour market participation and income is supported by simulations of the potential impact of GBT in Italy (Colombino and Narazani, 2018). Overall, GBT could serve as a tool for *ex post* correction of gender-insensitive incentives or lack of incentives (e.g. lack of infrastructure, prevailing gender stereotypes). However, effective *ex ante* prevention should be prioritised, that is, removing barriers for women in the labour market, ensuring equal pay for work of equal value, providing the required infrastructure (e.g. for care provision, for mobility) to ensure access to decent employment and tackling gender stereotypes.

## 4.2. Tax–benefit systems in the EU reduce gender gaps in income, contributing to women’s financial independence

In addition to stimulating employment, tax–benefit systems may strengthen financial independence by redistributing from individuals with a high income to those with a low income. This has consistently been shown to have a gendered effect, since women have, on average, lower earnings and income than men. However, this is an *ex post* redistributive effect that does not tackle the roots of gender income inequalities.

Early influential work by Sutherland (1997) introduced a framework for examining the effect of policy on individual income, rather than household income. This allowed the gender effect of policy to be estimated, and the conclusion reached was that nearly all changes in tax and benefit policy would have implications for the relative incomes of women and men. More recent empirical work, facilitated by the development of and improvements to country-specific and cross-country microsimulation models, provides concrete evidence of how policy – mainly direct tax and welfare policy – affects gender inequality differently across countries. A common theme in this literature is that, **since women earn less, on average, than men, progressive income taxation can be expected to redistribute from men to women and thus reduce the gender gap in income.** Redistribution of income from men to women through the tax–benefit system has been found to occur within households (reducing income inequality between female–male couples) (Figari et al., 2011) as well as across the population as a whole (Avram and Popova, 2022; Doorley and Keane, 2023; Richards-Melamdir, 2021).

Avram and Popova (2022), Doorley and Keane (2023) and EIGE (2023a) use decomposition <sup>(75)</sup> and microsimulation methods to study the cushioning effect of the tax–benefit system on the gender gap in income in a range of European countries. These studies find that the tax–benefit system reduces the gender income gap, with considerable inter- and intracountry variation. Grouping countries by tax–benefit regime type, Doorley and Keane (2023) find that tax and welfare policy in southern European countries <sup>(76)</sup> closes the gender income gap by just 19 %, while policy in Denmark, Finland and Sweden closes it by 55 %. In the EU (EU-28), **a greater degree of income redistribution between women and men is achieved by the tax system than the benefit system** (Doorley and Keane, 2023). Using data from the Luxembourg Income Study for 27 countries <sup>(77)</sup> (data relating to the period 2013 to 2018), Richards-Melamdir (2021) finds that progressive taxation <sup>(78)</sup> is associated with greater income equality between women and men. Looking at redistribution between women and men in female–male couple households in eight EU Member States <sup>(79)</sup> and the United Kingdom, Figari et al. (2011) find that individual taxation is associated with greater redistribution.

Avram and Popova (2022) show that **all instruments of the tax–benefit system reduce gender inequalities in individualised income** <sup>(80)</sup>, **with the exception of old-age public pensions** <sup>(81)</sup>. Their analysis, which covers eight European countries (Belgium, Czechia, Finland, France, Germany, Romania, Spain and the United Kingdom) shows that men aged 65+ receive more benefit income than women of the same age (predominantly accounted for by public old-age pensions). Across all countries, gender income gaps are higher for individuals aged 65+ than for the working age population, reflecting the importance of income from old-age public pensions for this group and the fact that these benefits are so heavily to the advantage of men (Avram and Popova, 2022). Looking across the EU as a whole (EU-28), Doorley and Keane (2023) find that, in some countries, the benefit system actually widens the gender gap in income, reflecting the importance of public old-age pensions in the social protection system and the fact that these benefits disproportionately benefit men (Doorley and Keane, 2023).

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<sup>(75)</sup> An estimate of the contribution of different variables to the difference between two groups with respect to some outcome variable, for example the contribution of taxes and welfare to the gender gap in disposable income (Fortin et al., 2011).

<sup>(76)</sup> Defined as Greece, Spain, Italy, Cyprus, Malta and Portugal.

<sup>(77)</sup> Including 15 EU Member States: Belgium, Czechia, Denmark, Germany, Estonia, Ireland, Greece, Spain, Italy, Lithuania, Luxembourg, the Netherlands, Austria, Slovakia and Finland.

<sup>(78)</sup> Measured in the study according to a Kakwani index, which reflects the distribution of taxes in households ordered according to their income, controlling for pre-tax inequality.

<sup>(79)</sup> Germany, Greece, France, Italy, the Netherlands, Austria, Portugal and Finland.

<sup>(80)</sup> Individualised income is estimated in this study according to the minimum income-pooling approach, where sources of income received by the individual (earnings, income from individual benefits) are assumed to be retained by the individual and sources of income not easily attributable to the individual (income from capital, interhousehold transfers, family or household-level benefits) are assumed to be fully pooled and shared among household members.

<sup>(81)</sup> Private pensions are treated as part of market income, whereas public pensions are part of income from social transfers.

The effect of pensions on the gender income gap will vary across EU Member States according to differences in the pension system. In relation to old-age pensions, a crucial factor is likely to be the extent to which these are contributions linked to employment, and therefore disadvantage women, who tend to have shorter and less stable work histories than men. Avram and Popova (2022) find that gender gaps in income among individuals aged 65+ are particularly large in countries such as Belgium, Germany, Spain and France, where there is a strong emphasis on contributions and previous earnings in determining entitlements for public old-age pensions. In countries such as Czechia and Finland, where there is a greater emphasis on flat-rate benefits not linked to contribution history in the public pension system, gender gaps in income among people aged 65+ tend to be smaller (Avram and Popova, 2022). Most EU Member States have introduced pension credits to compensate for incomplete work histories associated with parenthood and other caring responsibilities. Across the OECD countries, pension credits have been shown to increase mothers' pension entitlements (reducing inequalities with men and with women without children), but not to the level where they fully compensate for incomplete work histories (D'Addio, 2012). Looking at pensions other than old-age pensions, although survivors' pensions may be regarded as inimical to financial independence (since they are based on the contributions of a deceased partner or family member), for the current cohort of older women and men who faced large inequalities in care and in the labour market they have been found to effectively reduce the gender pensions gap (OECD, 2018). However, survivors' pensions may disadvantage certain groups of women and men, such as those who are single or divorced as well as those who were married to informal workers (Sakhonchik et al., n.d.).

While tax–benefit systems reduce the gender gap in income, redistributing income from men to women (as shown by a lower gender gap in disposable income than in market income), a consistent finding in the literature is that tax–benefit systems do not eliminate the gender gap in income (Avram and Popova, 2022; Doorley and Keane, 2023). It has been argued on this basis that reforming tax–benefit systems to strengthen their (gender) redistributive capacity would only be part of the solution: 'welfare states cannot rely on taxes and transfers alone to tackle gender income inequality, but must support women's employment through the provision of public services and reducing the unpaid work done by women at home' (Avram and Popova, 2022, p. 10).

### 4.3. Tax–benefit systems affect gender gaps in income differently across the life course

The harmonised EU microsimulation model, EUROMOD, which is based on EU-SILC data (see Annex 3), was used to estimate the impact of tax–benefit systems on the gender gap in income in EU Member States. Building on earlier comparative work on the ‘cushioning’ effect of the tax–benefit system on the gender gap in (market v disposable) income (see Avram and Popova, 2022; Doorley and Keane, 2023), the analysis outlined in this report adds a new dimension by exploring how the impact of the tax–benefit system differs across the life course and according to household circumstances. Women and men living in different household constellations and at different stages in their lives may not have the same opportunities to accrue earnings, meaning that redistribution from state transfers and/or through the taxation system may be particularly important for certain groups. Population groups were disaggregated by marital status, parenthood status <sup>(82)</sup> and age to represent different stages of the life cycle (see

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<sup>(82)</sup> Unfortunately, due to a low sample size of male lone parents, it was not possible to disaggregate the single group by parenthood status.

**Table 8).**

In this analysis, the estimated income-pooling approach is applied, with the degree of income pooling and sharing estimated based on the 2010 EU-SILC ad hoc module on the intrahousehold sharing of resources. This analysis differs from previous studies, which used the minimum income-pooling approach, where sources of income received by the individual (earnings, income from individual benefits) are assumed to be retained by the individual and sources of income not easily attributable to the individual (income from capital, interhousehold transfers, family or household-level benefits) are assumed to be fully pooled and shared equally among household members (Avram and Popova, 2022; Doorley and Keane, 2023).

While taking the estimated income-pooling approach is consistent with other analysis presented earlier in this report (see Section 2.1), the treatment of income differs in that this aspect of the analysis distinguishes between income pre and post taxes and transfers (other analysis focused exclusively on income net of taxes and transfers). Another difference is that income pre taxes and transfers refers to market income, which is defined as all income earned in the labour market plus capital income (e.g. investment or rental income) plus private pensions. To assess the redistributive aspect of tax–benefit systems from a gender perspective, the gender gap in market income is then compared to the gender gap in disposable net income, that is, income after taxes and social transfers.

Across the EU, the average gender gap in market income is 19 %, ranging from 9 % in Denmark to 29 % in Ireland (Table 7). The tax–benefit system cushions the gender gap between market and disposable income by an average of 8 pp across the EU. This is largely accounted for by the taxation system (7 pp), in line with previous studies (Doorley and Keane, 2023). Social transfers (1 pp) and pensions (1 pp) both reduce the gender income gap, but account for a relatively small share of total redistribution from a gender perspective. In line with findings from the literature previously mentioned (Avram and Popova, 2022; Doorley and Keane, 2023), the tax–benefit system is found to reduce gender inequalities in income, but not eliminate them (the gender gap in disposable income is 11 % on average in the EU).

**Table 7.** Gender gaps in market and disposable income and the cushioning effects of the tax–benefit system, by EU Member State (16+, 2019)

Member State	Gender gap in market income (%)	Gender gap in disposable income (%)	Cushioning effect (pp)		
			Benefits	Taxes	Public pensions
AT	26	15	1	– 11	– 1
BE	19	10	0	– 10	1
BG	17	11	0	– 3	– 2
CY	22	16	– 1	– 4	– 1
CZ	22	12	– 1	– 6	– 3
DE	17	13	0	– 7	4
DK	9	2	– 1	– 5	– 1
EE	17	5	– 3	– 3	– 6
EL	26	16	1	– 10	– 1
ES	15	10	– 1	– 4	0
FI	15	7	1	– 7	– 2
FR	13	7	– 1	– 4	– 1
HR	12	7	0	– 3	– 1
HU	18	5	0	– 8	– 5
IE	29	20	– 1	– 11	4
IT	23	15	1	– 8	0
LT	19	9	0	– 7	– 2
LU	17	12	0	– 8	3
LV	21	10	– 2	– 7	– 2
MT	27	21	– 2	– 7	3
NL	18	9	– 1	– 10	2
PL	19	10	– 1	– 5	– 4
PT	14	7	0	– 5	– 1
RO	22	11	– 2	– 10	2
SE	19	10	– 2	– 7	0
SI	15	6	– 1	– 5	– 3
SK	21	9	– 1	– 7	– 3
EU	19	11	– 1	– 7	– 1

NB: The ‘cushioning effect’ columns show how tax, welfare and pension systems affect the gender gap in market income (when compared to the gender gap in disposable income). Summing of individual ‘cushioning’ effects from benefits, taxes and public pensions may deviate slightly from the difference in market income and disposable income gender gaps due to rounding. Countries are ordered alphabetically by two-letter code.

Source: Authors’ calculations using 2019 EUROMOD policies with EU-SILC data for 2019.

Looking across population subgroups (



**Table 8)**, gender **gaps in market income are largest among married/cohabiting couples with children** – a reflection of the fact that labour market participation rates tend to be lower and work hours shorter among mothers with young children, and do not fully recover as children get older. The gender gap in market income among partnered people with children aged under 7 averages at 19 % across the EU, while that among partnered people with children aged over 7 is slightly lower at 15 %. As a point of comparison, the gender gap in market income among partnered people without children is 10 % for individuals aged under 45 and 13 % for those aged 45 to 64. Gender gaps in market income are also relatively large for single adults aged under 45 (20 %), a group which is likely to include many single parents.

**The tax–benefit system does not reduce the gender gap in income for all groups analysed.** In line with findings for the overall population (Table 7), for most groups the tax–benefit system does reduce the gender gap in income (

Table 8

**Table 8).** This is particularly true for single adults of working age, who do not benefit from the intrahousehold redistribution achieved by income pooling and sharing. However, for adults aged 65+, regardless of their marital status, the tax–benefit system exacerbates the gender gap in income. For single adults aged 65+, the gender gap in disposable income (14 %) is larger than the gender gap in market income (8 %). In line with findings from the wider literature (Avram and Popova, 2022) <sup>(83)</sup>, **public old-age pensions exacerbate the gender gap in income.** For single adults aged 65+, public pensions increase the gender gap in income by 12 pp.

**For all subgroups analysed, the taxation system accounts for a larger proportion of the reduction in the gender gap in income than the benefit system (**

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<sup>(83)</sup> See S. Avram and D. Popova, 'Do taxes and transfers reduce gender income inequality? Evidence from eight European welfare states', *Social Science Research*, Vol. 102, 102644, 2022 (<https://www.sciencedirect.com/science/article/pii/S0049089X21001216?via%3Dihub>). The study finds that public old-age pension income received by the elderly is generally skewed towards men. The study also shows that the extent to which public pensions equalise the incomes of working age women and men varies significantly by country. For example, in Czechia and Romania, the pension income of working age women is particularly high due to higher male mortality and the low pensionable age for women in the past. In contrast, in Spain, public pension income among working age individuals is strongly skewed towards men.

**Table 8).** The impact of the benefit system is marginal for most groups, apart from single adults aged under 45, for whom the benefit system reduces the gender gap in income by 5 pp. This may reflect the eligibility of lone parents (who are disproportionately women) for benefits as well as education, housing and jobseekers support available for young people. In some countries (for instance Estonia, Latvia and Romania), there is also a noticeable cushioning effect of the benefit system among partnered individuals with children under 7 years old. This may be attributable to maternity or parental benefits or other child-related benefits.

**Table 8.** Gender gaps in market and disposable income and the cushioning effects of the tax–benefit system, by population subgroup (16+, EU, 2019)

Population subgroup	Gender gap in market income (%)	Gender gap in disposable income (%)	Cushioning effect (pp)		
			Benefits	Taxes	Public pensions
Single, aged under 45	20	7	– 5	– 8	0
Single, aged 45–64	10	– 1	– 1	– 5	– 5
Single, aged 65+	8	14	– 1	– 5	12
Married/cohabiting with children aged < 7 years	19	15	– 1	– 7	4
Married/cohabiting with children aged 7+ years	15	13	1	– 7	4
Married/cohabiting without children, aged under 45	10	8	0	– 5	3
Married/cohabiting without children, aged 45–64	13	13	0	– 6	6
Married/cohabiting, aged 65+	13	15	0	– 3	5

NB: The ‘cushioning effect’ columns show how the tax, welfare and pension systems affect the gender gap in market income (when compared to the gender gap in disposable income). Summing of individual ‘cushioning’ effects from benefits, taxes and public pensions may deviate slightly from the difference in market income and disposable income gender gaps due to rounding.

Source: Authors’ calculations using 2019 EUROMOD policies with EU-SILC data for 2019.

The evidence presented in this chapter highlights a variety of mechanisms through which policy can strengthen financial independence and reduce disparities between women and men and over the life course. The available evidence is most well developed in relation to income, one of the dimensions of financial independence (Figure 1). However, these mechanisms would also be expected to influence other dimensions of financial independence. Augmenting earnings by facilitating employment and strengthening work incentives and redistributing income via the tax–benefit system would be expected to enhance individuals’ bargaining power in the household and their ability to consume and decide about expenditure (power and control) as well as their ability to accumulate wealth (assets and liabilities).

## 5. The heavy toll of financial dependence

This chapter provides an overview of the myriad ways that financial dependence can affect women's lives, including effects on economic opportunities, health and the likelihood of experiencing domestic violence. The chapter also explores the complex links between financial dependence and economic violence, and which social factors may expose women disproportionately to both phenomena.

### 5.1. Financial dependence is an obstacle to education, employment and entrepreneurship

Engagement in any activity or opportunity that has a financial cost depends on having, or being able to access, the means to meet that cost. For individuals who are financially dependent on others, their ability to make independent choices about which activities or opportunities (with costs) to pursue is therefore constrained by the ability and willingness of those on whom they depend on to fund those costs. In this sense, financial dependence inhibits autonomous action on the part of social agents, limiting their ability to be self-determining to the extent that their choices require to be financially supported by another.

**Financial dependence can limit access to education and employment opportunities.** Education and training courses can be costly, particularly higher education (Marginson, 2016), and even engagement in free courses usually requires some financial outlay. This may include the cost of travel and educational resources such as books, computers or other materials and equipment, in addition to the opportunity cost of not being gainfully employed while enrolled in training. While employment is an important means of generating income, and thus of enhancing financial independence, participating in work also requires initial and ongoing costs to be met: the cost of travel (European Parliament, 2022), work-appropriate clothing and – for people with care responsibilities – childcare (OECD, 2022). People who lack financial independence and are unable to access the financial resources to meet these costs thus face additional barriers to improving their financial situation and gaining financial independence. **Opportunities for entrepreneurship and self-employment are also directly constrained by financial dependence** (Section 3.2.43.2.2). Gender differences in financial independence – including personal financial capital and access to financing – have been shown to be among the central factors explaining gender differences in entrepreneurial activity in the EU (European Parliament, 2015).

The implications of financial dependence for education, employment and entrepreneurship go beyond the monetary requirements of participating in these activities. The way in which financial dependence affects the balance of power in relationships may also affect an individual's ability to decide for themselves to pursue such opportunities. People who are financially dependent on others may be less free to make their own choices, raising the possibility of a 'vicious cycle' whereby a lack of financial independence makes it more difficult to pursue opportunities that would strengthen financial independence, including education, employment and entrepreneurship.

### 5.2. Financial dependence can shape physical and mental health

A wealth of evidence demonstrates a relationship between income and health. Having a higher level of income is associated with better physical (Apostu et al., 2022; Salmasi and Celidoni, 2017) and

mental health (Wahlbeck et al., 2017). Using data on self-rated physical and mental health from the Eurobarometer, Apostu et al. (2022) show that **income is one of the strongest determinants of health, particularly mental health**. The study also found that labour market participation is associated with better physical and mental health. From the perspective of financial independence, if being dependent on others results in lower income and/or reduced labour market participation, this would be expected to result in negative physical and mental health outcomes. Given income inequalities within households and the 'hidden poverty' of women (Corsi et al., 2016; Meulders et al., 2012), women may be more at risk of experiencing negative health outcomes associated with low income than would be assumed if focusing on income at the household level.

In the literature looking at how structural inequalities and power relations interact and shape the lived experiences of women and their health, Montesanti and Thurston (2015) argue that financial dependence is a key 'social determinant of health' (along with employment, housing, education and freedom of movement), and that this is profoundly shaped by gender. Within social structures characterised by power imbalances that disadvantage women, the likelihood of having one or more of the social determinants of health unmet is increased for women. For example, lower income based on structural gender discrimination in the workplace can increase women's vulnerability to financial dependence and, as a result, poor physical and mental health. Taking an intersectional perspective, Montesanti and Thurston argue that women from an ethnic minority background are at even greater risk of financial dependence and inadequate housing, education and employment opportunities, and thus of not having their basic health determinants met (2015, p. 9).

The relationship between financial dependence and health may partly operate through the way in which **dependency affects an individual's ability to access healthcare services**. Even in countries with healthcare systems providing free care at the point of need, financial resources are often required to buy certain medications and treatment and to travel to medical appointments (EASPD, 2019). Financial dependence may also, through its effect on bargaining power, affect the individual's ability to make their own choices relating to health, including accessing healthcare and/or treatment.

**Financial dependence may also limit an individual's ability to participate in activities that increase health and well-being.** While participation in physical activity and sport can help to improve physical and mental health outcomes, there is evidence to suggest that women in financially precarious situations are less able to participate. While women's participation in sport has significantly increased over the last two decades, the gender gap in sports participation remains substantial in the EU (EIGE, 2021b). An empirical study exploring levels of weekly sport participation during the COVID-19 pandemic in the Netherlands suggested that sports participation among people with fewer financial resources dropped more significantly than among those with greater financial stability (Grubben et al., 2023). Sport policies that take explicit account of intersectionality may positively influence participation in sport among all women – including those who lack financial independence – and thus help to improve physical and mental health outcomes (EIGE, 2017a, 2021b).

**'Economic coercion' may be a factor in the dynamics of sexual exploitation.** Lack of financial resources and control over them is quite a common circumstance of women engaged in prostitution, forced prostitution and sexual exploitation in the EU (European Parliament, 2014). Research from the Netherlands (Verhoeven et al., 2015) and Finland (Viuhko, 2019) indicates that economic dependency, alongside intimidation, control and violence within intimate relationships, is a risk factor for experiencing human trafficking. Economic or financial dependence may hinder people from leaving an exploitative situation because of a lack of alternatives: 'although they are not necessarily held behind locked doors, they do not have any real alternatives' (Viuhko, 2019, p. 206).



### 5.3. Financial dependence is a risk factor for domestic violence and intimate partner violence

**Evidence suggests that financial (and economic) dependence can increase the risk of experiencing various forms of domestic violence<sup>(84)</sup> and intimate partner violence<sup>(85)</sup>.** The relationship between financial (and economic) dependence and domestic or intimate partner violence appears to vary across different types of violence (physical, sexual, psychological, economic).

Bettio and Ticci (2017) analyse the relationship between women's and men's economic situation in the EU-28 and women's likelihood of experiencing different forms of violence as measured in the FRA survey on Violence Against Women (2012) (e.g. physical, psychological<sup>(86)</sup>, sexual). This study suggests that having a job may protect women from physical violence at home (by partners), but not outside the home. This analysis also shows that, among women, **having a partner who has a low level of education and/or is not employed is a risk factor for experiencing violence**, although the employment status of a partner is primarily a risk factor for **psychological violence** rather than other forms of violence. For women in the EU, being in paid work is associated with a slightly lower risk of physical violence (relative to those who are unemployed rather than economically inactive), sexual violence and psychological violence<sup>(87)</sup>. However, the effect sizes are small, and exposure to one form of violence – sexual harassment – is higher among women engaged in paid work than those not in paid work.

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<sup>(84)</sup> Domestic violence is defined in the Istanbul Convention (Article 3(b)) as 'all acts of physical, sexual, psychological or economic violence that occur within the family or domestic unit or between former or current spouses or partners, whether or not the perpetrator shares or has shared the same residence with the victim'.

<sup>(85)</sup> Defined as 'any act of physical, sexual, psychological or economic violence against women that occurs between former or current spouses or partners, whether or not the perpetrator shares or has shared the same residence with the victim' (EIGE, 2017b).

<sup>(86)</sup> In line with how data is collected in the FRA 2012 survey, economic violence is treated as a component of psychological violence but also analysed in its own right.

<sup>(87)</sup> Economic violence is treated in the Bettio and Ticci (2017) study as a component of psychological violence, although it is addressed separately in this report.

Bettio and Ticci (2017) also analyse the relationship between earnings relative to a partner's earnings and exposure to different forms of violence against women. The study shows that estimated probabilities of physical violence are lowest among women in traditional partnerships (where women earn less than their partner). The study finds that **an increased risk of physical and sexual violence is particularly notable among women who earn more than their partner** (the effect is stronger for sexual violence). For psychological violence, a u-shaped pattern is identified, with **women more likely to be exposed to psychological violence if they earn considerably less or more than their partner**. Of the two situations, earning less than their partner is still a higher risk for women than earning more (Bettio and Ticci, 2017, p. 54). Furthermore, the study notes that, when children are not present, not being in employment or earning less than a partner significantly adds to the chances of experiencing psychological violence. This study also suggests that children offer women some shield against psychological violence in female-male relationships. Another study, from Spain, identifies **being the lower earner in a relationship as a risk factor** for women for experiencing physical and psychological violence (although the effect for physical violence is not statistically significant) (Aizpurua et al., 2021), pointing to influence of national contexts.

The level of resources at the household level is also associated with women's increased risk of experiencing violence (Bettio and Ticci, 2017). The study explored the self-reported economic status of the household (living comfortably / coping / finding it difficult on present income). The findings showed that women living in households struggling to make ends meet are more likely to experience physical violence, sexual violence and psychological violence. For physical violence in particular, the risk is noted to increase steadily and significantly with each successive deterioration of the household economic situation. This indicates that the overall level of financial resources available at the household level as well as how they are distributed among household members are factors in women experiencing violence.

#### 5.4. In the EU, 1 woman in 10 is exposed to economic control or sabotage by a partner

EIGE defines economic violence as 'any act or behaviour which causes economic harm to individuals' (EIGE, 2017b, 2023). Control of an individual's ability to acquire, use or maintain economic resources, threat to economic security and potential for self-sufficiency are at the core of economic violence. In 2021, nine EU Member States <sup>(88)</sup> explicitly criminalised forms of economic violence in their laws on domestic violence.

<sup>(88)</sup> Belgium, Bulgaria, Croatia, Lithuania, Hungary, Malta, Romania, Slovenia and Slovakia. See EIGE, 'Understanding economic violence against women', 2023 ([https://eige.europa.eu/sites/default/files/documents/EIGE\\_Factsheet\\_EconomicViolence.pdf](https://eige.europa.eu/sites/default/files/documents/EIGE_Factsheet_EconomicViolence.pdf)).

Since the term economic abuse/violence first appeared in the literature in the 1980s (Pence and Paymar, 1986), there have been continuing efforts to advance its conceptualisation and measurement. Different typologies and scales for measuring economic violence have been developed (Adams et al., 2008; Adams et al., 2020a; Adams et al., 2020b; Adams et al., 2023), including the following three types of economic violence identified by EIGE (EIGE, 2023):

1. **Economic control.** This refers to preventing, limiting or controlling a victim's finances and related decision-making.
2. **Economic exploitation.** This refers to using the economic resources of a victim to the perpetrator's advantage.
3. **Economic sabotage.** This means preventing a victim from pursuing, obtaining or maintaining employment and/or education.

While typologies are helpful in demonstrating the different forms of economic violence and how these manifest, some forms of economic violence may not fall neatly into one of the three categories (e.g. are not covered by the existing categories or correspond to more than one category) (EIGE, 2023).

While both victims and perpetrators can be of any gender, economic violence is a common form of violence against women, particularly in the context of intimate relationships. As such, some definitions and conceptions of economic violence in the literature are inherently gendered. One commonly cited definition, for example, frames economic violence as 'behaviours that control a **woman's** ability to acquire, use, or maintain economic resources, thus threatening her economic security and potential for self-sufficiency' (Adams et al., 2008, emphasis added).

#### Box 4. Sources of data on economic violence in the EU

The **FRA survey on Violence Against Women (2012)** provides comparable data across all 27 EU Member States, enabling EU-wide comparisons of the prevalence of and risk factors for economic violence against women (and other forms of violence against women). The FRA 2012 survey treats economic violence as a subcategory of psychological violence, but the construction of variables means that economic violence can be analysed.

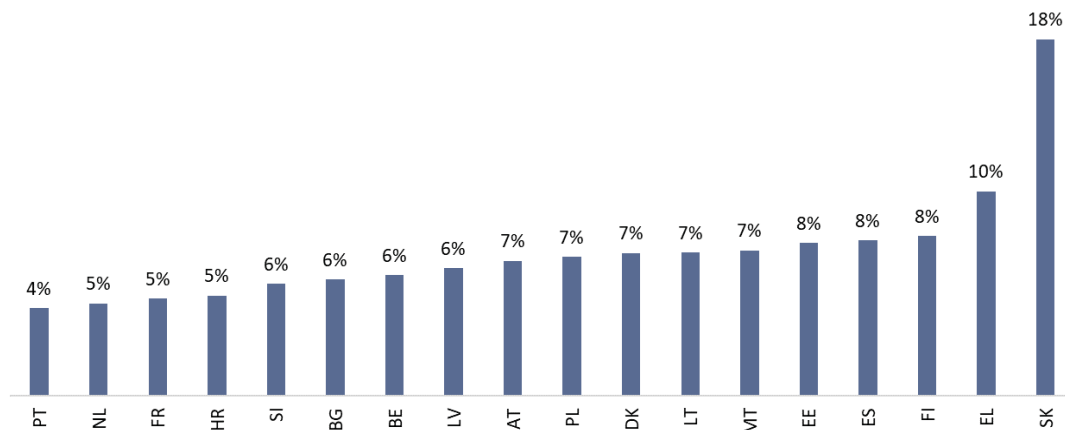
The Eurostat EU Survey on Gender-based Violence against Women and Other Forms of Interpersonal Violence (**EU-GBV survey**) provides a more up-to-date picture of the prevalence of economic violence against women in the EU. The survey manual indicates that the survey includes an item on main source of income, from which a financial dependence variable can be constructed, and items on whether a partner has forbidden the respondent to work and controlled the whole family's finances and excessively controlled the respondent's expenses, from which economic violence variables can be constructed (Eurostat, 2021). Inclusion in the survey of a range of other items, from demographic characteristics to experiences of other forms of violence against women, should enable analysis and identification of the factors that influence these risks. It is also welcome that the forthcoming **FRA-EIGE survey on Violence Against Women** will treat economic violence as a separate category and captures data on economic control, economic sabotage and economic exploitation.

National-level data on the prevalence of economic violence in EU Member States is limited. Few jurisdictions have data available on economic violence. Germany, Spain, Latvia, Austria and Slovakia collect some data on economic violence, but the types of economic violence captured by this data vary (EIGE, 2021a). In addition to a lack of comparability across national datasets, shortcomings of administrative data on economic violence across the EU include issues with data completeness and accuracy (EIGE, 2020).

The FRA survey on Violence Against Women (2012) provides data on the prevalence of economic control and economic sabotage. Survey participants were asked whether a partner had prevented them from making decisions about family finances or from shopping independently (tactics of economic control) or prevented them from working outside the home (a tactic of economic sabotage). **Across the EU, 12 % of ever-partnered women report experiencing these tactics of economic control/sabotage within relationships** (the true prevalence of economic violence may be higher given that the FRA 2012 survey does not capture data on economic exploitation or the full range of tactics for each type of economic violence). The percentage of ever-partnered women in EU Member States who reported having experienced economic control/sabotage from a current or previous partner ranges from 8 % in Portugal to 17 % in Bulgaria. Data is only available for women, so it is not possible to use this dataset to examine differences between women and men in exposure to economic control/sabotage in relationships.

More recently, the Eurostat EU-GBV survey conducted across 18 EU Member States found that, on average, 7 % of ever-partnered women reported their partner(s) (ever) forbidding them to work or controlling family finances and excessively controlling their expenses. The prevalence varied across countries, ranging from 4 % in Portugal to 18 % in Slovakia, as shown in Figure 18.

**Figure 18.** Percentage of ever-partnered women who have experienced economic sabotage and/or economic control by a partner (% , 2022)



NB: Ever-partnered women refers to women who indicated being currently in partnership or ever having had a partner. Respondents were asked if a partner had ever forbidden them to work and/or if a partner had ever controlled the whole family's finances and excessively controlled their expenses.

Source: Eurostat calculations based on the Eurostat EU survey on gender-based violence against women and other forms of interpersonal violence (2022).

While much of the literature on economic violence refers to patterns of economic abuse in the context of intimate relationships, **economic violence tactics often continue and escalate after an intimate relationship has ended** (Sharp-Jeffs, 2015). Abusive tactics post relationship may take the same form as those used before separation: for example, if perpetrators do not pay their share of joint debt following the end of a relationship, the abused party will be left responsible for the whole amount (Smallwood, 2015). Perpetrators may also engage in abusive tactics particular to the post-separation context, such as refusing to pay child support and maintenance or causing their ex-partner to incur financial costs through repeatedly taking them to court in child contact or divorce proceedings (Bruno, 2022; Sharp-Jeffs, 2015). As noted by EIGE (2023), economic violence does not need physical proximity for it to be perpetrated (e.g. coercing victims into agreeing to unfair financial settlements), and digital technologies can further facilitate it (e.g. controlling/exploiting the finances of a victim through internet banking). Economic violence is also found within other types of relationships, for example between women and sex traffickers (Roe-Sepowitz et al., 2014), and between older people in need of care and their carers (Storey, 2020).

The literature predominantly focuses on economic violence against women, as current gender inequalities imply that power imbalance within partnerships is often to the detriment of women. Men's experience of economic violence and gender differences in the prevalence of economic violence have rarely been studied. The risk of experiencing economic violence varies according to age, education, relationship status, socioeconomic status, rural or urban residency and experiences of violence as a child. Conceptualisation and measurement of economic violence differ across these studies and impede comparative analysis.

In a cross-sectional study of 1 314 women in two counties in Croatia, Miskulin (2020) found the overall prevalence of lifetime economic violence against women to be 19 %. Descriptive statistics and confirmatory chi-squared tests highlighted that prevalence varied by age category: while 15 % of women aged 18–30 had experienced economic violence, this rose to just over 30 % for women aged 31–43 and 44–56, and was 28 % for women aged 57+. Across other demographics, notable differences in the prevalence of economic violence against women included the following: 15 % of women who had a current partner had experienced economic violence compared to 30 % of women who were single at the time of the survey; 21 % of women with a lower education level had experienced economic violence compared to 14 % of women with a higher education level; and 32 % of women whose self-perceived socioeconomic status was below average had experienced economic violence compared to 16 % and 14 % of women whose self-perceived socioeconomic status was average and above average, respectively.

A nationally representative cross-sectional sample of currently partnered Lithuanian women ( $n = 1\,012$ ) was analysed by Žukauskienė and colleagues (2021) to establish the prevalence of different forms of gender-based violence, including economic and financial violence. They found that 30 % of currently partnered women in Lithuania had experienced economic violence at least once in their lifetime. Authors conducted a logistic regression analysis, which found that the two most important risk factors for women to experience economic violence from a partner during the previous 12 months was living in a village (of fewer than 2 000 residents) and having experienced violence as a child<sup>(89)</sup>. Authors associated these risk factors with the relative lack of employment opportunities in rural areas in Lithuania and with the risk of revictimisation associated with childhood experiences of violence (Žukauskienė et al., 2021).

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<sup>(89)</sup> Authors found that living in a city (of over 50 000 residents) rather than a village (of fewer than 2 000 residents) decreased the odds of experiencing economic violence in the previous 12 months by 67 %, while women who had experienced violence as a child had almost five times greater odds of experiencing economic violence in the previous 12 months than women who had not.

Stöckl and Penhale (2015) analysed a nationally representative cross-sectional German dataset consisting of 10 264 women aged 16 to 86 to estimate the prevalence of multiple forms of current-partner gender-based violence by age group, focusing in part on economic violence from the current partner. They found that 12 % of women aged 16 to 49 had experienced economic violence in their current relationship. Among women aged 50 to 65, prevalence estimates rose to 14 %, before falling to 13 % for women aged 66 to 86. Although not nationally representative due its focus on older women, Luoma et al. (2011) undertook an analysis of the prevalence of experiences of violence and abuse among a sample of 2 880 women aged 60+ in five European countries. Across the five countries of interest (Belgium, Lithuania, Austria, Portugal and Finland), the prevalence of economic abuse from any individual in the previous 12 months was estimated at 9 %, with 34 % of the women who had experienced economic abuse reporting their partner or spouse to be the perpetrator.

Differences in specifications and definitions of economic violence against women in these studies may account for differences between findings. Miskulin's (2020) approach, for example, included 19 questions that captured economic violence across categories of economic control and exploitation, with an affirmative answer to two or more questions in each of these categories indicating 'has experienced economic violence in lifetime'. In Luoma et al.'s (2011) pan-EU study, the questionnaire items relevant to financial abuse also differ from those in the FRA survey, with the study opting to include items relating to whether the respondent has been blackmailed for money or other possessions or property. These differences may be attributed to the focus of Luoma et al.'s (2011) on violence against women from all individuals, rather than intimate partner violence only. The lack of a standardised, agreed-on index for measuring economic violence has been noted by researchers as an ongoing barrier to generating and comparing estimates of economic violence prevalence rates across countries and regions (Postmus et al., 2020).

### 5.5. Financial dependence is a risk factor for experiencing economic violence

Women's lower engagement in employment and lower levels of earnings and income increase their vulnerability to economic control. Bettio and Ticci's (2017) analysis of 2012 FRA survey data shows that, across the EU, **women who do not work or who work but earn less than their partner face an increased risk of experiencing economic control/sabotage** (as indicated by being prevented from making decisions on family finances, shopping independently or working outside of the home). Earning more than a partner is also associated with an increased risk of experiencing economic violence, although a stronger effect is observed when a woman earns less than a partner. Bettio and Ticci's (2017) analysis also finds that, as with other forms of violence, women living in households where it is difficult to make ends meet experience a higher risk of experiencing economic control. Cultural differences are also observed to be an important risk factor for economic violence, with exposure more than doubling among women from ethnic or religious minorities.



It should be stressed that the aforementioned findings confirm the importance of (relative) income as a risk factor for women experiencing violence. The link between financial dependence, in terms of both relative earnings and absolute level of household resources, and violence across its different forms (e.g. domestic and economic violence) has not been the subject of much research from the perspective of men. The inference observed for women may not necessarily be extended to men due to the differential impact of gender norms.

A study by Adams et al. (2023) discusses the relationship between financial (in)dependence and economic exploitation (i.e. using the economic resources of a victim to the perpetrator's advantage). Based on a survey of 315 women seeking services for intimate partner violence perpetrated by men across 13 US states, the study finds an increased use of economic exploitation when victims were advantaged in terms of assets or credit and when perpetrators were disadvantaged in terms of assets, debt or credit. An earlier study by Adams et al. (2020a), based on a survey of 248 women seeking services for intimate partner violence in a Midwestern state in the United States (93 % of whom reported that their abusive partner was a man), similarly found a significant negative relationship between economic exploitation and material dependence on the perpetrator. This study makes the important conceptual point that, if a perpetrator is exploiting their partner's resources, it should be interpreted that the perpetrator is relying on the victims' resources. Exploitative dynamics may thus be particularly aggravated when the victim is financially better off than the perpetrator.

Results from logistic regression of FRA 2012 data estimating the likelihood of experiencing economic violence from a partner showed that, after controlling for other variables, earnings relative to a partner was not a strong predictive factor (see Annex 4). Economic violence was measured in terms of three factors (being prevented from making decisions about family finances, being prevented from shopping independently or being forbidden to work outside the home) covering both economic control and economic sabotage as per EIGE's typology. The odds of experiencing economic violence were no different for women who indicated that their partner earns either the same or more than them and women who indicated that their partner earns less than them. However, another variable used as a proxy for financial independence was statistically significant in the model. Compared to women who reported feeling that they had an equal say, **women who reported feeling that they did not have an equal say on the use of the household income were 4.7 times more likely to have experienced economic violence during their lifetime** (odds ratio = 4.71,  $p < .001$ ). Interestingly, women who did not know or declined to answer whether they felt they had an equal say on the use of the household income had 2.3 times greater odds of experiencing economic violence during their lifetime compared to women who felt they did have an equal say (odds ratio = 2.34,  $p < .05$ ). These results point to the importance of relationship dynamics and bargaining power in shaping women's risk of experiencing economic violence.



Differences in the direction and magnitude of findings pertaining to the relationship between relative earnings in couples and economic violence may relate to the type of economic violence studied (economic control, sabotage or exploitation) and other differences across studies (e.g. countries, sampling, estimation approach). If there is an indication that women earning less than their partner is a risk factor for economic control (preventing, limiting or controlling a victim's finances and related decision-making), the results appear to differ for economic exploitation (using the economic resources of a victim to the perpetrator's advantage), as women who earn more than their partner appear to face the greatest risk. As Adams et al. (2023) note, 'perpetrators at an economic disadvantage may target women who have economic resources to exploit as a means to improve their own economic standing and diminish their partners' power'.

Taken together, findings from these studies highlight how victims' and perpetrators' personal/household and relative financial circumstances can play differently into the dynamics of different forms of economic violence in intimate relationships. While Sanders (2015) notes that 'theoretical explanations and mixed empirical findings reveal the complicated nature of employment, economic status, and IPV [intimate partner violence]', a better understanding of the different circumstances associated with economic violence may be achieved, in part, by carefully specifying what forms of economic violence are under study, as the dynamics and antecedents of economic violence appear to vary across the different types.

### **5.6. Financial dependence and economic violence affect certain groups of women disproportionately**

Using an intersectional approach in empirical analyses of the link between financial dependence and economic or other forms of violence against women broadens the understanding to encompass a wider range of potential dynamics. While financial dependence does affect the risk of economic violence, the literature suggests that other factors may also influence this risk – including disability, age, ethnicity, religious identity and migration status – and that these may also mediate or modify the relationship between financial dependence and risk of violence.

Drawing attention to this wider range of potentially relevant factors, Postmus et al. (2020) note that 'as with all manifestations of IPV [intimate partner violence], economic abuse affects women from all socioeconomic groups and geographic locations ... [but] intersections of vulnerability include disability, older people, indigeneity, and certain cultural, racial, or ethnic backgrounds'.

Regarding the influence of disability, on the basis of a population study in Australia that included over 13 000 women, Kutin et al. (2017) found that **women with disabilities or long-term health conditions, high levels of financial stress (which may be a proxy for a lack of financial independence) and lower levels of education have greater odds of experiencing economic abuse**. In an older qualitative study, Hague et al. (2007) explored the experiences of women with disabilities in the United Kingdom, identifying the risks of particular forms of financial violence by their carers (often co-occurring with sexual and psychological violence). This included abusive men using victims' personal disability allowances and payments and denying them money for their prescriptions and essential personal needs related to their condition. The study also found that some women with disabilities felt unable to leave the abusive relationship without assistance.

Regarding the influence of age and relationship length, Bows (2015, cited in Sharp-Jeffs, 2015) explored how **patterns of abuse change over the length of a relationship**, with financial, emotional and sexual abuse tending to increase over time, and physical abuse tending to decrease. Miskulin's (2020) study of lifetime economic violence prevalence in Croatia found that women aged over 30 were more likely than younger women to have ever experienced economic abuse (although the study did not report current experience of economic violence). It is worth noting, however, that, contrary to these findings, another study found similar prevalence of economic violence across age groups in Germany (Stöckl and Penhale, 2015).

**Ethnicity, religious identity and migrant status have also been found to be associated with increased odds of experiencing economic violence.** Bettio and Ticci (2017) estimate, on the basis of their analysis of FRA survey data, that women in the EU identifying as belonging to ethnic or religious minorities are around twice as likely to experience economic violence, compared to women identifying as belonging to ethnic and religious majority groups. Research from Spain suggests migrant women's dependence on their partners may be greater than that of non-migrant Spanish women, as migration is associated with job insecurity and more disadvantaged economic situations (Briones-Vozmediano et al., 2014). This study finds that, compared to documented migrant women, undocumented migrant women are at even greater risk (Briones-Vozmediano et al., 2014). More recent findings based on Spain's 2019 Macrosurvey on Violence against Women come to a similar conclusion: that migrant women are twice as likely to experience economic violence than native women (Ministerio de Igualdad, 2023).

Other research has found that migrant women may face additional barriers to leaving abusive relationships due to a heightened risk of being socially isolated and experiencing language barriers (Heron et al., 2022). Undocumented migrant women may also be less able or inclined to engage with police or other legal services following experiences of abuse due to the risk of deportation (Briones-Vozmediano et al., 2014; Heron et al., 2022).

## 5.7. Financial dependence and economic violence intersect in multiple ways

While the focus of this chapter is on the consequences associated with financial dependence, including for economic and other forms of violence, it is important to highlight that much of the literature on these issues focuses on the consequences of violence for financial status, indicating that this issue has a complex, multidirectional causality. **Financial dependence (or a lack of financial independence) and experiences of intimate partner violence can often be mutually reinforcing.**

First, many of the tactics of economic violence essentially function to reinforce victims' financial dependence on the perpetrator (such as denying direct access to money or bank accounts) or to reduce victims' opportunities for achieving financial independence (such as sabotaging efforts to gain employment). It is worth noting that the commonly cited definition of economic abuse offered by Adams et al. (2008), 'behaviours that control a woman's ability to acquire, use, or maintain economic resources, thus threatening her economic security and potential for self-sufficiency', implies that such violence inherently poses a threat to financial independence (formulated as economic security and self-sufficiency). Similarly, Bettio and Ticci (2017) state 'the manifest goal of economic violence is the male partner's attempt to thwart his partner's independence'. The immediate impacts of economic violence on victims' financial status include lacking the resources required for day-to-day survival and well-being (Adams et al., 2008; Smallwood, 2015), which in turn can limit victims' ability to act autonomously (Smallwood, 2015). As discussed previously, this can both reduce bargaining power within a relationship and present significant barriers to leaving an abusive relationship, thereby bolstering the cycle of violence (Voth Schrag et al., 2020; Sanders, 2015).

Much of the literature also points to the lasting negative effects of economic violence against women on their financial independence and well-being, even years after the violence has ended. Research by Adams et al. (2008), for example, demonstrated that, among a sample of 103 women victims of domestic abuse, both economic control and economic exploitation were found to be significant factors for predicting the degree of economic hardship experienced by these women. More recent research suggests this is still the case: Voth Schrag et al. (2020) also found a significant association between economic abuse and experiences of economic hardship in a sample of women attending community college in the United States, even when controlling for prior experience of physical and emotional partner violence. Coerced debt is one form of economic violence that has a pronounced propensity to have a negative impact over the longer term. Once an individual's financial standing has been sabotaged by an abusive partner through coerced debt, then – even after leaving the abusive relationship – it is particularly difficult to access credit and mainstream financial services that would facilitate achievement of financial independence (Adams, Greeson, et al., 2020; Littwin, 2012). This underscores the importance of improving literacy on intimate partner violence – including the tactics of economic violence – within banking and financial systems, and of ensuring that the regulations, rules and processes that govern access to banking, credit and other financial services do not unfairly pose a 'double penalty' on victims of violence.

It has also been suggested that economic restriction and control can harm victims' future financial well-being by preventing their ability to develop financial literacy. Victims of these forms of economic violence are denied the opportunity to gain experience and confidence in budgeting and managing financial matters (Sharp-Jeffs, 2015). Based on a survey of 120 women victims of intimate partner violence in the United States, Postmus et al. (2013) found that these women reported limited knowledge about investing, long-term planning and managing joint assets with their partner. The study concludes that instituting educational programmes to help victims understand financial instruments and financial terms would facilitate development of financial independence and greater financial well-being. Other researchers have, similarly, suggested that provision of financial literacy programmes to victims of economic violence may help to address dependency on perpetrators (Haifley, 2021; Stylianou, 2018), and that interventions aimed specifically at addressing the tactics of economic abuse, such as credit sabotage, economic control and economic exploitation, are critical for supporting women's efforts to build economic security and long-term financial safety (Voth Schrag et al., 2020).

Evidence summarised in this chapter indicates that financial dependence is associated with a range of negative outcomes, including those related to education and employment (further limiting potential to accrue financial resources), mental and physical health and domestic violence / intimate partner violence. Economic control and economic sabotage, experienced by an estimated 12 % of women in the EU in the context of a romantic relationship (FRA 2012 survey), are more commonly experienced by women who earn less than their partner and by women who report not having an equal say on how household income is used. The relationship is likely to be bidirectional and mutually reinforcing, with economic violence contributing to and reinforcing financial dependence and vice versa.

# Conclusions

**A more standardised multidimensional definition of financial independence from a gender equality perspective is needed.**

There is no standardised language or framework for understanding financial independence as a multidimensional, gender-sensitive concept. Financial independence is often defined in empirical studies based on how it is measured, generally according to one indicator or a small set of indicators relating to earnings or income. Other aspects of financial independence, such as wealth (assets and liabilities) and the degree of power and control over resources, are considered less often. The multidimensional, gender-sensitive concept and measurement of financial independence presented in this study are structured around three core dimensions: **income** (e.g. earnings, state benefits, transfers and pension payments); **wealth** (assets and liabilities), which reflects the financial ‘safety net’ available to an individual; and **power and control** (access to resources, financial literacy, decision-making and spending). These dimensions are shaped by gender and other intersecting identities throughout the life course, by household and family characteristics and by factors at the societal level (e.g. gender norms, stereotypes, policies).

**Data limitations hamper efforts to develop comprehensive and precise measures of gender inequalities in financial independence in EU Member States.**

A range of indicators of gender inequalities in financial independence are outlined in this report. However, for certain aspects of financial independence, additional data collection could strengthen understanding of the phenomenon. In relation to income, in EU-SILC, the main survey instrument for collecting data on income in EU Member States, certain sources of income are measured at only the household level, and there is a lack of recent data on income pooling and sharing. There is also a lack of harmonised data on wealth (assets and liabilities) and expenditure at the individual level in EU Member States. There is a notable absence of data pertaining to decision-making power in relation to the management of income, consumption and wealth. Understanding the prevalence, causes and consequences of (economic) violence against women is still hampered by a lack of data from regular EU-wide surveys. The most recent Eurostat EU-GBV survey has and the forthcoming EIGE-FRA Violence Against Women II survey will respond to some of these needs. The collection of comparable administrative data on economic violence at the national level faces many challenges (e.g. the lack of recognition of this form of violence or the lack of common definitions). Data limitations are also often the result of not including key variables in data collection in order to better trace gender inequalities across the wide spectrum of the population’s intersectional attributes (e.g. age, migration background, disability, household composition) and life course events (e.g. becoming independent from parents, forming a partnership, birth of children, illness, retirement).

## **Women in the EU have fewer financial resources (earnings, income, wealth) than men.**

Despite progress made towards gender equality in the EU, the study highlights persistent gender gaps to the detriment of women in relation to employment, pay, earnings, income (pension income, individualised income and aggregate income), wealth and access to credit. Gender gaps are particularly pronounced among certain groups of women, including women in single-parent households, older women, women with a migration background and those with dependent children. In all EU Member States, the tax–benefit system redistributes income from men to women, reducing the gender gap in income and thus increasing financial independence from the perspective of financial resources. However, this redistribution has an *ex post* redistributive effect and does not tackle the root causes of gender income inequalities, such as the unequal distribution of unpaid care. Furthermore, *ex post* redistribution may be less effective in addressing inequalities in decision-making power within households. It falls short of capturing the intangible benefits associated with gender-equal labour market participation, including self-employment and entrepreneurship. These benefits extend beyond financial considerations to aspects such as enhanced financial literacy and wealth accumulation. Lastly, the redistribution achieved by national tax–benefit systems does not eliminate the gender gap in income, which remains substantial in most EU Member States.

## **Access to financial resources is associated with power and control in the household and agency to make decisions.**

Women in the EU are more likely than men to be involved in making everyday financial decisions and less likely to be involved in making larger, more strategic financial decisions. Expenditure and decision-making about spending are linked to financial resources. The more financial resources (earnings, income) an individual brings into the household, the more likely they are to report being able to make decisions about expenditure and the less likely they are to be classed as materially deprived.

## **Secondary earners, who are disproportionately women, are more responsive to (dis)incentives created by the tax–benefit system and are more affected by a lack of affordable and high-quality care services.**

Differences in women's and men's labour market participation has profound implications for gender inequalities in financial independence, contributing to gender gaps in pay and earnings, income, pensions and wealth. Women in the EU are more likely than men to take on unpaid care duties, which is compounded by the lack of care services, and therefore to assume the position of secondary earners. Women are more responsive to labour market (dis)incentives created by elements of the tax–benefit system, such as in-work benefits, means-tested benefits, tax-free allowances, tax rates, the degree of progressivity in the tax code and the unit of taxation (joint, individual), but they also bear a much heavier care burden when affordable and high-quality early childhood education and care and long-term care services are not available.



**The unequal distribution of unpaid care and domestic work between women and men is central to explaining gender gaps in employment, pay and earnings.**

Women are more likely than men to exit the labour force and reduce their working hours due to homemaking or caring responsibilities, contributing to gender inequalities in financial independence. The gender gap in individualised net income in the EU is considerably larger for adults with children than for those without, reflecting the importance of earnings as a source of income. As recognised in the European care strategy, care services (childcare and long-term care) in the EU are not always affordable, accessible or of high quality (European Commission, 2022).

An estimated 21 % of partnered women (aged 18–64) in the EU are living in a household with their partner as the single earner, compared to 6 % of men in this position. Not having income from employment leads to a particularly vulnerable situation, as the individual then needs to rely on income from, for example, a partner or other family members, or rely on state support. The share of women who live in a single-earner household, where they are a non-earning partner, is particularly high among young women or women with low educational attainment. The gender disparity is significantly exacerbated among women with a migration background or those with dependent children in the household. In addition to experiencing job/career penalties due to caring for family members, women are disproportionately in charge of unpaid care and cannot take on jobs in the same way that men are able to do. Emerging data from Eurostat's EU-GBV survey shows that a regrettable share of ever-partnered women are still reporting their intimate partner(s) (ever) forbidding them to work or controlling whole family finances and excessively controlling their expenses.

**Gender inequalities in financial independence are particularly pronounced among older people, those with low educational attainment and those with dependent children.**

The gender gap in individualised net income in the EU increases with age, and there is a well-documented gender pensions gap in EU Member States. In contrast to other social transfers (which tend to redistribute income from men to women), old-age public pensions in EU Member States exacerbate the gender gap in income. The gender gap in individualised income is particularly large for individuals with a migration background, with low educational attainment and who take care of dependent children. Single parents in particular have been noted to experience increased financial strain in their efforts to balance their caregiving role and paid work.

**Women report having lower (digital) financial literacy and confidence than men, which is related to numerous gender stereotypes and socioeconomic disadvantages and may contribute to the gender wealth gap.**

Self-rated financial literacy is lower for women than for men in the EU, partly reflecting men's greater confidence in their financial abilities. However, objective measures of (digital) financial literacy also highlight a gender gap to the detriment of women. Low financial literacy (and/or confidence) may stifle wealth accumulation, for instance through lower investment in riskier assets. In addition, low financial literacy acts as an extra barrier to entrepreneurship. Gender gaps in (digital) financial literacy should be interpreted in the wider context of gender inequalities in financial independence, including the relatively low share of women in well-paid STEM jobs and in strategic financial and economic decision-making roles.

Gender gaps in financial literacy stem from gender differences in early socialisation experiences, such as early paid work experiences and receiving allowances or spending money without parental control as of early adulthood. For example, it is noted that fewer girls than boys report receiving money from an allowance, working outside school hours in casual or informal jobs, working in a family business or selling things. This highlights the strong impact of traditional gender role divisions on first job opportunities (i.e. boys are accustomed to earning money to strengthen their masculinity), which then largely shapes observed gender gaps in financial literacy (Salmieri & Rinaldi, 2020).

**Consequences associated with financial dependence are wide-ranging, including physical and mental health and barriers to education, employment, entrepreneurship**

Financial dependence is associated with a range of negative outcomes, including poorer physical and mental health and fewer opportunities to engage in education, paid work and entrepreneurial activities. While employment is an important means of generating income, it depends on intra-household decision making processes, which are still heavily influenced by gender norms and to the disadvantage of women's employment opportunities. Financial dependence and the array of various consequences are also bidirectional, creating a vicious circle that is cumbersome to break. On the one hand, financial dependence implies limited possibilities to access employment or training due to initial and ongoing costs to be met, such as the cost of travel or, for people with care responsibilities, the cost of early childhood education and care services or long-term care services. On the other hand, such consequences of financial dependence as limited choices and possibilities to improve and sustain good health are a key determinant to employment opportunities.



## **Financial dependence is a mutually reinforcing risk factor for various forms of violence against women and domestic violence, including economic violence**

Exposure to violence occurs in private and public spheres of life and affect certain groups of women disproportionately. The relationship between financial (and economic) dependence and different types of violence against women and domestic violence (physical, sexual, psychological, economic) is often mutually reinforcing. For women in the EU, being in paid work is associated with a slightly reduced risk of physical, sexual, psychological and economic violence from their partners. However, access to paid work may be hindered by economic violence, which manifests itself by perpetrator's control of an individual's ability to acquire, use or maintain economic resources or potential for self-sufficiency. Data from Eurostat's EU-GBV survey (2021) shows that in 18 EU Member States, on average, 7 % of ever-partnered women report their partner(s) (ever) forbidding them to work or controlling family finances and excessively controlling their expenses. Furthermore, coerced debt caused by an abusive partner can hinder access to credit and financial services, posing a barrier to achieving financial independence even after relationship dissolves. In 2021, nine EU Member States explicitly criminalised forms of economic violence in their laws on domestic violence.

# Recommendations

**Establish and embed a multidimensional definition and means of measuring financial independence in policies and through their implementation.**

## Recommendations for the European Commission

- recognise and define financial independence as a multidimensional concept encompassing income, consumption, wealth and power/control, to grasp gender inequalities more comprehensively. The definition should recognise that financial independence is relevant to **all** women and men, including those who are single, and that financial independence is relevant in a variety of relationships (e.g. with a partner, other family members or the state).
- develop standard indicators for monitoring financial independence and increase the availability of harmonised EU data, routinely collected and disaggregated by sex and other intersecting social characteristics. In particular, consider regularly providing data for indicators such as the gender overall earnings gap and the AROP rate, which is estimated on the basis of individualised income. Establishing an EU monitoring framework would enable progress in addressing gender inequalities in financial independence to be traced over time and compared across EU Member States. An explicit intersectional monitoring framework would facilitate a more thorough analysis of how gender gaps in financial independence differ across population groups. To ensure effective integration into policymaking at the EU and Member State levels, indicators of financial independence should be incorporated into established monitoring systems such as the social scoreboard <sup>(90)</sup> for monitoring progress against the European Pillar of Social Rights <sup>(91)</sup>.

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<sup>(90)</sup> The social scoreboard already incorporates indicators relating to gender equality (Principle 2 of the European Pillar of Social Rights). However, these indicators focus on certain aspects of financial independence, namely employment and earnings. Headline indicator: gender employment gap; secondary indicators: gender gap in part-time employment and gender pay gap in unadjusted form (<https://op.europa.eu/webpub/empl/european-pillar-of-social-rights/en/#annex2>).

<sup>(91)</sup> The European Pillar of Social Rights in 20 principles (<https://ec.europa.eu/social/main.jsp?catId=1606&langId=en>).

- raise awareness of the proposed multidimensional definition and measurement of financial independence to ensure their effective integration into policymaking at the EU and Member State levels for the purpose of better meeting gender equality policy objectives. facilitate mutual learning about how to monitor financial independence and strengthen policymaking in this area at the Member State level; and strengthen, embed in wider frameworks and inform the gender-sensitive implementation of initiatives that fall under the definition of financial independence, such as the European Commission and OECD-INFE's joint financial competence frameworks for adults, children and youth in the EU <sup>(92)</sup>.
- support research on gender inequalities in financial independence, incorporating various intersecting inequalities (e.g. age, migration background, disability, different household compositions, same-sex relationships) and life course perspectives (e.g. the role of parents, partners, private and public institutions). This may include applying a forward-looking approach, to better understand the evolvement of gender inequalities in financial independence, for example in relation to demographic or wider socioeconomic developments.

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<sup>(92)</sup> European Commission, 'The Commission and OECD-INFE publish a joint framework for adults to improve individuals' financial skills', 2022 ([https://finance.ec.europa.eu/publications/commission-and-oecd-infe-publish-joint-framework-adults-improve-individuals-financial-skills\\_en](https://finance.ec.europa.eu/publications/commission-and-oecd-infe-publish-joint-framework-adults-improve-individuals-financial-skills_en)); European Commission, 'The Commission and OECD-INFE publish a joint framework for children and youth', 2023 ([https://finance.ec.europa.eu/publications/commission-and-oecd-infe-publish-joint-framework-children-and-youth\\_en](https://finance.ec.europa.eu/publications/commission-and-oecd-infe-publish-joint-framework-children-and-youth_en)).

## Recommendations for EU institutions

- alter income questions in EU-SILC to capture data on income from assets <sup>(93)</sup>, interhousehold transfers <sup>(94)</sup> and family/child-related benefits <sup>(95)</sup> at the individual rather than the household level, to enable researchers and policymakers to understand intrahousehold inequalities in these sources of income and estimate gender inequalities in income more precisely.
- repeat the question on income pooling <sup>(96)</sup> from the 2010 EU-SILC ad hoc module on the intrahousehold sharing of resources, to provide more up-to-date data on the prevalence of income pooling in multi-adult households in EU Member States. Supplement data on income pooling with a question on income sharing, asking a follow-up question about the proportion of pooled/non-pooled personal income that is used for common expenditure versus personal expenditure. This would enable researchers and policymakers to better understand the degree of income redistribution that occurs within households, and better understand who is at risk of experiencing low income, including as a result of gender, and other intersectional inequalities.
- use the planned ad hoc EU-SILC module on over-indebtedness, consumption and wealth (2026) to collect individualised data on expenditure on goods and services for women and men in EU Member States. Collecting individualised data on expenditure through EU-SILC would enable researchers and policymakers to better understand the relationship between earnings, income and consumption and how this contributes to gender inequalities in financial independence.
- Integrate questions on income pooling and income sharing into the relevant EU surveys (or add separate follow-up questions), to determine the type of income (earnings, pension income, benefit income, income from inter-household transfers) and to enable researchers and policymakers to understand how income pooling and sharing vary across different types of income.

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<sup>(93)</sup> EU-SILC variables at the household level: HY040, income from rental of a property or land; and HY090, interest, dividends and profit from capital investments in unincorporated business.

<sup>(94)</sup> EU-SILC variables at the household level: HY080, regular inter-household cash transfer received; and HY130, regular inter-household cash transfer paid.

<sup>(95)</sup> EU-SILC variables at the household level: HY050, family/child-related allowances; and HY070, housing allowances. Housing allowances are directed at all adults who share the residence, so the latter variable should not be captured at the individual level. However, family/child-related allowances may be directed at one adult in the household, so there is value in capturing the former variable at the individual level.

<sup>(96)</sup> Variable from 2010 EU-SILC ad hoc module on the intra-household sharing of resources: PA010, proportion of personal income kept separate from the common household budget.

- following the approach of country-level surveys, notably the German SOEP, use the HFCS from the European Central Bank to collect harmonised data on individual wealth (assets and liabilities) in EU Member States, to enable precise, comparable estimates of the gender gap in wealth. This should include data on the value of assets and liabilities, as well as their ownership.
- collect and publish sex-disaggregated data on access to financial services and resources, including credit for starting and developing businesses. Regular collection of this data would help address gender stereotypes and disparities in access to finance.
- regularly conduct EU-wide surveys on the prevalence of economic and other forms of domestic violence and intimate partner violence in EU Member States. Integrate key indicators of financial independence into future surveys on economic and other forms of domestic violence and intimate partner violence in EU Member States.

### **Apply an active and visible policy of mainstreaming gender in tax–benefit systems.**

#### **Recommendations for the European Commission**

- Increase awareness of the need for *ex ante* policy solutions to address gender gaps in income. This would imply levelling the playing field for both women and men from the outset, as gender gaps in income stem from lack of gender-equal distribution of unpaid care duties and equal access to financial resources, including through increased gender equality in business ownership and entrepreneurship. Higher focus on ex-ante policy solutions imply a reduced need for an *ex post* redistribution of income via tax–benefit systems.
- as outlined in the EU’s 2020–2025 gender equality strategy, develop guidance for Member States about how national tax–benefit systems can impact financial incentives or disincentives for employment, particularly from the perspective of secondary earners.
- encourage EU Member States to strengthen financial incentives and remove financial disincentives for labour market participation, especially for secondary earners, and incorporate additional indicators into the Annual Report on Taxation <sup>(97)</sup> relating to METRs and PTRs <sup>(98)</sup> for secondary earners in EU Member States. This would enable policy change and progress towards strengthening incentives to be monitored over time.

<sup>(97)</sup> The most recent Annual Report on Taxation (2023) highlights the issue, citing a study conducted by the European Commission (Rastrigina & Verashchagina, 2015). However, it does not outline any indicator(s) relating to incentives for secondary earners.

<sup>(98)</sup> The METR is the increase in taxes paid by the household resulting from a marginal increase in the earnings of a secondary earner. The PTR is the increase in taxes paid by the household resulting from a secondary earner entering paid employment or changing employment from a part-time to a full-time job.

- support EU Member States in developing and implementing more effective strategies to increase gender balance in economic and financial decision-making, including in the formulation of financial and monetary policies, tax systems and rules governing pay. The actual development of these economic structures and policies has a direct impact on women's and men's access to economic resources, their economic power and consequently the extent of gender equality.

## Recommendations for Member States

- adopt a gender-sensitive approach in the design, implementation, monitoring and evaluation of tax–benefit policies. First, this would imply a higher focus on ex-ante policy solutions that aim to ensure gender equal opportunities in the labour market. This would reduce the needs for ex-post redistributive solutions that are provided by tax-benefit policies. Second, this would place greater focus on a system-wide assessment of tax–benefit policies from a gender equality perspective so that cross-policy positive (and negative) synergies to reduce income vulnerability and improve living standards throughout the life course of all women and men can be identified and promoted (or discontinued). In particular, policy designs that may potentially obscure intrahousehold gender asymmetries and reinforce gender inequalities should be identified and removed.
- ensure that national tax–benefit policies account for the existence of intrahousehold inequality and assess these policies using both household-level and individual-level information, for example gender-sensitive measures of disposable income, such as the one adopted in this study.
- introduce measures to strengthen labour market incentives, especially for secondary earners, including introducing tax credits, tax-free allowances and in-work benefits, or making them more generous, and (in countries that rely on joint taxation) individualising tax systems. Given the implications of part-time work for gender gaps in pay, earnings and pensions, give careful consideration to the degree to which the tax–benefit system incentivises full-time employment, especially for secondary earners. In parallel to increasing incentives for more intense labour market involvement, review, identify and remove existing tax–benefit disincentives to work.
- in the design of tax transfer policies, move away from targeting solely normative workers (predominantly men) and ignoring the gendered division of paid and unpaid work, and acknowledge the existence of non-standard employment and caregiving responsibilities in the design of gender-sensitive support schemes.
- develop and implement strategies to increase the number of women in economic and financial decision-making, including in the design and implementation of fiscal policies, tax–benefit systems and rules governing pay. The development of these economic structures and policies has a direct impact on women's and men's access to resources, opportunities in the labour market and economic power.

**Address gender inequalities in unpaid care and domestic work, and remove barriers to accessing care services.**

### **Recommendations for the European Commission**

- support Member States to implement the European care strategy and the Council recommendations on ECEC (2022) and long-term care (2022) through the provision of social funds and monitor Member States' progress through the European semester.
- monitor the affordability of ECEC in EU Member States in a more systematic way, focusing on this element specifically as well as on uptake and enrolment, as per the Barcelona targets. Affordability is a complex concept to measure, since it depends on the level of disposable income in each Member State as well as on the cost of childcare services, and the latter will depend on the number and age of the children as well as on the number of hours of childcare. However, previous indicators have been constructed expressing net childcare costs for certain family types as a percentage of full-time earnings and/or disposable household income (OECD, 2022).
- establish EU targets for long-term care similar to the Barcelona targets. This would enable Member States' progress towards meeting the Council recommendation on access to affordable high-quality long-term care to be tracked.
- continue to promote positive gender norms to foster a more equal distribution of unpaid care and domestic work between women and men, and support programmes that engage men in combating gender stereotypes and discrimination.

### **Recommendations for Member States**

- ensure that social infrastructure, such as ECEC and long-term care services, are accessible and affordable, limiting out-of-pocket expenses and where appropriate introducing a sliding scale where the cost is reduced for low-income households. This should be supplemented by further efforts to improve accessibility, including via further expanding the number of spaces available.
- consider going beyond the minimum standards set by the work–life balance directive, for instance by introducing higher levels of compensation for paternity, parental and carer's leave, and longer periods of non-transferable leave for men.
- ensure that unpaid care and domestic work is valued and compensated, while not discouraging carers from seeking paid employment, through mechanisms such as tax policies and pension calculations.
- raise awareness of and promote the ways in which private and public sector institutions/companies can further enhance a gender-equal work–life balance. For example, employers in the private and public sectors can act as catalysts for combating gender stereotypes in the workplace, especially by supporting the gender-equal uptake of parental leave and other entitlements and flexible working arrangements.

## Take steps to address gender gaps in income and wealth over the life course.

### Recommendations for the European Commission

- introduce awareness campaigns alongside the pay transparency directive (2023) to ensure that citizens know and can exercise their rights.
- continue to monitor progress and share good practice with regard to policies to address the gender pensions gap, including through the European semester and the Pension Adequacy Report <sup>(99)</sup>. support Member States in their efforts to strengthen pension credits for care-related career breaks in line with the commitment made in the EU's 2020–2025 gender equality strategy.
- monitor the application of the Council recommendation on adequate minimum income (2023) to strengthen financial independence for women and men of retirement age and other groups who have limited ability to accrue income through employment.

### Recommendations for Member States

- place state pensions at the heart of pensions systems, ensuring that they have sufficient coverage and are sufficiently generous, including for individuals who have made limited or no contributions due to unpaid care work. If survivor's pensions are phased out, this should be done gradually (and should include an estimation of the effects on gender pension gaps) for the relevant age cohorts, to avoid exacerbating gender inequalities for older cohorts who faced large and structural gender inequalities in care work and in the labour market.
- to support working age women and men who continue to struggle to balance care responsibilities and labour market participation, allow for credited pension contributions for time out of the labour market for care-related reasons or consider making such allowances more generous where they already exist. Care-related pension credits should relate to short, set periods of time out of the labour market, such as for maternity, paternity and parental leave or short spells of informal care leave.
- strengthen minimum income schemes to support the financial independence of women and men of retirement age and other groups who have limited ability to accrue income through employment.
- conduct a gender-sensitive analysis of the impact of cohabitation agreements on the gender gap in wealth.

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<sup>(99)</sup> The Pension Adequacy Report is published every 3 years by the European Commission (<https://op.europa.eu/en/publication-detail/-/publication/4849864a-cd83-11eb-ac72-01aa75ed71a1>).



**Invest in education and training for all ages that is focused on promoting (digital) financial knowledge and skills.**

### **Recommendations for the European Commission**

- strengthen funding for education and training programmes to increase (digital) financial knowledge and skills, for instance through the European Social Fund Plus. Education and training should be structured around the financial competence frameworks for adults and children developed by the European Commission and OECD-INFE (European Union & OECD, 2022). The financial competence frameworks are not explicitly gender-sensitive and should be better linked to the concept of financial independence (they are designed to measure financial competences for adults and children of all genders); however, they can be adapted to select and address the most relevant competences for specific target groups, including women/girls and men/boys (European Union & OECD, 2022).
- work to tackle gender stereotypes, starting from an early age, as outlined in the EU's 2020–2025 gender equality strategy, and specifically address stereotypes about women's and men's financial abilities and role in financial decision-making, including tackling negative stereotypes about women's financial literacy and entrepreneurial ability. Across a wide range of stakeholders, including from the public and private sectors, raise awareness of sources of gender gaps in (digital) financial literacy, including differences in women's and men's access to paid work, the tangible and intangible benefits of it and institutional (un)intentional gender biases in accessing finance for business creation.

### **Recommendations for Member States**

- provide gender-sensitive and other intersectional inequality-sensitive lifelong learning, education and training opportunities, to enable girls and boys and women and men to gain or improve their (digital) financial literacy and boost their prospects of securing financial independence. Ensure that the opportunities provided, including via apprenticeships, online training or other routes, are sensitive to various (including intersectional) disadvantages that women and men may face (e.g. exclusion from the labour market due to lack of language knowledge or difficulty accessing it due to unpaid care duties, lack of familiarity with services or lack of power and control).
- promote coordinated cooperation between the labour market and educational and financial institutions, to build more comprehensive knowledge on financial independence-relevant factors and behaviours from a gender equality perspective (i.e. the accumulation of pension rights, financial diversification strategies and risks, etc.).
- support programmes that specifically promote the financial knowledge and skills for women that are needed to expand women's business ownership and access to financial resources, and empower women to thrive as entrepreneurs.

## **Effectively prevent and combat economic violence against women and monitor its prevalence in the EU.**

### **Recommendations for EU institutions**

- implement the legal standards of the Istanbul Convention within the EU competences to further develop a comprehensive legal and policy framework for preventing and combating violence against women and domestic violence, including economic violence.
- adopt and implement the EU Directive on combating violence against women and domestic violence to complement the implementation of the Istanbul Convention.
- promote data collection across the EU through regularly collecting EU-comparable administrative sex-disaggregated data and conducting population-based surveys on violence against women, including economic violence;
- increase the general awareness and understanding of what constitutes economic violence and the gendered nature of the phenomenon in the EU, linking it to the multidimensional concept of financial independence.
- dedicate funding for measures that are designed to prevent and combat economic violence. Monitoring and evaluation should be integral components of EU-funded activities related to economic violence against women.
- facilitate the exchange of promising practices, mutual learning and information sharing between national authorities, policymakers and civil society organisations.

### **Recommendations for Member States**

- adopt and implement the EU Directive on combating violence against women and domestic violence.
- adopt, implement and monitor primary and secondary prevention measures aimed at addressing gender inequalities as a root cause of violence against women.
- implement the legal standards of the Istanbul Convention to further develop a comprehensive legal and policy framework on violence against women and domestic violence, including economic violence.
- collect, analyse and communicate administrative data on economic violence in line with EIGE's standards, at a minimum disaggregated by sex, age group (child/adult) of the victim and the perpetrator and by their relationship.
- regularly conduct prevalence surveys on various forms of economic violence against women to examine its extent, causes and consequences using an intersectional approach.
- allocate dedicated funding to institutions to ensure the continuity of data collection and research on economic violence and its links with financial (in)dependence.
- improve coordination between institutions in relation to recording, processing and sharing administrative and survey data on economic violence.

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# Annexes

## Annex 1. Relevant theoretical perspectives on financial independence

This review does not aim to be overarching; rather, it is aimed at developing a better understanding of financial independence as a concept from an individual, household, and societal perspective, and supports the measurement framework proposal. To better understand gender inequalities in financial independence, we highlight the gradual evolution of the concept into the multidimensional level, focusing on the individual level, while accounting for household-level influences.

Rejecting the **unitary model of the household** <sup>(100)</sup> (Becker, 1981), a key focus in the literature has been **bargaining power** and within-household (or more commonly, within-couple) **decision-making** (Bennett, 2013; Manser and Brown, 1980; McElroy and Horney, 1981). Here, the family is approached as a bargaining unit (Hobson, 1990), with family members having relatively equal or unequal bargaining power. A foundational theory termed **resource theory** (Blood and Wolfe, 1960) emphasised the importance of women's financial resources (earnings, income) for the balance of power in relationships. **Relative resource theory** modifies resource theory to emphasise the importance of financial (or economic) resources **relative to a spouse/partner** to the balance of power in relationships (Hobson, 1990; Huber et al., 2009; Vogler and Pahl, 1994). This theory suggests that status imbalances such as differentials in education and earnings that favour women are a risk factor for intimate partner violence, where the woman's partner is a man. The theory posits that, because status imbalances that favour women challenge men's traditional status as head of the household, men may respond by using violence as an alternative resource to control their partner and reassert dominance (Kaukinen and Powers, 2015; Stöckl et al., 2021; Vyas and Watts, 2009).

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<sup>(100)</sup> An economic model premised on the idea that households operate as a single economic entity.

When considering possible consequences of financial independence, it has been argued that economic violence may be used by men who feel their traditional masculine identity is under threat, to prevent women from achieving financial independence and social power (Moe and Bell, 2004). This has also been described in terms of a 'backlash' against women's (economic and social) empowerment (Riger and Krieglstein, 2000). An important qualifier of this theoretical approach is provided by **gendered resource theory**. This qualifies the theory with an additional claim that, where men partners hold – and act in accordance with – more egalitarian views on gender (rather than seeking a position of dominance), women's higher status may not increase the risk of intimate partner violence; this highlights the central role of gender norms in mediating the relationship between financial dependence/independence and intimate partner violence (Vyas and Watts, 2009; Atkinson et al., 2005). Regarding these theories, both the absolute level of financial resources (as per resource theory) and financial resources relative to a partner (as per relative resource theory) are thought to impact on bargaining power and household decision-making.

Several sources consider how women's exit options (i.e. their ability to leave a relationship) affect the balance of power in relationships. **Marital dependence theory** argues that it is difficult for women to leave relationships, including those that are abusive, if they lack access to financial resources (Gelles, 1976). From this point of view, women's financial independence affects relationship power dynamics in two distinct but related ways: first, it means women are financially able to leave an abusive relationship should they choose to and, second, it means they have increased bargaining power within a relationship. By contrast, women who are financially dependent on their partners face financial barriers to leaving an abusive relationship, and so are less able to negotiate change, which may lead to them enduring intimate partner violence for longer periods (Vyas and Watts, 2009). **Exchange theory** holds that greater power in decision-making is associated with the possible alternatives available to each partner outside the relationship (Hobson, 1990). Here, social interactions are governed by social agents' assessment of the costs and benefits of alternative courses of action. Women's greater financial (and economic) resources increase their exit options, strengthening their bargaining power within the household. Specifically relating to intimate partner violence, if a woman contributes significant economic resources to the household, her partner will have more to lose financially from engaging in violence and risking her ending the relationship, which thus provides an incentive to refrain from violence. Alternatively, if a woman is financially dependent on an abusive partner, the perpetrator may use economic and other forms of violence, with little to lose financially if it results in the woman ending the relationship (Sanders, 2015).

Some theories highlight the positive or capabilities perspectives. Kabeer's influential work on women's empowerment distinguishes between resource, agency and outcomes (Kabeer, 1999). A perspective on agency draws attention to the process of decision-making, including the aspect of the level of resources held by the individual (a precondition for agency). Kabeer's work emphasises that empowerment is about 'the ability to make choices' (Kabeer, 1999, p. 437), particularly higher level, more strategic choices about how people live their lives. Kabeer's work builds on the **capabilities approach** (Nussbaum, 1999; Sen, 1985), which focuses on the capacity of individuals to achieve the life they value. Capabilities theory stresses that individuals vary in their ability (capability) to convert resources into 'functionings' (states and activities aligned with their values)<sup>(101)</sup>. This approach foregrounds independence over dependence and allows for heterogeneity in how agency is applied to achieve outcomes (as per Kabeer's framework). From this perspective, financial independence is about women's and men's ability to fulfil their aspirations and convert resources into the outcomes they seek to achieve.

**Ecological theory**, first developed by Bronfenbrenner (1974), recognises that individuals are situated within various contexts. Aspects of the environment that are central to understanding individual development include microsystems (such as the family and peer groups), mesosystems (the interactions between microsystems), the exosystem (such as neighbourhoods and mass media), the macrosystem (the established society and culture, including socioeconomic structures and sociocultural norms) and the cronosystem, which describes change in environment over time.

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<sup>(101)</sup> Martha Nussbaum outlines a list of central functional capabilities. Of relevance to financial (or economic) independence are **practical reason** (being able to form a conception of the good and to engage in critical reflection about the planning of one's life) and **control over one's environment**, which includes both political and material participation (Nussbaum, 2000).



Within the **macrosystem**, gender norms and stereotypes contribute to the financial independence of women and men. The **‘doing gender’ approach** posits that people construct and reproduce their gender by acting in accordance to societally prevalent gender norms (West and Zimmerman, 1987). Gender is not a characteristic of a person, but an identity that people construct through their everyday behaviour. The identity economics approach explores how culturally constructed identities influence economic outcomes (Akerlof and Kranton, 2000). Having a gendered identity affects the payoffs associated with choices for women and men (Akerlof and Kranton, 2000); for instance, the decision about whether to work has different implications for women and men living in a society with gendered norms and expectations about employment. Identity has also been approached as something created through the experience of participating in certain roles, for instance through participating in paid employment (Bielby and Bielby, 1989). An individual’s choices may threaten or reinforce the gendered identities of others, and choices deemed to deviate from the ‘norm’ may provoke backlash (Akerlof and Kranton, 2000). The literature on gender identity has also explored how individuals might respond when their behaviour deviates from gendered norms. For instance, the compensation hypothesis, developed by Brines (Brines, 1994), argues that in female–male couples where the woman earns more than the man (deviating from traditional norms and expectations), the couple may compensate by increasing compliance with other traditional gender roles such as the division of housework. However, this theory has been disputed on the grounds that there is limited evidence to back it up (England, 2011). The literature also emphasises that gendered cultural norms and values are liable to change and evolve over time (an aspect of the **cronosystem**). The identity economics approach, for instance, emphasises how social norms change over time, affecting identity-based (gendered) preferences and behaviour (Akerlof and Kranton, 2000).

Another important component of the macrosystem and the **cronosystem** are social policies. Following Lister, the concept of defamilisation has been used to describe ‘the degree to which individual adults can uphold a socially acceptable standard of living, independently of family relationships, either through paid work or through the social security system’ (Lister, 1994, p. 37), which is used to incorporate the gender dimension into existing welfare state typologies (Cho, 2014), recognising dependence on the family (which disproportionately affects women) as well as dependency on the market. Defamilisation recognises how welfare policies can enable women’s independence from the family, for instance by providing or subsidising care services that would otherwise be provided through women’s informal care. Welfare policies can ensure a certain level of independence from a partner (Bennett and Sung, 2013; Kalmijn et al., 2007) and wider family members through creating alternative streams of income. However, such policies could be regarded as imposing another form of financial dependence: that of dependence on the state. This has been described as a ‘shift from private to public dependency’ (Hobson, 1990, p. 246). However, much is likely to depend on the power dynamics inherent in accessing state support, that is, on eligibility/access conditions and the degree of choice and autonomy (O’Connor, 1993). From this point of view, involuntary dependence on the welfare state is problematic from the perspective of financial independence; however, accessing state support need not necessarily be problematised (O’Connor, 1993).

## Annex 2. Overview of datasets and indicators used in the analysis

An overview of the main EU/European data sources relating to the three core dimensions of financial independence (income, wealth, power, and control) can be found in

**Table A1** below.

**Table A1.** Overview of EU/European datasets relevant to the core dimensions of financial independence (income, wealth, power, and control)

<b>Income</b>	<p>The main source of information about employment in the EU is the <b>EU Labour Force Survey (EU-LFS)</b>, a large survey containing quarterly and annual cross-sectional data about employment and unemployment among people aged 15+ in EU Member States. Data can be disaggregated by sex, enabling researchers to understand differences in the labour force and labour market participation of women and men.</p> <p>The <b>EU Statistics on Income and Living Conditions (EU-SILC)</b> is the main source of information about income, poverty and living conditions in the EU at the household level and at the individual level among individuals aged 16+ living in each household. It contains information about the individual's earnings over the reference period (1 year) and income from other sources, including income from private pensions and from state benefits such as unemployment, sickness, and disability benefits. Data can be disaggregated by sex to explore differences between women and men in earnings and income. However, information about certain sources of income is available only at the household level (income from assets, interhousehold transfers, income from family benefits and housing benefits), making it difficult to apportion these sources of income to individuals. In EU-SILC, data can be linked between individuals living in the same household, meaning that researchers can explore earnings or certain sources of income relative to a partner or other household members.</p> <p>The <b>Structure of Earnings Survey (SES)</b> is a survey of enterprises with at least 10 employees in EU Member States that includes information on pay and employees, including their gender, and on the employer (economic activity, size).</p> <p>In addition to making microdata available for the EU-LFS, EU-SILC and SES, Eurostat has made aggregate data on a wide range of variables relating to employment, earnings, and income available on its website. Sex-disaggregated data is available for many variables, enabling differences between women and men to be explored.</p> <p>The <b>Luxembourg Income Study (LIS) Database</b> contains harmonised data on labour market participation, earnings, and income for 53 countries, including many (but not all) EU Member States, with 12 waves of data from 1980 to 2022, and contains data on income from a range of sources. Similarly to EU-SILC, some sources of income (capital, interhousehold transfers) are available only at the household level.</p>
<b>Wealth (assets and liabilities)</b>	<p>The <b>Household Finance and Consumption Survey (HFCS)</b> from the European Central Bank is the main source of information on assets and liabilities in the EU. There have been four waves of data collection to date: 2010/2011, 2013–2015, 2017 and 2020–2022, collecting detailed information about a range of assets and liabilities at the household level, including household net wealth. Country-level HFCS datasets for certain countries, such as Estonia (Meriküll et al., 2021) and Austria (Rehm et al., 2022), do contain individual-level data on assets and liabilities.</p> <p>Harmonised data that covers EU Member States is also available in the <b>World Bank Global Findex Database</b> (2017 and 2021). This dataset does not include information about the value of assets and liabilities, but it does include data on saving and borrowing behaviour that can be disaggregated by gender. The <b>OECD/INFE International Survey of Adult Financial Literacy</b> (2020) includes data about financial behaviour such as saving and investments, and ownership of various sorts of financial assets, but coverage does not extend to all EU Member States.</p>

	<p>National-level survey and/or administrative data provides information about individual (as opposed to household) ownership of assets and liabilities in specific national contexts. The <b>German Socio-Economic Panel (SOEP)</b> collects data about assets and liabilities at the individual level. The SOEP is a representative longitudinal survey of individuals living in private households in Germany. In France, the cross-sectional wealth survey <b>Patrimoine</b> has provided individual-level data on assets since 1998 (Frémeaux and Leturcq, 2020).</p>
<b>Power and control</b>	<p>The <b>EU-SILC</b> 2010 ad hoc module on the intrahousehold sharing of resources contains data on the percentage of women and men who have access to a bank account. The <b>World Bank Global Findex Database</b> 2017 includes data about the percentage of women and men in EU Member States who do not have a bank account <b>because a family member already has one</b>, providing a more direct link to financial independence.</p> <p>The <b>EU-SILC</b> 2010 ad hoc module also provides data on decision-making in multi-adult households. For couple households, the module contains sex-disaggregated data about perceptions about whether different household decisions are balanced (response options: 'more me', 'balanced', 'more my partner'). Separate data is provided on decisions about everyday shopping, children's expenses, purchases of durables, borrowing money, making use of savings and general decisions. The <b>Gender and Generations Survey (GGS)</b> also contains data about decision-making in couple households, and the degree to which the decision about whether to break up with a partner is influenced by the individual's financial situation. However, coverage does not extend to all EU Member States.</p> <p>The main source of information about consumption patterns in the EU, the <b>Household Budget Survey (HBS)</b> contains information about expenditure on a wide range of goods and services (e.g. food and drink, clothing, household utilities and furnishings, recreation) at the household level. The individual perspective is obscured by focusing exclusively on household expenditure, as it glosses over unequal power dynamics and how they affect financial decision-making and spending. The <b>LIS Database</b> also includes data on consumption expenditure across a range of items for a large number of EU Member States, but, again, this is at the household rather than the individual level. At the Member State level, data on individual expenditure is available from the <b>Danish Expenditure Survey (DES)</b> (Bonke and Browning, 2006; Bonke, 2015). In this survey, participants allocate expenditure on goods and services to the household or to specific individuals. Administrative data from some Member States, for instance Germany (Beznoska, 2019), also provides individual-level data on expenditure.</p> <p>Data is collected in <b>EU-SILC</b> about capacity to consume certain items, but not consumption per se (i.e. purchases and expenditure). At the individual level (which can be disaggregated by sex), a series of variables captures whether adults aged 16+ have access to certain things (e.g. buying new clothes, meals out, being able to participate in a leisure activity), capturing whether not having access is due to being unable to afford such items or other reasons (which might include, for instance, economic abuse). Data relating to consumption has also been captured in EU-SILC ad hoc modules, including the 2010 module on the intrahousehold sharing of resources and various modules about material deprivation (2009, 2014, 2015, 2018). The 2010 EU-SILC ad hoc module asks about ability to decide about expenses for your own personal consumption, leisure activities and hobbies (response options: 'yes, always or almost always'; 'yes, sometimes'; 'never or almost never'). This data is disaggregated by sex to explore differences between women and men.</p>

	<p>In terms of financial literacy, the <b>HFCS</b> collects data about the most financially knowledgeable person in the household, including their gender. The <b>OECD/INFE International Survey of Adult Financial Literacy</b> (2020), which covers a number of EU Member States, also collected data about financial literacy. A recent <b>Eurobarometer</b> (2023) collected data about financial literacy across all EU Member States and how this varies according to gender and other factors. The Eurobarometer and the OECD/INFE International Survey of Adult Financial Literacy both combine subjective measures (self-related financial knowledge) with questions designed to test financial literacy.</p>
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Table A2 provides an overview of the final set of indicators included in the report, including whether they were existing publicly available indicators or were constructed based on microdata. Indicators were constructed with a view on revealing differences between women and men, whether comparing proportions of women and men, or calculating gender gaps or ratios between women and men. Some of the indicators relate specifically to partner relationships (e.g. employment, earnings, decision-making about household expenditure) and, therefore, do not assess financial independence in the context of other relationships (e.g. parent–child, ex-spouse or partner).

Reflecting the lack of harmonised individual-level data on wealth in the EU, it was more difficult to identify EU-wide indicators relating to assets and liabilities. While indicators were included relating to saving and borrowing behaviour (Table A2), it was not possible to identify EU-wide gender-sensitive indicators relating to the value of assets and liabilities. Supplementary analysis was conducted using the SOEP to better understand gender inequalities in wealth. Descriptive analysis was conducted on SOEP (2019) data to explore gender wealth gaps in Germany across different types of assets and liabilities.

**Table A2.** Cross-national indicators of gender inequalities in financial independence used in the main report

Dimension	Sub-dimension	Organisation	Statistical activity	Constructed based on microdata	Indicator	Year	Availability	Member State coverage
Income	Employment	Eurostat	EU-LFS	No	Female employment rate as a percentage of the male employment rate	2022	Quarterly and annual	EU-27
Income	Employment	Eurostat	EU-LFS	No	Female working hours as a percentage of male working hours	2022	Quarterly and annual	EU-27
Income	Employment	Eurostat	EU-SILC	Yes	Percentage of working age women and men (18–64) who live in couple households (i.e. have a partner ID) who are not in employment (or self-employment) but live with a partner who is. Employment/self-employment is defined according to self-defined activity status	2019	Annual	EU-27
Income	Earnings	Eurostat	SES	No	Unadjusted gender pay gap: the difference in average gross hourly earnings for male and female employees expressed as a percentage of gross hourly earnings for male employees	2019	Annual	EU-27 (except EL)
Income	Earnings	Eurostat	SES	No	Gender overall earnings gap: a synthetic indicator measuring the combined impact of the gender pay gap, differences between women and men in employment rates and hours worked per month	2018	2018	EU-27
Income	Earnings	Eurostat	EU-SILC	Yes	Women's and men's gross earnings from employment/self-employment as a percentage of their partner's gross earnings for working age adults (18–64)	2019	Annual	EU-27

					who live with a partner (i.e. have a partner ID)					
Income	Pension payments	Eurostat	EU-SILC	No	Gender pensions gap: the percentage by which women's average pension income is higher or lower compared to men's. Pension income includes old-age benefits and survivors' benefits as well as regular pensions from individual private plans	2019	Annual		EU-27	
Income	Living standards	Eurostat	EU-SILC	No	Percentage of women and men classed as at risk of poverty or social exclusion (AROPE), defined as at risk of poverty (equivalised household disposable income below 60 % of the national median), severely materially and socially deprived (enforced lack of at least 7/12 deprivation items) or living in a household with very low work intensity (working age household members worked 20 % or less of their total work-time potential during the previous year)	2022	Annual		EU-27	
Assets and liabilities	Savings	World Bank	Global Findex Database	Yes	Percentage of women and men aged 15+ who have personally saved or set aside money in the past year (variable: saved)	2017	Also available for 2021		EU-27	
Assets and liabilities	Consumer debt	World Bank	Global Findex Database	Yes	Percentage of women and men aged 15+ who have borrowed money in the past year, whether personally or with someone else (variable: borrowed)	2017	Also available for 2021		EU-27	
Power and control	Access to resources	World Bank	Global Findex Database	Yes	Percentage of women and men aged 15+ who do not have a bank account because a family member already has one	2017	Also available for 2021		EU-27	

Power and control	Entrepreneurship	World Bank	Global Index Database	Yes	Percentage of respondents who report using their accounts at a formal financial institution for farming/business purposes only or for both farming/business purposes and personal transactions (% age 15+). The values correspond to Global Findex variable fin21_t_a	2017	Also available for 2021	EU-27
Power and control	Decision-making	Eurostat	EU-SILC	No	Percentage of women and men living in couple households who say that decision-making on different items is 'balanced', 'more me' and 'more my partner'. Includes decisions on everyday shopping, children's expenses, purchases of durables, borrowing money, making use of savings and general decisions	2010	2010 only	EU-27
Power and control	Financial literacy	European Commission and European Parliament	Eurobarometer	No	High levels of financial literacy among women and men (defined as scoring 4 or 5 out of 5 on a test of financial literacy). Financial knowledge questions were designed to test whether participants had a good understanding of (1) inflation, (2) simple and compound interest, (3) the link between interest rates and bond prices, (4) the value of diversification in investing and (5) the idea that investments with higher returns are likely to be riskier	2023	2023 only	EU-27
Power and control	Spending	Eurostat	EU-SILC	Yes	Proportion of women and men living in multi-adult households who report being able to always (or almost always) decide about expenses for their own personal consumption	2010	2010 only	EU-27



### Annex 3. Methodological aspects of tax–benefit microsimulation analysis

Microsimulation modelling using EUROMOD, the harmonised EU tax–benefit calculator (see Box A1 below), was used to estimate the impact of tax–benefit systems on the gender gap in income in EU Member States.

#### Box A1. The EUROMOD microsimulation model

Based on EU-SILC microdata, **EUROMOD** contains detailed information on income from various sources (e.g. employment/self-employment, intra-household transfers, capital, private and occupational pensions). The EUROMOD model also includes information for each country on income taxes (national and local), social contributions (employees, self-employed, employers), family benefits, household benefits and social assistance benefits. These typically exclude non-cash benefits but include most forms of cash benefit, such as jobseekers' support, state pensions, maternity benefits, parental benefits, illness benefits, disability benefits, housing support, education benefits and child-related benefits.

While the EUROMOD microsimulation model contains detailed information about income (based on EU-SILC data), this is often captured at the household rather than the individual level. In order to apportion income from all sources to individuals, assumptions must be made about whether/how income is pooled and shared between household members. Typically, in countries with joint taxation, tax liabilities are assumed to be shared between members of a couple according to their earnings ratio. This is also the procedure that is followed in this report. The analysis in this report is based on data on income pooling from the 2010 EU-SILC ad hoc module on the intrahousehold sharing of resources (

**Table A3).** This data was used to impute for each Member State the average proportion of income pooled between members of a couple. A key limitation to note is that, while the model includes data on a wide range of benefits, it does not capture in-kind services, such as healthcare or childcare, that might be offered as part of the welfare package. In-kind services may disproportionately benefit women and men (living in certain family configurations or at specific life stages), affecting the gender income gap, and those aspects are not captured by this analysis.

**Table A3.** Average proportion of income pooled by responses to the question ‘What proportion of your personal income do you keep separate from the common household budget?’ (18+, EU, 2010)

Member State	All	More than half	About half	Less than half	None	No personal income	Average proportion of income pooled
HR	2	2	3	6	67	20	83
HU	5	5	4	12	63	12	81
DK	8	5	9	15	62	1	79
NL	11	3	4	8	66	9	79
LT	4	6	5	7	61	17	78
DE	11	7	5	6	61	10	75
ES	9	4	4	4	58	21	75
BG	6	5	4	16	50	18	75
PL	9	6	4	13	52	16	73
FR	4	3	6	74	8	6	70
CZ	10	11	8	9	50	12	70
LU	13	6	4	6	51	20	69
BE	16	4	3	6	52	20	69
IT	9	4	4	18	39	25	69
PT	16	5	3	9	51	17	68
RO	7	5	5	39	26	19	68
AT	7	15	14	20	37	7	66
LV	6	7	6	31	26	24	66
SK	8	11	5	33	29	15	66
EL	14	6	6	18	36	20	64
CY	14	4	3	27	29	23	63
SI	8	7	10	63	7	5	63
EE	15	6	9	17	35	17	63
SE	10	11	21	32	25	1	62
FI	8	11	20	42	16	2	62
MT	24	4	6	31	14	22	51
IE	48	12	8	11	22	0	37
EU-27 average	11	6	7	21	40	14	68

NB: The average proportion of income pooled is derived by multiplying each the percentage in each cell by the relevant income-pooling band and summing across bands within each country. The bands are as follows: all my personal income = 0 % income pooling; more than half = 25 % income pooling; about half = 50 % income pooling; less than half = 75 % income pooling; none of my personal income = 100 % income pooling; no personal income = 50 % income pooling.

Source: EU-SILC 2010.

Decomposition analysis was used to measure the size of the gender gap in market income and to show the cushioning effect of the tax–benefit system on this gap.

Market income,  $M$ , is calculated at the individual level, ( $i$ ), as the sum of labour income and non-labour income,  $y_i$ :

$$M_i = w_i * h_i + y_i$$

Labour income is the product of hourly wages,  $w$ , and monthly hours of work,  $h$ . The gender gap in market income is calculated as the difference between the average (mean) market income of men,  $m$ , and women,  $f$ . This gap is expressed as a proportion of the average disposable income of men,  $\bar{D}^m$ . This ensures that when the gap is decomposed into the relative contributions of taxes and benefits, the components are additively separable:

$$Gap_M = (\bar{M}^m - \bar{M}^f) / \bar{D}^m$$

Disposable income of men,  $D^m$ , and of women,  $D^f$ , is calculated at the individual level for each of the three income-sharing scenarios:

$$D_i = d(w_i * h_i, y_i, X_i)$$

$d$  denotes the tax–benefit function that calculates individual disposable income based on wages,  $w$ , hours of work,  $h$ , non-wage income,  $y$ , and household characteristics,  $X$ . Tax and welfare are numerically simulated using EUROMOD. The gap in disposable income between women and men is calculated as the difference between the average disposable income of women and men expressed as a proportion of the average disposable income of men:

$$Gap_D = (\bar{D}^m - \bar{D}^f) / \bar{D}^m$$

In order for the decomposition to be additive, that is, for all components separately identified to add up to the total gender gap in disposable income, each component is expressed as a proportion of the disposable income of men. Using different denominators for each term in the decomposition would leave a residual term with no economic interpretation. Instead, we exploit the composition of disposable income as Market income + Benefits – Taxes\Social security contributions and use disposable income as a unique denominator.

We express the ‘cushioning’ effect of the tax–benefit system on the gender gap in market income as the gender gap in market income minus the gender gap in disposable income:

$$C = Gap_M - Gap_D$$

We next isolate the relative contributions of tax, benefit, and pension policy to the overall cushioning effect of the tax–benefit system by introducing a benefit function,  $b(\cdot)$ , which transforms market income into post-transfer (excluding pensions), pre-tax income:

$$D_i^b = b(w_i * h_i, y_i, X_i)$$

and a pension function,  $p(\cdot)$ , which transforms market income into post-pension, pre-tax income. Combining the benefit and pension function,  $b, p(\cdot)$ , allows us to compute income after pensions and other benefits but before taxes or gross income.

Estimating the gender gap for these income concepts allows us to isolate the effect of taxes from benefits and pensions. We estimate the effect of (1) benefits by comparing market income to post-transfer (excluding pensions), pre-tax income; (2) pensions by comparing market income to post-pension, pre-tax income and (3) taxes by comparing gross income to disposable income:

$$Gap_{D^b} = (\bar{D}^{m,b} - \bar{D}^{f,b})/\bar{D}^m$$

$$Gap_{D^p} = (\bar{D}^{m,p} - p)/\bar{D}^m$$

$$C = \underbrace{(Gap_M - Gap_{D^b})}_{benefits} + \underbrace{(Gap_M - Gap_{D^p})}_{pensions} + \underbrace{(Gap_{D^{b,p}} - Gap_D)}_{tax}$$

The remainder of this annex presents the full results of the decomposition analysis conducted by population group at the Member State and EU level.

**Table A4.** Gender gaps in market and disposable income (estimated income pooling) and the cushioning effects of the tax–benefit system for single adults, by age (16+, EU, 2019)

Member State	Single, aged under 45						Single, aged 45–64						Single, aged 65+					
	Gender gaps, %		Cushioning, pp			Gender gaps, %		Cushioning, pp			Gender gaps, %		Cushioning, pp					
	Gap M	Gap D	Benefits	Taxes	Pensions	Gap M	Gap D	Benefits	Taxes	Pensions	Gap M	Gap D	Benefits	Taxes	Pensions			
AT	26	10	−3	−11	−1	36	7	0	−15	−14	7	19	0	−10	22			
BE	22	6	−3	−13	−1	31	10	1	−16	−6	8	12	0	−11	15			
BG	36	26	−4	−7	0	−16	−17	−1	3	−4	12	21	1	−2	10			
CY	23	13	−8	−4	2	33	17	4	−10	−10	23	23	−1	−7	8			
CZ	31	12	−4	−13	−2	27	10	−1	−11	−6	9	14	0	−3	8			
DE	16	0	−7	−8	−1	23	10	0	−12	−2	6	15	1	−4	12			
DK	10	−2	−8	−5	1	17	2	−2	−9	−4	9	4	−2	−4	0			
EE	2	−6	−7	−2	1	−31	−25	0	4	1	5	−1	0	−1	−4			
EL	22	11	−1	−10	0	34	4	0	−15	−16	3	13	0	−5	15			
ES	17	12	−1	−5	0	7	−4	−3	−5	−4	5	15	−5	−6	21			
FI	5	−7	−6	−4	−2	−9	−6	2	−2	2	12	11	−1	−9	9			
FR	8	−4	−9	−3	0	13	7	−2	−3	−1	−15	0	0	1	13			
HR	21	13	−2	−6	0	−10	−8	2	2	−2	3	25	2	−2	23			
HU	28	12	−3	−13	0	10	−13	−1	−7	−15	4	13	0	−3	12			
IE	12	−6	−11	−6	−1	−5	−10	−3	1	−3	18	14	−2	−2	−1			
IT	24	18	1	−8	1	17	10	3	−9	−1	11	22	0	−14	26			
LT	21	7	−9	−7	2	−40	−26	0	16	−3	19	24	0	−6	10			
LU	17	4	−6	−6	0	34	15	2	−11	−9	3	18	−2	−9	26			
LV	9	−4	−6	−6	0	−22	−19	−2	3	3	6	9	−1	−4	8			
MT	14	1	−9	−4	0	49	28	−8	−11	−1	5	15	−4	−1	16			
NL	17	3	−5	−9	0	31	14	−2	−15	0	22	11	−2	−8	−2			
PL	23	8	−6	−9	0	1	−19	−2	2	−19	9	17	−2	−5	14			
PT	5	−2	−4	−3	0	−18	−14	−2	6	1	4	16	0	−5	18			

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RO	41	24	-2	-14	0	14	4	-1	-4	-5	2	21	0	-1	21
SE	26	10	-6	-8	-2	41	25	-2	-14	-1	10	16	-3	-11	20
SI	29	13	-4	-12	0	-8	-15	-1	3	-10	8	12	1	-5	8
SK	37	20	-3	-14	-1	-2	-10	0	-1	-6	0	7	0	0	8
EU	20	7	-5	-8	0	10	-1	-1	-5	-5	8	14	-1	-5	12

NB: Sample comprises all adults aged 16+. Gap D denotes the average gender gap in disposable income and gap M the average gap in market income. The 'cushioning' columns show how the tax, welfare and pension systems affect the gender gap in market income. Countries are ordered alphabetically by two-letter code.  
Source: Authors' calculations using 2019 EUROMOD policies with EU-SILC data for 2019.



**Table A5.** Gender gaps in market and disposable income (estimated income pooling) and the cushioning effects of the tax–benefit system for married/cohabiting adults with children, by age of children (16+, EU, 2019)

Member State	Married/cohabiting, with children aged < 7 years						Married/cohabiting, with children aged 7+ years					
	Gender gaps, %			Cushioning, pp			Gender gaps, %			Cushioning, pp		
	Gap M	Gap D	Benefits	Taxes	Pensions		Gap M	Gap D	Benefits	Taxes	Pensions	
AT	30	28	5	-12	4		25	23	4	-12	7	
BE	13	12	3	-6	3		12	12	2	-6	4	
BG	14	10	-2	-3	2		5	5	1	-1	1	
CY	15	14	0	-3	2		18	15	0	-4	2	
CZ	29	24	-2	-7	4		13	13	0	-4	3	
DE	19	20	2	-8	6		19	20	2	-10	8	
DK	7	4	-2	-4	3		8	6	0	-7	5	
EE	21	5	-13	-4	0		12	6	-4	-3	2	
EL	22	21	2	-11	8		24	23	2	-11	8	
ES	14	12	-1	-4	2		13	12	0	-4	3	
FI	21	19	3	-10	4		12	9	1	-8	4	
FR	14	13	1	-4	2		12	8	-1	-5	3	
HR	11	9	-1	-3	2		8	8	0	-2	3	
HU	14	14	3	-6	4		8	7	1	-4	3	
IE	31	28	2	-13	7		32	31	3	-14	9	
IT	23	21	2	-9	5		21	20	2	-9	7	
LT	17	13	-1	-7	4		10	10	1	-5	3	
LU	12	9	1	-6	3		19	15	2	-11	5	
LV	24	14	-7	-7	4		13	9	-2	-4	3	
MT	29	27	2	-10	6		33	31	1	-10	7	
NL	15	10	0	-9	5		14	11	1	-10	6	
PL	21	17	1	-5	0		15	14	1	-4	1	

PT	15	11	1	-5	0	14	9	1	-6	0
RO	14	2	-11	-8	7	15	10	-4	-8	8
SE	17	10	-3	-6	3	10	6	-1	-6	3
SI	18	13	-4	-7	5	9	8	0	-5	4
SK	28	19	-5	-9	5	8	9	1	-3	3
EU	19	15	-1	-7	4	15	13	1	-7	4

NB: Sample comprises all adults aged 16+. Gap D denotes the average gender gap in disposable income and gap M the average gender gap in market income. The 'cushioning' columns show how the tax, welfare and pension systems affect the gender gap in market income. Countries are ordered alphabetically by two-letter code.  
Source: Authors' calculations using 2019 EUROMOD policies with EU-SILC data for 2019.

**Table A6.** Gender gaps in market and disposable income (estimated income pooling) and the cushioning effects of the tax-benefit system for married/cohabiting adults without children by age (16+, EU, 2019)

Member State	Married/cohabiting (no children) < 45						Married/cohabiting (no children) 45–64						Married/cohabiting (no children) 65+					
	Gender gaps, %			Cushioning, pp			Gender gaps, %			Cushioning, pp			Gender gaps, %			Cushioning, pp		
	Gap M	Gap D	Benefits	Taxes	Pensions		Gap M	Gap D	Benefits	Taxes	Pensions		Gap M	Gap D	Benefits	Taxes	Pensions	
AT	18	15	0	–10	7		20	18	2	–11	8		8	22	1	–9	22	
BE	14	10	0	–9	6		14	15	2	–9	8		19	22	0	–7	9	
BG	2	3	0	0	0		4	5	0	–1	2		10	10	0	0	1	
CY	11	9	0	–2	1		19	20	1	–4	5		43	22	1	–2	–19	
CZ	12	11	0	–5	4		11	10	0	–3	2		22	7	0	–1	–15	
DE	8	8	0	–5	4		15	17	1	–7	8		10	18	0	–3	10	
DK	9	6	–1	–6	4		6	5	0	–4	4		10	4	0	–4	–2	
EE	11	8	–1	–3	2		6	4	–2	–2	2		6	3	0	–1	–3	
EL	18	16	0	–9	7		22	24	1	–10	11		6	21	0	–3	17	
ES	7	7	1	–2	1		14	15	0	–5	5		10	21	–1	–3	15	
FI	11	7	0	–6	3		7	7	0	–6	6		4	9	0	–6	11	
FR	12	10	0	–5	3		11	11	0	–5	5		6	17	1	–2	12	
HR	3	3	0	–1	1		6	8	0	–2	4		4	8	0	–1	5	
HU	6	6	0	–4	3		5	5	0	–3	2		1	4	0	0	2	
IE	18	17	0	–7	6		35	32	2	–16	11		50	34	0	–4	–13	
IT	15	12	0	–7	4		19	21	2	–9	9		11	21	0	–8	19	
LT	7	7	1	–4	3		7	7	0	–3	3		11	6	0	–1	–4	
LU	7	5	0	–4	3		18	19	1	–9	9		10	21	0	–10	20	
LV	6	6	0	–3	2		10	10	–1	–3	4		14	7	0	–2	–6	
MT	5	4	0	–2	1		30	32	1	–8	9		28	44	1	–3	19	
NL	8	6	–1	–4	3		15	12	1	–10	7		22	12	1	–6	–5	

PL	15	11	0	-4	0	11	10	0	-3	3	2	9	0	-2	9
PT	13	6	0	-7	0	13	13	0	-6	5	3	16	0	-5	18
RO	10	9	-1	-7	7	11	11	-2	-5	7	6	12	0	0	5
SE	8	6	0	-5	3	7	6	-1	-5	5	5	11	0	-6	11
SI	12	9	0	-7	5	3	5	0	-1	4	10	9	0	-1	-1
SK	13	12	0	-5	4	7	8	0	-3	4	10	7	0	0	-2
EU	10	8	0	-5	3	13	13	0	-6	6	13	15	0	-3	5

NB: Gap D denotes the average gender gap in disposable income and gap M the average gender gap in market income. The 'cushioning' columns show how the tax, welfare and pension systems affect the gender gap in market income. Countries are ordered alphabetically by two-letter code.  
*Source:* Authors' calculations using 2019 EUROMOD policies with EU-SILC data for 2019.

## Annex 4. Methodological aspects for analysis on the consequences of financial dependence

To explore the relationship between financial independence and economic violence, micro-data from the FRA survey on Violence Against Women in the EU (2012) was used to estimate the effect of financial dependence and other characteristics on women's likelihood of experiencing economic violence. The sample for the logistic regression comprised women in EU Member States (EU-27) who were currently in a relationship or had ever had a partner (38 754 observations).

The dependent variable 'lifetime economic violence' was constructed following the specification in FRA's 'Main results' report (FRA, 2014, p. 75-76). Specifically, FRA defines economic violence as experiencing one or any combination of:

- one's partner preventing one from making decisions about family finances;
- one's partner preventing one from shopping independently;
- one's partner forbidding one to work outside the home.

FRA asks how frequently the respondent has experienced each of the above from (1) their current partner and (2) any previous partner. If the respondent answers more than 'never' to any of the above across both their current partner and previous partner, the respondent is coded as having experienced economic violence in their lifetime. If the respondent indicates 'never' to all questions that they provide an answer to and/or did not answer the question(s) despite the question being applicable (because the respondent does have a current or ex-partner), the respondent is coded as not having experienced economic violence in their lifetime.

**Table A7.** Variables used to predict women’s likelihood of experiencing economic violence over their lifetime

Variable	Definition
Age	Nominal variable: 18–24; 25–29; 30–34; 35–39; 40–49; 50–59; 60+. Age bands used in the analysis are those that are in the raw data, as this data does not enable different age categories to be constructed
Education level	Nominal variable: not completed primary; primary; lower secondary; upper secondary; post-secondary, non-tertiary; first stage tertiary; second stage tertiary
Activity status	Nominal variable: full-time employed; part-time employed; self-employed; homemaker; volunteer; unemployed; student; disabled; retired; other
Relationship status	Nominal variable: married, cohabiting with partner; married, but separated; not married, cohabiting with a partner; not married, in relationship but not cohabiting; not married, single
Ethnic minority status	Nominal variable: not ethnic minority; ethnic minority
Religious minority status	Nominal variable: not religious minority; religious minority
Has children	Binary variable: yes; no
Number of people aged 18 in house	Nominal variable: 0 children; 1 child; 2 children; 3 or more children
Has a disability	Binary variable: yes; no
Equal say in income	Nominal variable: yes; no; do not know, refused to answer or no answer
Partner earnings	Nominal variable: partner earns less than respondent; both earn roughly the same amount; partner earns more than respondent; do not know, refused to answer or no answer
Ever experienced physical violence from current or ex-partner	Binary variable: yes; no
Ever experienced sexual violence from current or ex-partner	Binary variable: yes; no
Ever experienced non-economic psychological violence from current or ex-partner	Binary variable: yes; no
Member State	Nominal variable with one category per country

NB: To construct variables for minority ethnicity and minority religious group status, data was used from a survey question asking ‘Thinking about where you live, do you consider yourself to be part of any of the following? Please tell me all that apply.’, with responses including ethnic minority and religious minority. If someone selected ethnic minority as part of their response to the question, they were considered to be part of an ethnic minority group; if someone selected religious minority as part of their response to the question, they were considered to be part of a religious minority group.

In line with FRA's definitions and main report, physical violence by a partner or ex-partner since the age of 15 was taken to have been experienced by anyone who answered more than 'never' to any of the following questions.

- How many times has your current partner /any previous partner: pushed you or shoved you? • Slapped you? • Thrown a hard object at you? • Grabbed you or pulled your hair? • Beaten you with a fist or a hard object, or kicked you? • Burned you? • Tried to suffocate you or strangle you? • Cut or stabbed you, or shot at you? • Beaten your head against something? (E03b – E03j) (G04b – G04j)

In line with FRA's definitions and main report, sexual violence by a partner or ex-partner since age of 15 was taken to have been experienced by anyone that answered more than 'never' to any of the following questions.

- How often has your current partner / any previous partner done any of the following to you? Forced you into sexual intercourse by holding you down or hurting you in some way? [IF NEEDED: By sexual intercourse we mean here forced oral sex, forced anal or vaginal penetration.] • Apart from this, attempted to force you into sexual intercourse by holding you down or hurting you in some way? [IF NEEDED: By sexual intercourse we mean here forced oral sex, forced anal or vaginal penetration.] • Apart from this, made you take part in any form of sexual activity when you did not want to or you were unable to refuse? • Or have you consented to sexual activity because you were afraid of what might happen if you refused? (E04a – E04d) (G05a – G05d)

Economic violence was excluded from psychological violence in order to estimate this separately. While FRA defines psychological violence as an aggregate of controlling behaviour, economic violence, abusive behaviour and blackmail with / abuse of children, psychological violence was defined in the analysis as an aggregate of controlling behaviour, abusive behaviour, and blackmail with / abuse of children. Psychological violence was therefore taken to have been experienced by anyone who answered more than 'never' to any of the following questions.

- How often does your current partner / did any previous partner ever try to keep you from seeing your friends? • Try to restrict your contact with your family of birth or relatives? • Insist on knowing where you are in a way that goes beyond general concern? • Get angry if you speak with another man? (Or another woman, if the partner is a woman?) • Become suspicious that you are unfaithful? • Forbid you to leave the house, take away car keys or lock you up? (E01a–E01e, E01h and G01a–G01e, G01h)

- How often would you say that your current partner has / has any previous partner ever belittled or humiliated you in front of other people? • Belittled or humiliated you in private? • Done things to scare or intimidate you on purpose, for example by yelling and smashing things? • Made you watch or look at pornographic material against your wishes? • Threatened to take your children away from you? • Threatened to hurt your children? • Threatened to hurt or kill someone else you care about? (E02a–E02h and G02a–G02h)
- How often has something like this happened to you? • Your current partner / any previous partner has threatened to hurt you physically? (E03a and G04a)



## Results

**Table A8.** Results from a logistic regression estimating the likelihood of ever-partnered women experiencing economic violence during their lifetime in the EU (2012)

Variable	Odds ratio	Standard error	p-value
<b>Intercept</b>	0.002	0.001	0.000
<b>Equal say in income</b>			
Yes	Omitted (reference category)		
No	4.705***	0.577	0.000
Do not know, refused to answer or no answer	2.342*	0.791	0.012
<b>Partner earnings</b>			
Partner earns less than respondent	Omitted (reference category)		
Both earn roughly the same amount	1.014	0.155	0.929
Partner earns more than respondent	1.076	0.148	0.593
Do not know, refused to answer or no answer	0.474*	0.150	0.018
<b>Age</b>			
18–24	Omitted (reference category)		
25–29	0.728	0.170	0.174
30–34	0.853	0.182	0.456
35–39	0.913	0.198	0.675
40–49	0.989	0.203	0.957
50–59	0.969	0.209	0.884
60+	1.109	0.261	0.660
<b>Education level</b>			
Not completed primary	1.935**	0.417	0.002
Primary	1.197	0.162	0.185
Lower secondary	1.192	0.125	0.093
Upper secondary	Omitted (reference category)		
Post-secondary, non-tertiary	1.029	0.140	0.832
First stage tertiary	0.905	0.114	0.428
Second stage tertiary	0.840	0.131	0.266
<b>Activity status</b>			
Full-time employed	Omitted (reference category)		
Part-time employed	0.965	0.124	0.779
Self-employed	1.208	0.213	0.284
Homemaker	1.267*	0.149	0.044
Volunteer	2.849**	1.047	0.004
Unemployed	0.865	0.105	0.235
Student	0.423**	0.127	0.004
Disabled, cannot work	1.653	0.522	0.111
Retired	0.749*	0.106	0.041
Other	1.431	0.507	0.311
<b>Relationship status</b>			
Married, cohabiting with partner	Omitted (reference category)		
Married, but separated	1.361	0.713	0.556
Not married, cohabiting with partner	1.335*	0.185	0.037
Not married, in relationship but not cohabiting	0.804	0.293	0.550
Not married, single	1.275	0.674	0.645
<b>Ethnic minority status</b>			
Not ethnic minority	Omitted (reference category)		

Ethnic minority	1.067	0.166	0.677
<b>Religious minority status</b>			
Not religious minority	Omitted (reference category)		
Religious minority	1.780**	0.323	0.001
<b>Has children</b>			
No	Omitted (reference category)		
Yes	1.759***	0.228	0.000
<b>Number of people under 18 in house</b>			
0	Omitted (reference category)		
1	1.079	0.116	0.479
2	1.027	0.120	0.820
3 or more	1.399*	0.192	0.015
<b>Has a disability</b>			
No	Omitted (reference category)		
Yes	1.312	0.221	0.108
<b>Ever experienced physical violence from current or ex-partner</b>			
No	Omitted (reference category)		
Yes	4.271***	0.324	0.000
<b>Ever experienced sexual violence from current or ex-partner</b>			
No	Omitted (reference category)		
Yes	2.939***	0.281	0.000
<b>Ever experienced non-economic psychological violence from current or ex-partner</b>			
No	Omitted (reference category)		
Yes	13.993***	2.465	0.000
<b>Member State</b>			
AT	1.265	0.238	0.211
BE	1.805**	0.345	0.002
BG	2.227***	0.413	0.000
CY	1.811**	0.365	0.003
CZ	1.951***	0.343	0.000
DE	1.18	0.218	0.370
DK	1.805**	0.346	0.002
EE	1.609	0.309	0.013
EL	1.041	0.193	0.828
ES	1.626**	0.3	0.008
FI	1.617**	0.292	0.008
FR	1.325	0.245	0.129
HR	2.652***	0.486	0.000
HU	1.569	0.297	0.017
IE	1.607	0.308	0.013
IT	1.703**	0.308	0.003
LT	2.279***	0.424	0.000
LU	1.71**	0.339	0.007
LV	1.3	0.246	0.165
MT	2.826***	0.557	0.000
NL	1.331	0.252	0.131
PL	2.082***	0.412	0.000
RO	1.543	0.289	0.020
SE	0.98	0.201	0.922
SI	1.842**	0.353	0.001
SK	1.998***	0.381	0.000

NB: Economic violence is defined as having experienced one of the following from a current or ex-partner: being prevented from making decisions about family finances; being prevented from shopping independently; being forbidden to work

outside the home. Sample restricted to ever-partnered women living in an EU Member State (EU-27). Statistical significance indicated as follows: \*  $p < .05$ ; \*\*  $p < .01$ ; \*\*\*  $p < .001$ .

Source: Authors' calculations based on microdata from the FRA Survey on Violence Against women (2012).

## Limitations

Several limitations should be noted regarding the analysis of FRA data from 2012 on economic violence against women. First, the data does not capture all the different forms of economic violence acknowledged as distinctive in the literature. A further limitation of the analyses of the FRA data is that it does not focus on the frequency or 'severity' of economic violence and other forms of violence. Finally, FRA survey data is based on respondents' reports of their situation, rather than objective measurement. Women may, for example, have reported that they earned the same as their partner, when the reality of their financial situation may have been different. This form of bias may, then, also be associated with women's reporting on financial independence or previous history of economic violence, which could bias the results on the associative relationship between economic violence and financial independence.

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