Women Can Use Impact Investing to Change Capital Markets for the Better, Says New Campaign

Research shows that while women are highly interested in impact investing, only a small percentage are actually doing it. The new impact investing campaign Invest for Better seeks to mobilize women to activate their capital to create positive change in society, and demonstrates additional ways beyond philanthropy that women can use their money to achieve social goals.

BOSTON (PRWEB) January 23, 2019 -- Impact investing is fast becoming a mainstream investment strategy, and women control increasing amounts of wealth. These two forces, says Ellen Remmer, Senior Partner at The Philanthropic Initiative (TPI), have the power to revolutionize capital markets. So she and other colleagues from the impact investing field decided to build Invest for Better (investforbetter.org), an impact investing campaign specifically geared towards women.

“Invest for Better aims to make it easier for women to take action and invest with purpose by addressing their need for information, inspiration, community, and support,” Remmer says. “Even joining the conversation at #investforbetter will connect women to others who are now ramping up or already leading the way.”

The amount of money in impact investments is skyrocketing: a projected $400 billion or more will be in impact investments in 2020, up from $80 billion in 2011. But there is a disconnect between women’s interest in the field and the actions they currently take with their investments.

Why the gap? In addition to the universal barriers to rapid adoption—advisor knowledge and behavior, return myths, limited track record, opaqueness of financial products, limited on-ramps, pipeline, etc.—women’s adoption of socially responsible and impact investing faces the following distinctive hurdles: little time spent on investing, lack of confidence in investment knowledge, widespread underinvestment, and a traditional advisor ecosystem that is not geared towards women’s interest in values-based goal setting.

Invest for Better aims to close the gap. The campaign provides concrete steps any woman can pursue to become an impact investor—everything from investing in a community development financial institution to buying a green bond to becoming an angel investor—and invites women to pledge to take action.

It debunks commonly held misconceptions about impact investing—namely, that investing in your values means you have to take a lower financial return or that only very wealthy people can make socially responsible investments. Invest for Better features a robust set of resources, including tools to help women figure out what’s currently in their portfolios, ideas for how to persuade other stakeholders (including your partner!) that impact investing is a good idea, and ways to find a financial advisor with impact investing know-how. It also connects women to impact investor networks and highlights the stories of real women who are putting their money to work by investing in what they believe in.

Ultimately, Remmer hopes the site and campaign will galvanize more women at all income levels to pursue impact investing in a way that’s right for them.

“Women are controlling more and more of the world’s wealth,” Remmer says. “They are speaking up and strengthening their impact on issues that matter. Women can further amplify this collective voice through purposeful investing, which allows them to carefully steward their assets, find personal fulfillment, and
discover the power of the capital markets to make positive change.”

Invest for Better is a project of The Philanthropic Initiative (TPI). If you’d like to learn more about the campaign, please contact Jennifer Montone at jmontone@tpi.org. Women who may be interested in taking impact investing to the next level can also contact Ellen Remmer directly at eremmer@tpi.org.

Relevant Statistics
- A number of reports show that women are less confident than men in their investment knowledge and prowess (ranging from 20-50% less than men). However, The Center for Talent Innovation’s groundbreaking report shows that these same women have comparable knowledge (35% of women vs. 39% of men passed a financial literacy assessment).
- A factor contributing to lower confidence may be the fact that women are reported to spend far less time on investment activities (39% less than men). This may be due to the fact that women spend more time on family chores and caretaking, and/or because they choose to spend their time on different activities. “Time poverty,” a term coined by Melinda Gates, is a reality for women around the world.
- Consistent with the dedication of less time to investing is the fact that fewer women take responsibility for household investment decisions vs. men (50% men, 37% together, and 13% women). Many studies suggest this pattern holds true across age groups, although at least one study of high net worth Americans showed Gen X and Millennial women nearly on par with their male counterparts (40-44% men, 22% together, 35-38% women). The family politics or governance structures in high net worth families may also inhibit women from controlling their investment decisions.
- Women are reported to have a lower risk tolerance and higher need for more information. Research studies vary on their conclusions here, with some suggesting that risk profiles are appropriately related to women’s perceived level of knowledge. The fact that women are more likely to be happy with a smaller, guaranteed rate of return while men are more interested in beating the market may work in favor of impact investing, while the need for more information may work against it, given the immaturity of the field.
- There exists among women an underinvestment in markets, especially among the unadvised. The percentage of women using financial advisors dropped from 48% in 2008 to 31% in 2014, and women without advisors tend to hold 20% of their portfolio in cash vs. 9% for those with advisors.
- There are not enough diverse “on-ramps” to gain first-hand experience in impact investing. To date, there have been limited opportunities for all impact investors to allocate a small amount of resources and/or time to experiment with impact investing. While there are a growing number of learning-focused angel investing networks (including several with a gender lens), this approach is appropriate for only a subset of the market and may be too time intensive and/or risky for many women.
- The traditional advisor ecosystem, which is designed around pushing products, is particularly ineffective for women who value deep listening, values-based goal setting, and a comfortable space for asking questions and learning. When combined with the reality that not enough advisors actually understand or have experience with impact investing, the challenges are magnified for women.

The Philanthropic Initiative (TPI)
The Philanthropic Initiative (TPI) is a global philanthropic consulting practice that helps individuals, families, foundations, and corporations develop and execute customized strategies to increase the impact of their giving and achieve philanthropy that is more strategic, effective, and fulfilling. For nearly 30 years, TPI has served as consultant and thought partner to ambitious donors and funders who embrace innovative thinking in their efforts to find local, national, and global levers of change. TPI is committed to actively promoting and advancing strategic philanthropy by conducting cutting-edge research, publishing donor education resources,
and training individuals, organizations, and advisors in best practices. TPI merged with the Boston Foundation in 2012, and continues to operate nationally and globally. For more information, visit www.tpi.org or check out our blog Deep Social Impact. We’re also on LinkedIn and Twitter @TPIPhilanthropy.

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