Starling Bank

# make pocket money equal

Produced in partnership with

Loughborough University

• 2018

Starling launched its mission to **Make Money Equal** by campaigning for the media to speak to men and women equally about money.

• 2021

The next phase of the campaign revealed stark differences in how men and women are pictured with money. Starling created a free image gallery that portrays women fairly.

• 2022

Starling campaigns to **Make Pocket Money Equal** after research reveals girls and boys earn and learn about money differently.

# "We firmly believe that an unequal start for children leads to an unequal future for us all."

**Anne Boden**
Founder and CEO,
Starling Bank

We've been campaigning to Make Money Equal since 2018, when we revealed huge differences in how the media talk to women and men about money. Men were more likely to be informed about financial investments, while women were told not to 'splurge' on designer handbags. It wasn't, and still isn't, okay.

In 2021, we turned to visual representations of money and discovered that women are often infantilised with coins and piggy banks, while men are depicted as confident, in control and in possession of cards and lots of paper notes. In response, we created a free image gallery that portrays women fairly.

The way that women are represented and spoken to about money matters. It can affect the way we are perceived and our sense of confidence, which can have a knock-on effect on our career paths and our pay.

**At Starling, we wanted to understand exactly when the Gender Pay Gap starts and why. We had a suspicion it might start long before we enter the workforce – what if it started in childhood?**

We partnered with Professor Tim Jay, an educational psychologist at Loughborough University, to confirm whether our hunch was correct. Unfortunately, it was, which is why our continuation of this campaign is to **Make *Pocket* Money Equal**.

It's important, because these inequalities apply to more than just how much pocket money girls and boys are given – these inequalities underpin *how* they're paid, *why* they're paid and, ultimately, how their financial literacy skills develop.

**We firmly believe that an unequal start for children leads to an unequal future for us all. It's time to Make Pocket Money Equal.**

• Synopsis

**Financial literacy is an essential skill that the Organisation for Economic Cooperation and Development (OECD) advises children to learn as early as possible[1]. It's incredibly important.**

Low levels of financial literacy in adulthood are associated with worse financial outcomes, including experience of debt, high-cost borrowing, compulsive spending and poor mortgage choices.

## "If pocket money is not given equally... children may not start off on an equal footing."

**Professor Tim Jay**
Professor of Psychology of Education, Loughborough University

**Research suggests that one of the best predictors of later financial well-being is the age at which children start having conversations about money and finance with their parents – the younger children are when these conversations start, the better[2].**

As financial education is not on the primary curriculum in England, or standardised across Wales, Scotland and Northern Ireland, learning often begins at home. That could be with parents, family members and friends talking to children about how money works, children watching adults around them do the household budgeting and shopping, or earning pocket money of their own.

**If pocket money is not paid equally and fairly between girls and boys, given in different ways or is incentivised through different methods, then children may not start off on an equal footing and their levels of financial literacy can differ.**

To study the true extent of the pocket money pay gap, or the 'The Play Gap', as we've coined it, we've spoken to 4,106 parents across the UK about their approach to pocket money and how it affects their children. We also analysed the costs of toys marketed at different genders across different retailers to understand if any inequalities are at play on a commercial level.

To date, this is the most comprehensive study of its kind and it reveals stark inequalities for girls and boys, which fall into three broad themes:

1. **The pay gap really does start young;** our survey found that boys receive 20% more than girls at an average of £3.00 versus £2.50 a week. The pay gap is exacerbated by retailers that market products to children specifically based on their gender. According to our findings, products targeting girls cost 5.48% more than those aimed at boys.

2. **There are significant differences in *how* pocket money is paid** to girls and boys and *why* it is paid to them, which are in keeping with gender stereotypes. Girls are much more likely to earn their pocket money for being obedient, well-behaved and carrying out chores like cooking and cleaning. Boys are more likely to be rewarded for their academic grades and asking for more pocket money, as well as chores such as gardening.

3. **The gender disparities aren't only present among children –** parents report differing levels of confidence with money too. Despite reporting higher levels of financial literacy than mothers, fathers feel less confident in teaching their children about money, meaning the bulk of financial education falls to women in co-parenting households.

We'll unpack these themes further throughout this report before outlining what parents can do to Make Pocket Money Equal and improve their child's financial literacy.

[1] OECD, https://www.oecd.org/daf/fin/financial-education/35108560.pdf | [2] Agnew, S. (2018). Empirical measurement of the financial socialisation of children by parents. Young Consumers 19(4), 421-431. | [3] The Make Pocket Money Equal study includes three separate studies that were overseen by Loughborough University to inform this report. Professor Jay and his team created a questionnaire that was shared with primary schools in the UK, and was weighted to ensure it was demographically representative of the UK population. 2092 parents took part between 12th January 2022 - 28th February 2022. Starling Bank created an additional survey that was completed by 2,014 parents, which was carried out by Censuswide in July 2022. A comprehensive analysis of the cost of children's toys was conducted by Starling Bank during 25th May 2022 - 1st June 2022, where the prices of 450 toys was compared across 6 different retailers including Google Ad Words, The Entertainer, Very, Wicked Uncle, Littlewoods and Hamleys

## • Summary

**Over the next few pages we summarise the findings of the Loughborough University study, highlighting key points raised by Professor Jay and his team.**

To read the full report please contact media@starlingbank.com


## "How can it be that boys are receiving 20% more pocket money every week?"

**So why is this important?**

In the UK, the Gender Pay Gap among full-time employees stands at 7.9%. This, according to the Office for National Statistics, is the difference between average hourly earnings of men and women as a proportion of men's average hourly earnings, excluding overtime. It is a measure across all jobs in the UK, not of the difference in pay between men and women for doing the same job.

Our research suggests that this gap starts before young people enter the workforce. It doesn't only affect how much pocket money girls receive, it can also shape their attitudes to personal finance, their confidence and their money management skills in later life.

Professor Jay believes that inequality permeates almost every aspect of how pocket money is given to girls and boys, with girls receiving less, paying higher prices for toys, games and books, and being rewarded for chores that accentuate gender stereotypes.

"Our research uncovered clear systemic differences in boys' and girls' experiences with money. How can it be that boys are receiving 20% more pocket money every week, and how can it be that products marketed at girls cost 5% more? This sets girls and boys off on a very different footing from a young age, which can impact their financial literacy development."

Professor Tim Jay, Professor of Psychology of Education at Loughborough University

If we want our children to receive pocket money fairly and equally, and to learn the same financial literacy skills, we must raise awareness of these biases and provide parents and guardians with the appropriate knowledge and resources for a fair start for all children.

**How did Loughborough University investigate The Play Gap?**

Two separate qualitative surveys, conducted by Loughborough University and Censuswide, were completed by a representative sample of 4,106 parents across the UK. Respondents were asked about how much pocket money they give their children, how they pay it and how children earn it. The results were then assessed against their children's financial literacy development to determine correlations between parents' pocket money approaches and children's skills.

In addition, the prices of more than 450 toys were analysed across retailers that segment children's products by gender. The price of items marketed at girls were compared to the price of items promoted to boys to determine the difference in price.

The findings of this report refer to children that identify as a boy or a girl. Parents also had the option not to disclose their child's gender or identify them as non-binary; these groups were not included in the final report as each sample size was not large enough to constitute as nationally representative. We hope to understand more about the experiences of non-binary and transgender children in future work.

All data referenced in this report comes from this study unless otherwise stated.

# what did the study find out?

• Findings

# introducing the play gap

**According to the study, the gender pay gap does not start upon entry to the workplace – it starts upon entry to the household economy in childhood.**

Our analysis revealed that girls earn less pocket money than boys, with girls receiving £2.50 a week on average while boys get £3.00. That additional 50 pence represents a 20% pay differential in favour of boys and amounts to £26 a year extra that they can either spend or save.

Over the course of time, that £26 can snowball – a boy earning 20% more pocket money between the ages of 6 to 16 would accumulate an additional £260, assuming the amount of pocket money didn't change over time.

**Girls' purchasing power is reduced even further when analysing a wide range of toys, games and books that are marketed and sold to them. A surprising number of retailers still segregate children's products by gender, despite the burgeoning movement in society towards gender neutrality.**

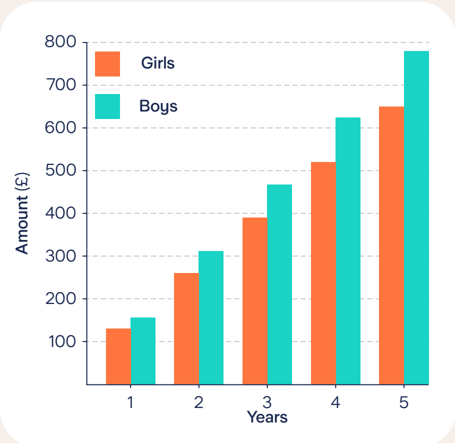


Figure (A)

A significant number of retailers use traditional, some may say outdated, stereotypes of what might be thought to appeal to 'girls' and 'boys' and apply this to their marketing tactics too, whether that's by using gendered search terms such as 'toys for boys', marketing and packaging that associates products with gender, or separating products for boys and girls either in store or online.

We analysed retailers that market toys in this way, including online search giants and established toy stores, and found that products targeting girls are on average 5.48% more expensive than products aimed at boys. Toys for girls cost £10.00 on average whereas those for boys cost £9.48.

A 'pink tax' was also discovered among products of this colour, with pink toys costing an average of 5.16% more (£9.98) than toys that are marketed as gender neutral (£9.49).

Nearly a quarter (24%) of all the parents surveyed reported that toys targeting girls seem more expensive. This rose to 27% of parents with daughters. What's more, gendered marketing of toys is found to have influence over what 20% of parents buy for their children and what 35% of children buy for themselves.

**The disparities in pocket money payments and prices of toys amounts to what we're calling 'The Play Gap'.**

To bring this to life, Starling has created The Play Gap Toy Shop: a shop that sells toys, games and books to girls at higher prices than to boys. We launched it ahead of 19th October 2022 , the day when we've calculated that girls, on average, effectively stop receiving pocket money because of the gender pocket money gap.[4]

Figure (A) denotes how much pocket money boys and girls accumulate on average over time.

[4]As there is a 20% pocket money pay gap between girls and boys, girls stop earning pocket money 80% of the way through the year, on 19th October 2022.

• Findings

# it's not just what we pay, but how and why we pay

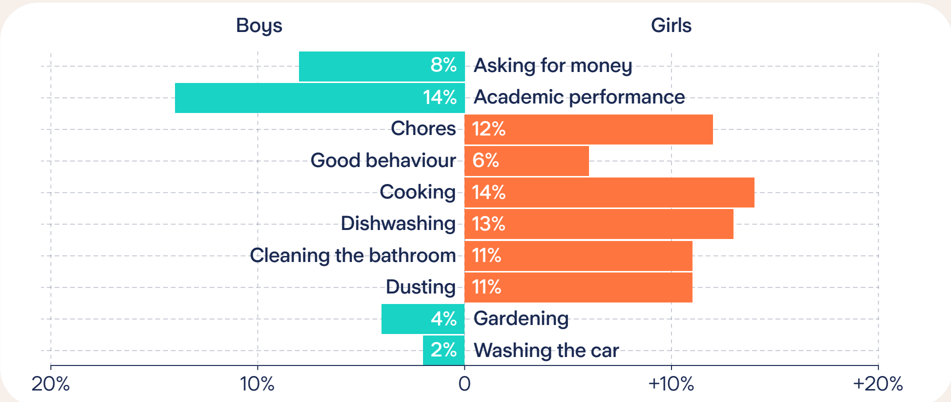

Figure (B)

**Our research revealed that girls don't only earn less pocket money and experience higher prices, they're also given money in different ways and for different reasons.**

As physical cash declines and card payments take the lion's share of financial transactions across the UK, our study revealed surprisingly distinct differences in how children receive their pocket money.

Boys are more likely than girls to receive pocket money via a digital bank account or card, with 8% more doing so. Girls, on the other hand, are more likely to receive pocket money as cash, with 15% more doing so. These findings echo our previous Make Money Equal report, which analysed gendered representations of money in visual media and revealed that women are more likely to be pictured putting coins into piggy banks, while men are more likely to be pictured making confident transactions via card.


**Boys are 8% more likely than girls to receive pocket money via a digital bank account or card.**

Figure (B) denotes how many more boys or girls are given pocket money in relation to the completion of specific actions and tasks

**According to our study, girls and boys are also incentivised differently while earning their pocket money, with the methods used falling into stereotypes of girls as passive and obedient, and boys as dominant and performative.**

Pester power is a clear influence on parents; boys are more likely than girls to have their pocket money linked to how much they ask for, with 8% more boys doing so. Boys are also more likely to have their pocket money assessed via academic performance (14% more boys are assessed this way). Girls, on the other hand, are more likely to receive pocket money if they have completed their chores (12%), and are more likely to be rewarded for good behaviour (6%).

**When it comes to chores, the study again revealed that the household economy replicates the gender tropes seen within adulthood.** Girls are much more likely to be paid for chores that relate to traditional 'home making' such as cooking (which 14% more girls are rewarded for than boys) followed by washing the dishes (13%), cleaning the bathroom (11%) and dusting (11%).

Chores that take place outdoors such as doing the gardening and washing the car are more evenly split between children, but boys do edge ahead slightly in being rewarded for these chores by 4% and 2%, respectively.

# parents lack confidence

**As the subject of financial literacy is not on the primary curriculum in England, or standardised across Wales, Scotland and Northern Ireland, children's development of these skills often begins at home. Despite this, nearly three quarters (71%) of parents we surveyed think children are too young to learn about money.**

The reverse is frequently true. The survey revealed how parents' attitudes towards talking to their children about money has a large effect on children's financial literacy scores. In homes where children are regularly involved with adults in conversations about the household economy, children have significantly higher financial literacy scores compared to those who didn't.

**Parents with positive attitudes towards talking to their children about money told us that they regularly talk about their shopping decisions, where money comes from, and about the cost of household bills with their children, for example.**

Almost three quarters (70%) of the adults surveyed also recalled how integral their own financial literacy development as children affected their relationship with money as adults, which 38% said first began at home with their parents.

Distinct differences were revealed between mothers and fathers, with our data indicating that fathers have a more memorable financial education as a child compared to mothers. Women are more likely to report not being taught about money during childhood and 54% more than men do not remember where their financial education came from (20% of women versus 13% of men).

Of the adults who do recall their financial education, fathers are more likely to say that it shaped their current attitudes to money in a positive way (61% of men compared to 48% of women). On the other hand, twice as many mothers say that their financial education had a negative impact on their attitudes to money (21% of women versus 11% of men).

While fathers are more likely to report a positive financial education, they are also more likely to report barriers in talking to their children about money – particularly in wanting to feel more confident in managing money themselves and wanting to know more about what they should be teaching their child. Mothers, despite reporting a more negative financial education, are more likely to take responsibility for educating their children about money by talking to them, and involving them in conversations about the household finances.

**However, a lack of financial confidence was observed among both mums and dads overall. A fifth (21%) of parents said that they would like more guidance on what to teach them, while 20% lack confidence in their own ability to educate their child on this topic.**

Parents generally aren't happy with the resources available to help them teach their children about money, and cite other parents and grandparents as the most useful resource, with 27% saying their peers are 'very useful'. A fifth found their child's school to be very useful (20%), as well as financial education sources online (20%).

• Conclusion

# let's close the play gap

A number of factors suggest mothers and their daughters receive an entirely different experience with money in comparison to fathers and sons.

First, mothers report a more negative experience of their own financial education during childhood, and yet the responsibility to educate their own children is still more likely to fall to them.

Girls and boys are frequently financially motivated and rewarded differently, too, which can lead to early signs of social conditioning into the stereotypical gender tropes of passive and obedient women and performative and dominant men.

Girls are also receiving less pocket money than boys, and the study indicated that the systemic 'pink tax' applied to women's products by commercial entities occurs long before adulthood.

Girls are more likely to receive their pocket money in cash, while boys are more likely to be encouraged to adopt bank accounts and cards, setting them up more effectively to integrate into digital payments platforms.

i vote for equal play!

**These inequalities combine to create an issue much greater than the sum of its parts, by creating unequal levels of financial literacy skills among girls and boys that can affect how they manage their money in adulthood and the salaries they are paid. Is it any wonder that the Gender Pay Gap exists?**

While this is not an outcome that parents are intentionally pushing, we believe that parents need to know about these inequalities, so that together we can Make Pocket Money Equal.

**If we can Make Pocket Money Equal, and ensure pocket money is more fairly distributed and that girls and boys both experience a fair and sound financial education at home, then we can ensure girls and boys are beginning from the same starting line.**

**An equal starting line is essential if we want to dismantle the status quo girls will encounter throughout their lives. Let's arm them with the knowledge of the equalities that exist now, let's give them an equal financial education.**

**An equal start for children means an equal future for us all.**

# the abc of financial literacy

**Ready to make pocket money equal? Here's how to help.**

While the inequality within pocket money is a result of systemic issues, there are steps that parents can take to close the gap themselves and develop the financial literacy outcomes of their children.

Together with Professor Tim Jay, we've created a handy 'ABC' that you can use daily to boost your child's confidence with money. The ABC is based on our research of more than 4,000 representative households in the UK and these tools are proven to aid financial literacy outcomes in 6-11 year olds.

## a is for autonomy

Giving children some autonomy over their pocket money has been proven to help develop their financial literacy. According to our study, parents who allow their children to make their own decisions about how to spend their money also report higher levels of financial literacy. It's still important to give your child guidance on how to spend and save their allowance, but the best way they'll learn how to manage their money is to make their own decisions.

It might result in spending they later regret, but the mistakes they make, alongside the purchases they are happy with, all provide valuable lessons that shape their attitudes to money in the future.

## b is for balance

Always think about whether you're giving your child their pocket money in a balanced way.

Balance applies to lots of different things. It's about making sure that pocket money payments are balanced throughout the year. Children's financial literacy vastly improves when pocket money is paid routinely and regularly – whether it's 50p a month or as much as £50. According to our study, children who receive pocket money regularly have financial literacy scores that are 25% higher than those who do not.

## c is for conversation

Talk to your child as much as possible about managing money – every conversation helps towards their financial education.

That doesn't necessarily mean teaching them about APR and interest rates – it can be as simple as taking them along to the weekly food shop and pointing out the costs of groceries, or explaining how the household budget works.

Talking through the money matters that directly relate to your child also helps. Why not have an open discussion about the going rate for chores? Perhaps they can even negotiate with you! Alternatively, you can set them up with a mobile-based children's debit card which you can oversee, such as Kite, so they can track their spending and talk about how each of their purchases affects their budget.

**Our pledge to Make Pocket Money Equal.**

At Starling Bank, we're committed to Making Pocket Money Equal and boosting financial literacy for all.

If you want guidance on how to teach your child about money then head over to **starlingbank.com/pocketmoney** for expert advice.




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