Belgian Financial Forum

Gender Balance in Finance: Now is the Time

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ABSTRACT

In most European countries, women represent around fifty percent of all bank employees. This is surprising for most people, as the banking world, at the same time, still has a very masculine image. And indeed, when looking at the gender mix at the different hierarchical levels, we see that at Senior Management level less than 20% are women. Still, a large part of the financial world, especially in Belgium, did not yet act significantly to improve gender balance. It is to help implement this change that Women in Finance was launched, a year ago.

Why is a healthy gender mix in finance especially important?

In most European countries, women represent around fifty percent of all bank employees. This is surprising for most people, as the banking world, at the same time, still has a very masculine image. And indeed, when looking at the gender mix at the different hierarchical levels, we see that at Senior Management level less than 20% are women.

Banks have always offered various jobs in administration and commercial functions, and in various local places, which attracted women as much as men. However, invisible glass ceilings exist at several levels, in some banks more than others, in some departments more than others.

We see seven reasons why it is essential, today more than ever before, to make gender mix progress at all levels in the financial world:

- Maximise return on human capital: develop every employee up to her / his maximum
- Enrich the collective intelligence
- Boost innovation
- Improve Risks management
- Improve understanding of clients' needs
- Retain the best talents (also among women)
- Prevention: keeping enough gender balance when jobs in the banking world are changing (more needs in IT, in expert functions, in call centres where people have to work in shifts)

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The seven reasons why gender in finance matters now, even more than before

Maximise return on human capital

Imagine you have two categories of employees: they all have a master or bachelor's degree in economy or law, they are all dedicated and professional. But, half of them have a faire chance of progress, while the rest has none, not based on competences, but only on gender. When you do not promote the best candidate, you may choose a less good one. And the best candidate can become demotivated and decide to quit. Other women in the company are also looking at all important promotions. When a solid female candidate is not given a chance, this sends a clear message to all the women who know and appreciate her: she will not get the promotion – neither will you.

Enrich the collective intelligence

When taking decisions, it has been established that groups tend to take better decisions than individuals. It has also been proved that mixed groups (with at least 1/3 of each gender) take better decisions in 73% of cases, while homogeneous groups (same gender, generations and origins) take the best decisions in only 58% of the cases. The difference of perspective, of experiences makes that mixed groups will tend to ask more questions, to better identify possible risks and opportunities.

Boost innovation

In mixed groups (and in most diverse groups), it is easier to think out of the box: quality of listening to others ideas is better, innovative ideas are less at risk of being rejected immediately, ego's battles are less likely to happen. In hackathons over the past 6 years, we systematically saw the best ideas coming from mixed (and diverse) workgroups.

Improve risk management

A crucial dimension in risk management is the identification of possible risks: having different profiles to do this together is fundamental. Not everyone is looking at the picture under the same angle. You need different profiles, different experiences… and gender mix will automatically bring you different perspectives as well.

A mixed group is also less inclined to fall into 'groupthink'[1]. It is a real risk for companies when members of the management stop thinking by themselves only to adjust their advice to that of the majority. The experience in Boards where women recently joined shows that women ask more questions. Asking questions helps reducing risks.

Improve understanding of clients' needs

Clients of banks are women and men, of all ages, origins, professions. If products, services, communication to clients are only thought up and devised by too homogeneous groups, some important mistakes can be made: misinterpretation of clients' needs, lack of anticipation of possible reactions to a specific offer, …

Retain the best talents

To retain the best talents, you must offer them development opportunities. Value both their competences and their potential. We consistently see that in most banks the performance of women is correctly assessed, while their potential is under-evaluated. How comes?

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[1] **Groupthink** is a psychological phenomenon that occurs within a group of people in which the desire for harmony or conformity in the group results in an irrational or dysfunctional decision-making outcome. Group members try to minimize conflict and reach a consensus decision without critical evaluation of alternative viewpoints by actively suppressing dissenting viewpoints, and by isolating themselves from outside influences.

Performance assessment can be quite objective: commercial skills can be related to the actual sales, administrative skills to the work done. But to evaluate the potential of an employee, your brain unconsciously searches profiles at higher level to which the employee can be identified. For instance, “Has Rachel potential? Does Rachel look like one of our actual top managers? Well actually she does not – even though her skills score is excellent.” Being unable to identify the potential of an employee will often lead to demotivation, under-employment or even the employee leaving the company.

Keeping enough gender balance in this changing environment

Recent figures showed a decline in hiring women by Belgian bank, which can be explained by the changing recruitment needs : IT profiles, private bankers, experts, call centre employees willing to work in shifts…

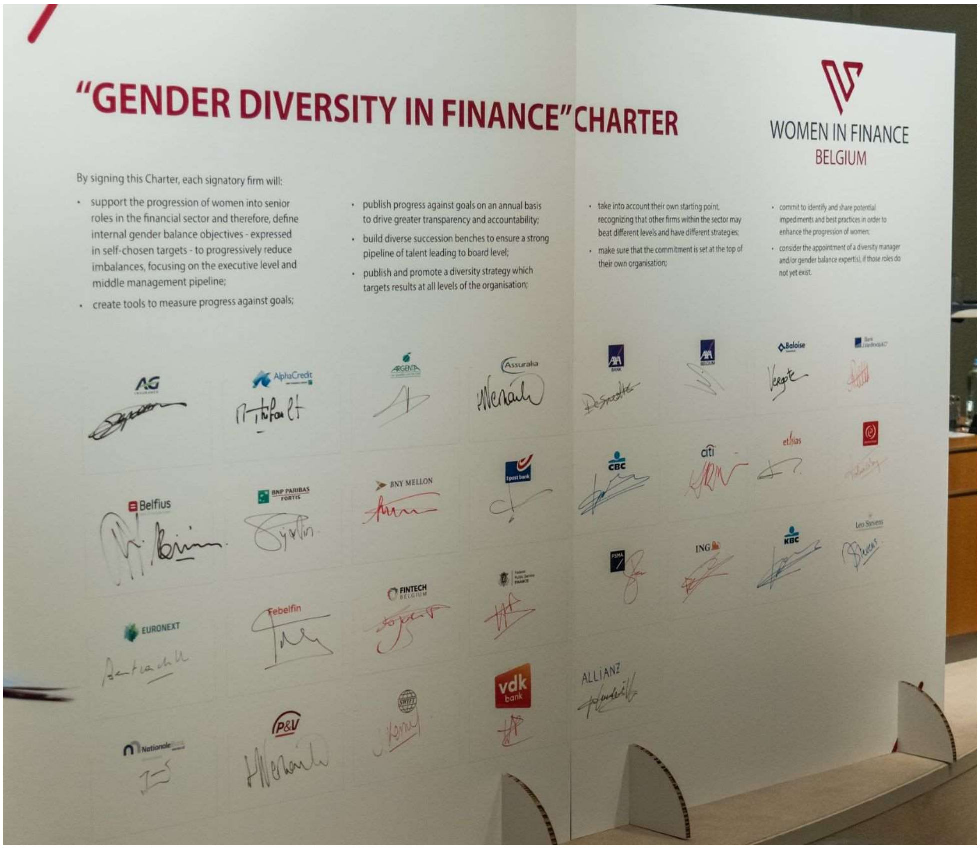
The financial sector has a real opportunity here with a perfect 50/50 gender balance. If that can be maintained, the challenge is to break the glass ceilings at higher levels. But if banks stop hiring women – or reduce the inflow considerably- it will become even more difficult to improve the mix at decision levels.

What is the purpose of Women in Finance?

Women in Finance (WiF) has been created by a few women and men from different financial institutions, all sharing the conviction that faster progress on gender was necessary, not only for the sake of women’s careers, but also in the interest of the entire sector itself.

Women in Finance has a few very concrete goals:

- Federate the whole financial sector around the WiF charter, by which all members commit to measure gender gaps and glass ceilings, to build an action plan, to appoint a responsible and to communicate on results.
- Offer the sector performant tools and a platform to share (best) practices
- Contribute to address the needs of women in the financial sector: the need for networking, mentoring, visibility.



The signed Women in Finance charter

How will we make a difference?

Not all financial institutions are at the same level of maturity. Some have been working actively on gender since a few years and have achieved some interesting results. For others, gender was not on the to-do-list before signing the Charter.

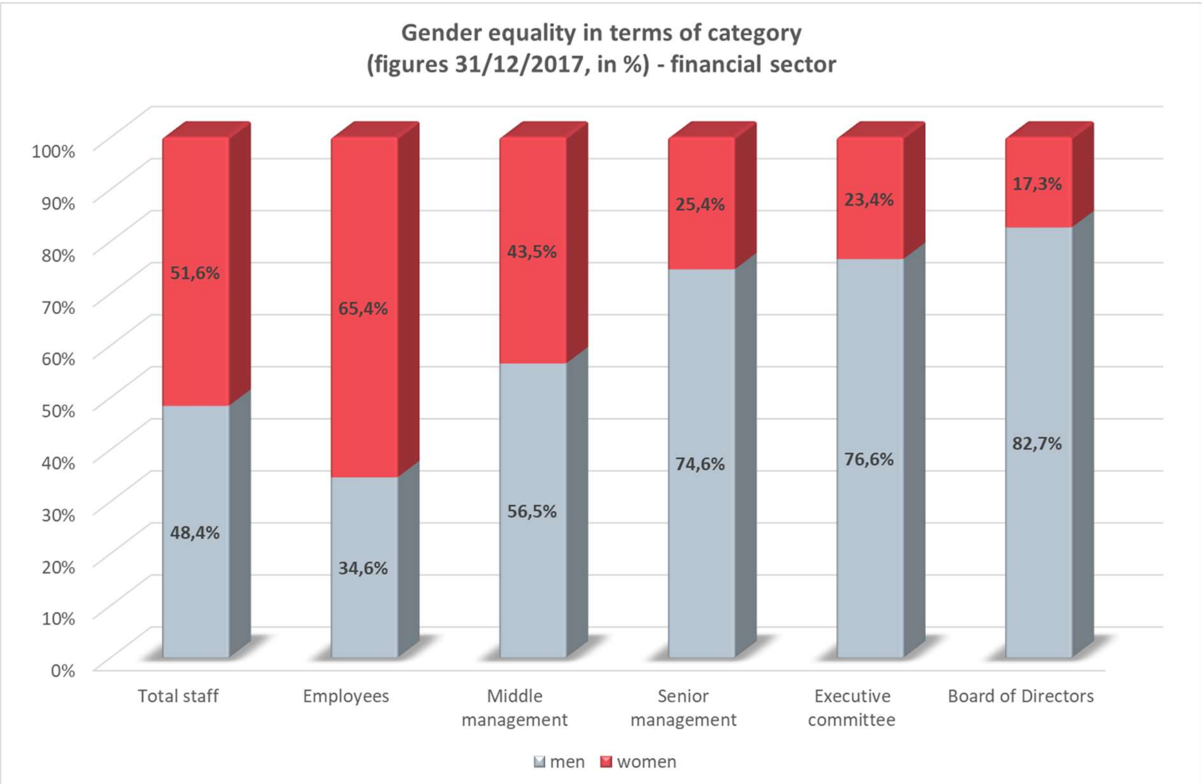
We can help by sharing best practices and tools, and by creating a community across banks and insurers.

At first, we help measuring.

Measuring 'glass ceilings' is vital to progress on gender. How is this being done? By analysing the percentage of men and women at all levels inside a company. Not in 'big blocks' like 'employees', 'middle management' or 'management', but rather in 'thin slices', using function description and classification. This allows to identify the specific levels where you start losing women.

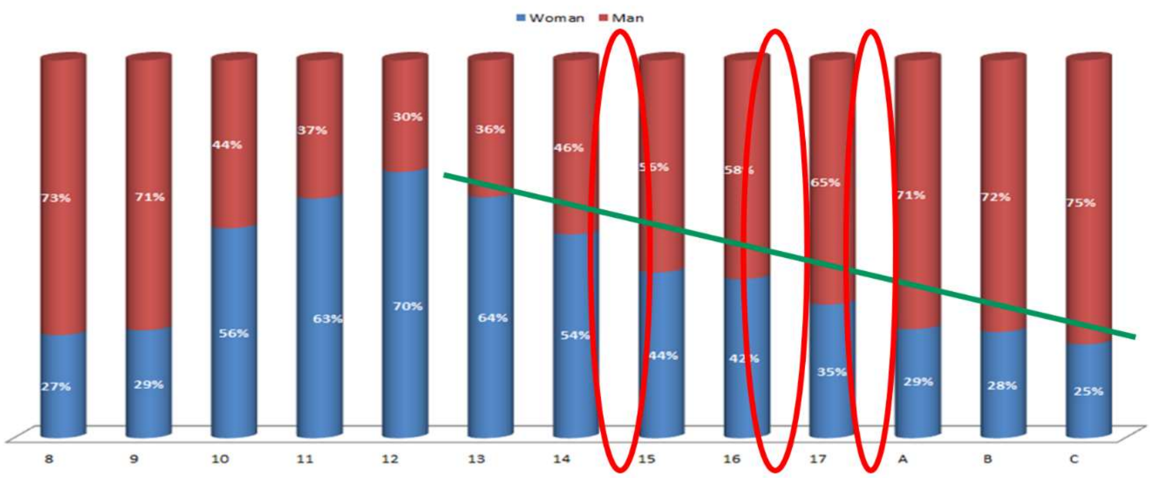
Once those levels have been identified, you can start building an action plan to work exactly on those levels: maybe the issue is in senior management in some companies, while it will be junior employees or a certain level of middle managers in another. Specific measures will help, like making sure to have a talent program for employees just UNDER that first glass ceiling (where you onboard at least 50% of women, if possible).

The financial sector has a long history of attracting women to the industry, but not yet as part of management. In most banks, as the figures below indicate, there is a good overall balance of 50% men and women.



The figures for the sector at the end of 2017. Source : Febelfin + Assuralia

The graph below is an example of the glass ceilings measurement in a large bank. Some of the glass ceilings are already present inside the middle management level, but senior management, as well as Executive Committees and Boards of Directors, definitely needs improvement



Glass ceiling measurement – an example

The figures in this example show 3 visible glass ceilings (red circles) and an insufficient talent pipeline. The percentage of women is nearly the same at the 3 highest levels which can create a risk of emptying the talents pool.

The levels where the percentage of women is lowering the most (once this percentage is under 50%) are called 'glass ceilings'. Acting one level below the first glass ceiling is essential to help detecting the ambition of women present in your company, and to understand how culture needs to evolve. When measuring glass ceilings for a large company, you can do the same for each main entity / region of this institution, because there can be significant differences from one business or region to another.

Once glass ceilings are identified, we help building a plan:

An action plan should include measures to reduce discrimination risks (informing and training Management and HR, improving process transparency, checking some files at random), to make management more aware of the unconscious bias reality, and on what they can do to reduce bias impact.

Attracting and retaining female talents involves measures like publishing ‘gender-bilingual job descriptions’ or taking a closer look at the wellbeing and ambition of new parents in the company. Making female role models more visible throughout the company, in key positions but also during events or conferences (e.g. by having mixed panels).

There should also be a plan to develop a more inclusive company culture, meaning that every employee can truly be himself or herself at work , encouraging everyone to freely share their ideas and experiences, and allowing them to make mistakes (which still is the best way to learn).

To help its members with their action plan, Women in Finance launched two concrete actions in September:

- A database of female experts and speakers in the financial sector, open to any woman considering herself an expert / speaker on specific domains. The database is already accessible via LinkedIn.
- A workshop to help members to make job descriptions ‘gender bilingual’ in order to attract the best male and female talents.

Finally, every year in June we will communicate on the results:

- How many members do we have?
- How many of them did measure their glass ceilings?
- How many started a real action plan?
- What are the first conclusions we can draw?
- What best practices did our members put in place?