DOI: https://doi.org/10.53486/dri2024.32
UDC: 330.564.2-055.2(4+478)

FINANCIAL INDEPENDENCE AND GENDER EQUALITY

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Abstract:
This article investigates the multidimensional aspects of financial independence with a particular focus on gender equality. It proposes a comprehensive measurement framework organized around three core dimensions: income, wealth, and power and control.
The framework integrates empirical and theoretical perspectives to provide a nuanced understanding of financial independence and its gendered implications.
The analysis highlights significant gender disparities in income and employment across the EU and Moldova, with women consistently earning less and facing more barriers in accessing financial resources compared to men. In Moldova, women's financial vulnerability is exacerbated by their reliance on non-productive income sources such as social benefits and remittances, alongside challenges in accessing credit. The article also explores the dimension of power and control, revealing persistent imbalances in household decision-making where women often have less influence over financial decisions.
The findings underscore the need for targeted interventions to enhance women's financial literacy, improve access to credit, and promote gender equality in decision-making. By considering the intersectionality of gender with other personal and societal factors, this article provides insights into developing more effective strategies to support financial independence and reduce gender disparities. Ongoing reforms and institutional oversight are essential to advancing these goals and achieving a more equitable financial environment.

Key words: *Financial Independence, Gender Equality, Income Disparities, Wealth Gap*

JEL: J16, J31, D31, G21, I32

1. Introduction

Financial independence has substantial implications for both women and men, affecting their ability to lead healthy, secure, and fulfilling lives, exercise agency and choice, and live free from economic and other forms of domestic and intimate partner violence. Over the past three decades, income inequality has been rising across advanced capitalist societies (Piketty, 2014). For women, gendered income inequality has significant sociological consequences, including an unequal division of household labor and an increased likelihood of experiencing abuse within relationships. Additionally, such inequality has macroeconomic effects, such as hindering economic growth and exacerbating overall inequality.

Gender disparities in financial independence may be further intensified by ongoing global economic challenges, including rising inflation, energy prices, and the associated cost-of-living crisis, which disproportionately affect women.

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.

Moldova's aspirations for European integration have brought renewed focus to the issue of gender equality, particularly in the realm of financial independence. As the country works towards aligning its policies and practices with EU standards, understanding the multidimensional nature of financial independence has become increasingly important.

This article examines the gender analysis of financial independence among EU member countries, using them as a benchmark for the Republic of Moldova. It draws insights from recent studies and surveys to explore the three core dimensions of financial independence: income, wealth, and power and control. Additionally, the article considers the overarching factors that shape these dimensions, including personal characteristics, household dynamics, and societal norms.

2. Financial independence and gender equality

The gender analysis of financial independence has significantly advanced our understanding of this complex issue, revealing its multidimensional nature. Early studies primarily focused on (married) women's financial dependence on their partners and the associated repercussions (Becker, 1981; Blood & Wolfe, 1960; Hobson, 1990). These studies applied a gender perspective to examine power imbalances between men and women, with many economic models assuming that households function as a unified economic entity.

Contemporary research broadens this perspective by considering a wider array of factors related to financial independence. Recent literature emphasizes the importance of looking beyond mere financial resources to understand how decision-making processes influence whether and how financial resources contribute to living a life aligned with one's values and aspirations (e.g., Sen, 1985).

Current studies often explore financial independence in the context of earnings and income within female-male relationships, typically in marriage or partnership (Kalmijn et al., 2007). This approach provides insights into women's income situations, including their resources for power and decision-making relative to their partners. Indicators such as women's earnings compared to their partner's or relative to household income are commonly used (Bettio & Ticci, 2017; Alper, 2019; Beznoska, 2019; Bonke, 2015; Kalmijn et al., 2007). Research shows that in the EU, a greater share of household income typically correlates with increased protection from material deprivation (Guio & Van den Bosch, 2021; Karagiannaki & Burchardt, 2020).

In my view, understanding financial independence through a multidimensional lens, especially with a focus on gender equality, necessitates a nuanced measurement framework. Such a framework should be firmly rooted in both empirical and theoretical literature, highlighting the essential dimensions and their intricate interconnections. This approach aims to offer a more thorough and gender-sensitive interpretation for various analyses related to financial independence.

After reviewing the relevant information and the most recent statistical data, can be highlighted the following structure for the measurement framework, which is organized around three core dimensions:

- **Income**: This includes various sources such as earnings, state benefits, transfers, or pension payments.
- **Wealth:** This encompasses assets and liabilities, representing the financial 'safety net' available to the individual.
- **Power and Control:** This dimension covers access to resources, financial literacy, decision-making, and spending.

In the author's view, this framework provides a more comprehensive and equitable perspective on financial independence by taking into account the diverse needs and experiences of different individuals.

In addition to the core dimensions, the framework acknowledges overarching factors influencing financial independence. These factors include:

➢ *Personal Characteristics*: Gender, age, race, nationality, social status, sexual orientation, disability, and ethnic origin.

➢ *Household and Family Characteristics*: Presence of a partner, marital status, and dependent children.

➢ *Extended Familial Context*: Financial or other support from ex-spouses, non-resident family members, or other relatives.

➢ *Societal Factors*: Gendered norms, stereotypes, and policies at both Member State and EU levels.

Consequently, the analysis of financial independence and gender equality will be conducted through the lens of the above three dimensions, both at the European level and within the context of Moldova, taking into account the influencing factors.

Thuse, regarding the ***income*** dimension, data and evidence reveal substantial and persistent disparities between women and men in employment, earnings, and overall income. Estimates of gender differences in aggregate income remain challenging due to the lack of individual-level data across various income sources and measurement difficulties.

In the EU, data from Eurostat (2022) indicate that 19% of economically inactive women and 3% of economically inactive men were not seeking employment due to caregiving responsibilities for adults with disabilities or children. This reflects the disproportionate burden of homemaking and unpaid care work on women, as highlighted by the European Institute for Gender Equality (EIGE, 2021). Additionally, significant differences are observed in employment rates and working hours between women and men of working age (20–64 years) in the EU (EIGE, 2015). According to EIGE's Gender Equality Index (2023), the full-time equivalent employment rate for individuals aged 15–89 is lower for women (42%) compared to men (57%).

These gender disparities in labor market participation and working hours have significant implications for the gender gap in earnings and, consequently, income.

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)

Source: EIGE (2024). Financial independence and gender equality: Joining the dots between income, wealth and power

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.

Figure 1 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. 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).

In Moldova, at the same time, the main indicators of the labor market register a positive trend according to gender equality index from 2024 (CPD, 2024). Over the last 3 years on the market work, both women and men are becoming more active. Compared to the year 2022, the activity rate in the row for men rose from 45.1% to 46.3% and the employment rate for women rose from 35%, up to 36.8%, as reflected in Figure 2. At the same time, gender inequality among working people remains considerable significant: the activity rate among men is about 10% higher than that of a women, and the employment rate by 8%. This inequality is further fueled by stereotypes existing regarding gender roles in society, such as that the one who has to work is the man, and it is the women who have to take care of the housework and childcare.

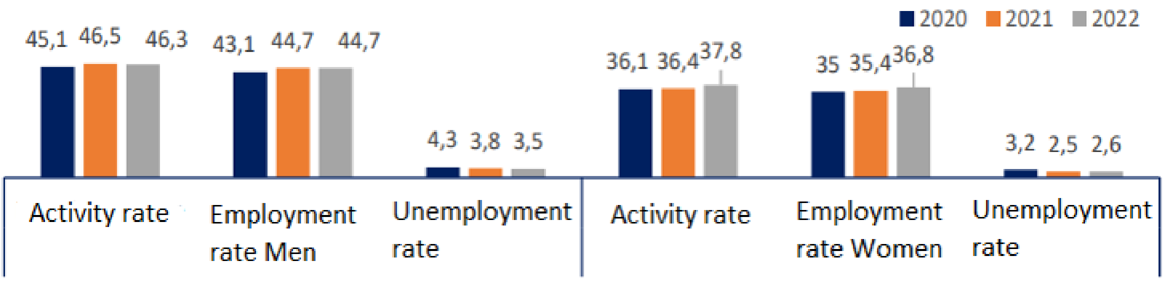

Figure 2. The main indicators on the labor market, %, 2020-2022

Source: National Bureau of Statistics (NBS)

In Moldova, many women primarily rely on social benefits and remittances for their income. According to data from the National Bureau of Statistics (NBS), women are predominantly dependent on non-productive income sources, such as social benefits and remittances, whereas men primarily earn through wage labor. This reliance on non-productive income sources significantly increases women's financial vulnerability.

Concerning the second dimension that refers to ***wealth,*** in EU Member States there is a lack of comparable data on individualised wealth (assets and liabilities). 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.

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 (Table 1), France and Italy. This may be because property is more likely than financial assets to be jointly owned in couple households and/or other multi-adult households.

Table 1: 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

Source: EIGE (2024). Financial independence and gender equality: Joining the dots between income, wealth and power

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.

Evidence from Germany indicates that while women typically hold fewer assets than men, they also incur less debt, with the gender gap in aggregate debt standing at 27%. This disparity in debt levels does not necessarily translate into greater financial strain for men. As illustrated in Table 1, the majority of debt in Germany is residential, such as mortgages, which generally serve as a means of accumulating wealth and are accessible primarily to individuals with a certain level of capital. Nonetheless, gender gaps are evident in both private debt (54%) and residential debt (15%).

A review of international literature on gender and debt (Callegari et al., 2020) reveals that men are more likely to incur debts related to bankruptcies, public debts, unpaid alimony, and high-cost items like televisions and cars. Conversely, women are more prone to accumulating debt through credit cards. In partnerships, the higher-earning partner, who is disproportionately male, is more likely to make decisions regarding debt and borrowing (Callegari et al., 2020).

In Moldova, statistical data indicate significant gender-based disparities in financial security. Women frequently encounter greater difficulties in accessing credit and financial services, which can hinder their ability to accumulate assets. For example, women are more likely to be engaged in informal employment, which often does not contribute to formal financial asset

accumulation. This underscores the need for targeted financial literacy programs and policies to improve women's access to financial resources.

The financial safety net in Moldova, defined by the balance of assets and liabilities, shows resilience despite economic challenges. However, addressing gender disparities in financial access and literacy is essential for improving the overall financial security of individuals, particularly women. Ongoing reforms and oversight by the National Bank of Moldova are aimed at further strengthening this safety net, ensuring that both men and women can effectively navigate the financial landscape.

The literature on the third dimension of ***power and control*** underscores the significance of resources in determining an individual's ability to make autonomous decisions and influence household matters. According to the EU-SILC 2010 ad hoc module, couples were asked about the balance of decision-making regarding various financial aspects, and responses varied widely across different types of decisions (Figure 3). Decision-making tends to be more balanced in general decisions and those concerning expenditure on consumer durables and furniture. In most relationships, decisions about saving and borrowing are also balanced. However, when borrowing decisions are dominated by one partner, it is more frequently the man, while decisions about saving are equally shared between men and women.

Gender differences are most pronounced in decisions related to everyday shopping and children's expenses, with women disproportionately making these decisions. Across the EU, fewer than half of both women and men in partnered relationships report equal decision-making regarding everyday shopping.

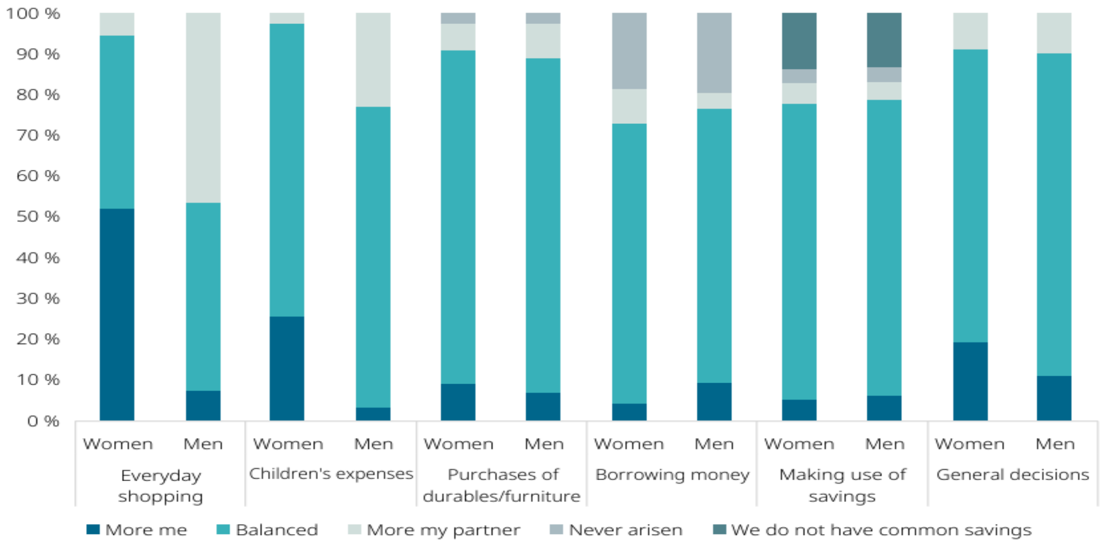

Figure 3. Financial decision-making by partnered women and men (%, 16+ years, EU, 2010

Source: Eurostat (2012)

In Moldova on the other hand, the dimension of ***power and control*** in household decision-making reflects significant gender disparities, particularly in financial matters. Statistical data highlight how these imbalances affect women's autonomy and influence within households.

According to data from the National Bureau of Statistics of Moldova (NBS), women in Moldova often face challenges in accessing and controlling financial resources. For instance, a survey conducted in 2023 reveals that only 35% of Moldovan women report having equal say in financial decisions within their households, compared to 55% of men. This disparity is evident in several key areas (ABA ROLI and CIPE):

- Household Budgeting: women are less likely to participate in decisions related to household budgeting. Approximately 60% of women reported having limited or no input in household budget decisions, whereas 40% of men reported the same.
- Savings and Investments: women in Moldova have less control over savings and investment decisions. Only 30% of women report having a significant role in financial planning and investment decisions, compared to 50% of men.
- Access to Credit: women are disproportionately affected by barriers to accessing credit. While 70% of men are able to secure loans or credit, only 55% of women have similar access, reflecting broader issues of financial control and empowerment.
- Decision-Making in Family Businesses: In families involved in business activities, women are underrepresented in decision-making roles.

These statistics illustrate the ongoing gender imbalance in power and control within Moldovan households, highlighting the need for targeted interventions. Efforts to enhance women's financial literacy, improve access to credit, and promote gender equality in decision-making are crucial for addressing these disparities and empowering women in Moldova.

3. Conclusions

This article has explored the multidimensional nature of financial independence, emphasizing the importance of a nuanced measurement framework, particularly from a gender equality perspective. The reflected framework, organized around the core dimensions of income, wealth, and power and control, offers a comprehensive approach to understanding financial independence by considering both empirical and theoretical insights.

The analysis of income data reveals persistent gender disparities in employment, earnings, and overall income. In the EU, women consistently face lower employment rates and fewer working hours compared to men, which contributes to a significant gender gap in earnings. Similarly, in Moldova, while there have been improvements in employment rates for both men and women, substantial gender inequalities persist, particularly in access to financial resources and decision-making.

The wealth dimension highlights that women often hold fewer assets and incur less debt compared to men. However, this does not necessarily equate to greater financial stability for women, as they are more reliant on non-productive income sources such as social benefits and remittances. This reliance exacerbates their financial vulnerability, especially in Moldova, where barriers to credit access further undermine women's financial security.

The dimension of power and control reveals significant gender imbalances in household decision-making. Women in both the EU and Moldova frequently have less influence over financial decisions and are more likely to be underrepresented in decision-making roles, whether in family budgeting or in business contexts. Data indicate that women often face barriers to accessing credit and financial services, which limits their ability to accumulate assets and make autonomous financial decisions.

Addressing these disparities requires targeted interventions, including policies to enhance financial literacy, improve access to credit, and promote gender equality in financial decision-making. By considering the intersectionality of gender with other personal and societal factors, such as age, ethnicity, and socioeconomic status, we can develop more effective strategies to support financial independence for all individuals. Ongoing reforms and oversight by relevant institutions are crucial for advancing these goals and ensuring a more equitable financial landscape.

As Moldova continues it's journey towards European integration, addressing gender disparities in financial independence is crucial for achieving true equality and empowering women. Targeted interventions to promote women's participation in the formal labor market, improve access to credit and financial services, and enhance financial literacy can help narrow the gaps in income, wealth, and power and control by adopting a multidimensional approach to financial independence and prioritizing gender equality, Moldova can create a more equitable society that enables both women and men to thrive and contribute to the country's development

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