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The gender gap in financial services is narrowing, but it's far from closed

Article

The news: US banks are making progress on closing the gender gap in the financial industry, but there's still work to be done, especially at the leadership level.

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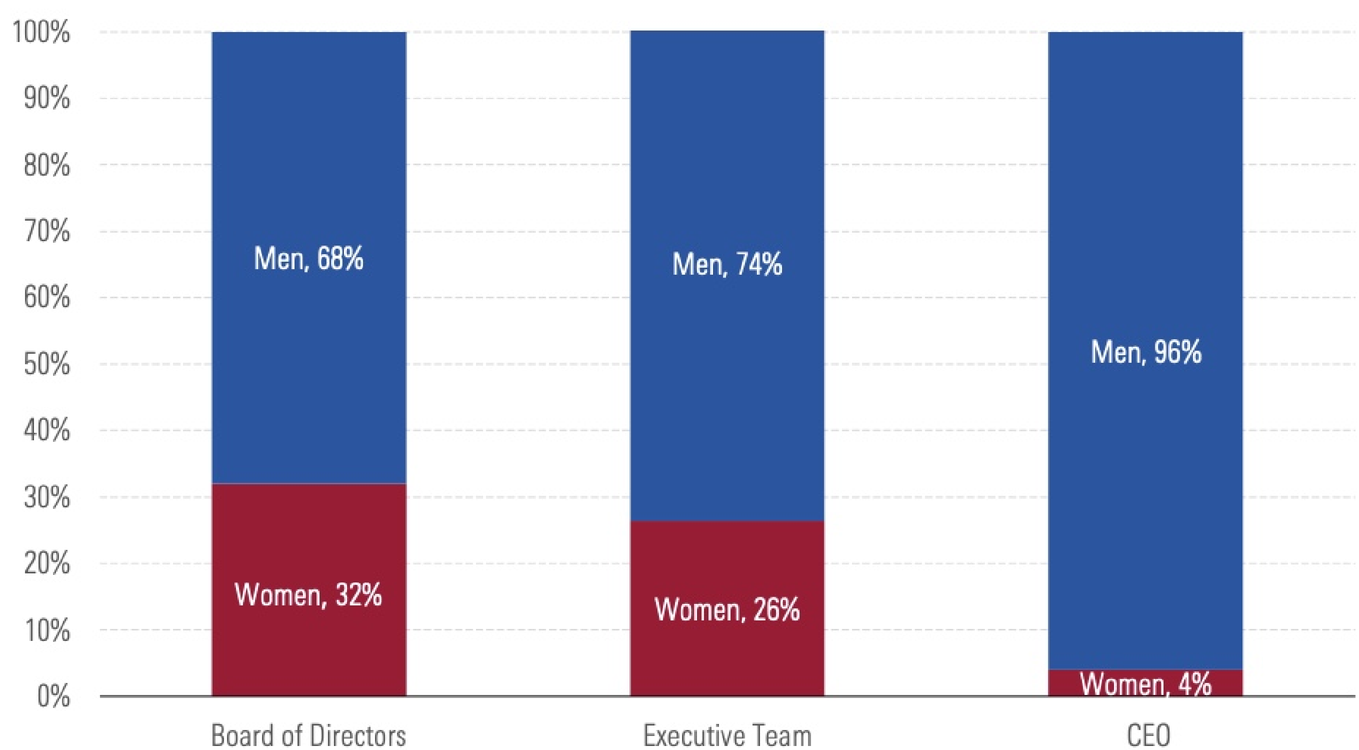
This is according to a recent study by DBRS Morningstar, which looked at women in leadership roles at 28 banks in the US.

Key stat: In 2021, women made up 26% of executive management teams at banks, and 32% of their board of directors. But even though these percentages are low, they're an improvement from 2014, when women represented 18% of executive management teams and 22% of boards of directors.

Exhibit 1 Gender split across executive management and board levels, FY21



Source: DBRS Morningstar, Company Documents.

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A trend on roles: The study also examined the types of roles women held at banks and found that they were generally less financially focused roles within the executive team.

- **The Chief Human Resource role was held by a woman 70% of the time** out of the 28 banks studied. This position was the only woman-dominated executive role.

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- **The Chief Legal Officer position was split evenly between men and women.**
- **But roles like Chief Financial Officer had only 13% female representation,** Chief Risk Officer had 20% female representation, and **only one bank surveyed had a female CEO.**

The report argues that the presence of women in less-financially-focused roles suggests the gender gap at banks is even larger than reported.

Around the world: The US isn't the only country struggling with gender gaps in the financial industry. Europe and the UK are also dealing with a disparity.

- **In Europe, women hold 41% of bank director positions**, according to the Morningstar study. Additionally, only five out of 43 European banks had a female CEO.
- Bloomberg also reported that **30 of Europe's biggest banks haven't appointed a female CEO in the past two years**, despite almost half of those lenders replacing CEOs during that period.
- The UK fintech sector also struggles with gender diversity. A report from EY and Innovate Finance put the **male-to-female ratio at 2:1**.

Why does it matter? Gender diversity leads to more than just diversity of thought. Banks and financial institutions stand to gain much more.

- The prevalence and importance of environmental, social, and governance (ESG) values is rapidly increasing. **Shareholders and consumers now expect most brands and companies they support, even their banks, to practice diversity and inclusion.** Additionally, these values are strongest among younger cohorts, such as millennials and Gen Z, which are the most targeted generations in the financial industry.
- Additionally, some studies show that banks with increased gender diversity tend to perform better. **Morningstar's report found a positive correlation between female executive team composition and banks' credit ratings.**

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