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whitepaper

Q4 2014

Embracing diversity in
financial services:
It's more about attitude
than initiatives



Embracing diversity in financial services: It's more about attitude than initiatives

Despite an influx of new diversity programs designed to level the playing field, discrimination within financial services is still alive and well. While the industry is no longer dominated by straight, white males, it remains so at the top levels – an issue experts say is further cementing a culture of discrimination, however mild it may appear to some.

Moreover, financial services employees are facing a new layer of perceived bias. In addition to gender, race and LGBT inequality issues, respondents are becoming increasingly concerned over being labeled by their age. In fact, a greater percentage of people reported facing or witnessing age discrimination at their employer than any other potential origin of bias, including gender and ethnicity.

Ageism, or at least the perception of ageism, can have an equally negative effect on the workforce as other forms of discrimination. The majority of people over the age of 50 – even many people over the age of 40 – show up to work each day fearful that their grey hairs could be a determining factor in their future within the industry.

“Sexism and racism have become socially unacceptable attitudes,” said Neil Patrick, a former banker who is now the editor of 40pluscareerguru, a blog about career challenges facing baby boomers. “Ageism is the last of the ‘isms’ to be rejected by employers.”

Indeed, ageism does not appear to be a top priority for employers. In reaching out to nearly a dozen banks and other financial firms, none got back to us with details on any programs or initiatives they have in place to combat ageism. It's a concern in the minds of financial services employees; it needs to become one in the eyes of their employers.

The other main theme born from our data is a lack of communication between financial companies and their staff. A shocking number of people don't believe their employer has initiatives in place aimed at supporting equality, despite the fact that most companies do have such programs. In addition, far too many employees are fearful of reporting incidents of discrimination to their superiors.

The bottom line is that diversity – at all levels – is good for business. Survey respondents suggest diversity is important not only because it increases productivity, but also because it fosters a more dynamic team culture. And it's crucial for companies that want to attract and retain talent.

In the following paper, based on nearly 1,000 responses from U.S. bankers, traders and other financial services professionals, we take a closer look at how gender, race, age and sexual orientation discrimination affects the industry, and what employers can do to improve their culture.



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The great gender imbalance



A closer analysis of our resume database confirms that the industry is male-dominated. While this is no surprise, the extent of it is certainly of real concern. Women are in the minority in every sector, but in some more than others. For example, 89% of those registering their resume under “trading” are male. The data shows that if you want to get a job in financial services as a woman, it’s easy – as long as you want to work in HR, investor relations or PR.

Indeed, HR and recruitment roles, together with investor relations/PR positions, are the only sectors where women make up the majority of employees within financial services, according to analysis of the eFinancialCareers resume database, which encompasses 1.2 million resumes globally.

Resumes by sector	Male	Female
Accounting & Finance	65%	35%
Asset Management	76%	24%
Capital Markets	80%	20%
Commodities	85%	15%
Compliance/Legal	61%	39%
Consulting	80%	20%
Corporate	67%	33%
Credit	70%	30%
Debt/Fixed Income	79%	21%
Derivatives	82%	18%
Equities	82%	18%
FX & Money Markets	82%	18%
Global Custody	71%	29%
Public Sector	64%	36%
Graduates & Internships	67%	33%
Hedge Funds	81%	19%
HR & Recruitment	45%	55%
Information Services	63%	37%
Information Technology	81%	19%
Insurance	68%	32%
Investment Banking/M&A	77%	23%
Investment Consulting	80%	20%
Investor Relations & PR	52%	48%
Islamic Finance	82%	18%
Operations	67%	33%
Private Banking & Wealth Management	70%	30%
Private Equity & Venture Capital	83%	17%
Quantitative Analytics	79%	21%
Real Estate	76%	24%
Research	74%	26%
Retail Banking	59%	41%
Risk Management	74%	26%
Sales & Marketing	69%	31%
Trading	89%	11%
Overall	72%	28%



If you want to get a job in financial services as a woman, it’s easy – as long as you want to work in HR, investor relations or PR.

Source: eFinancialCareers database

Our data suggests that gender discrimination still runs rampant across financial services. Nearly 88% of female respondents in the U.S. said they believe gender discrimination exists within financial services – more than any other region that we surveyed – while just under half (46%) said it's present at their own firm. Perhaps the most alarming number: roughly 31% of women report that they personally have been discriminated against based on their gender at their current employer.

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Sadly, women seem to have become rather numb to gender discrimination, having experienced it for so long. More than half (51%) of women who said gender discrimination exists at their own firm would still recommend their company to a female acquaintance. For women with a post-graduate degree – a master's or higher – the percentage leaps up to 70%, which is actually higher than the percentage of men who'd recommend their gender-biased firm to a female friend.

"Discrimination exists everywhere, so there is little point in focusing on it," said Heather Katsonga-Woodward, a former banker at Goldman Sachs and HSBC turned banking careers coach.

And it's not necessarily entering the industry that's the issue. The concern for women is still breaking through the glass ceiling. Roughly 80% of U.S. female respondents believe that women are well-represented among juniors, but just 40% feel the same picture exists at the senior level.



Which policies or practices do you think would be most effective to promote more women into senior positions?	Women	Men
Flexible working arrangements	27%	24%
Mentoring/Sponsoring	19%	14%
Cultural change	10%	10%
Company targets on gender balance	9%	6%
Transparency in remuneration structure	9%	3%
Childcare benefits	5%	8%
Bias training	3%	2%
Gender-neutral applications	3%	9%
Internal case study / successful story sharing	3%	2%
Coaching	2%	3%
Internal advocacy group	2%	2%
On-site childcare	2%	5%
Women Champions of Change Programs	2%	2%
State quotas	1%	1%
Other	4%	9%

Source: eFinancialCareers database

It's too simplistic to say that women simply struggle to maintain their career trajectory if they take time out to have children. "Not all women have children and certainly at Deutsche Bank...the vast majority of those who take maternity leave return to work," says Guelabatin Sun, global head of diversity and inclusion at Deutsche Bank. "A lot of women play both primary breadwinner and primary caregiver role which create a tension most men do not experience when juggling work and personal responsibilities."

So what can employers do to encourage greater equality at the higher levels? Female respondents want more support, but also more flexibility. By a wide margin, women cited 'flexible working arrangements' as their top priority from employer – ahead of bias training, cultural change or mentoring and sponsorship, just to name a few. Men also overwhelmingly shared that sentiment.

Frankly, many banks and other financial services firms already offer these and other programs. Citigroup has its "maternity transitions" program, Goldman Sachs operates a "returnship" initiative aimed at getting people who have been out of the industry for years back, and then there is Deutsche Bank's Women Global Leaders program, which targets "high potential" female directors and tries

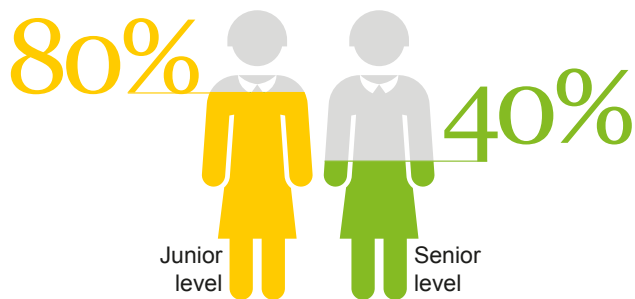
to ensure they make it to managing director. And there are loads more less formal programs across financial services.

The problem, it seems, isn't in the offerings, but rather how they are viewed by all rungs of management. The key is to visibly support their use, and to have buy-in from the C-level down – something that isn't currently happening.

"Women in banking who require flexible working conditions need to feel emotionally empowered to take full advantage of them. This means the buy-in of colleagues and line managers, not raised eyebrows when they leave the office early," says Jennifer Liston-Smith, head of coaching at My Family Care, which works with banks on methods to manage family with a high-powered career.

Ultimately, responsibility for the success of a company's diversity efforts lies with senior management. In order for a diversity plan to have real meaning, there needs to be accountability and oversight. The buck too often stops at the C-level and their boards of directors.

Most cited measures to promote women to the top



Roughly 80% of U.S. female respondents believe that women are **well-represented among juniors**, but just **40%** feel the same picture exists at the senior level.

When age is more than just a number

Some say life begins at 40, but for most financial services employees, this is when the fun stops.

When asked how worried they would be that their age would be an obstacle if they were forced to find new work, roughly 85% of U.S. bankers aged 41 to 50 said they were either “somewhat concerned” or “very concerned.” For people over the age of 50, that number spiked to 94%.

Contrast that level of fear to that of bankers just a few years younger – people aged 36 to 40 – and the sentiment changes dramatically. Just 9% of U.S. bankers in their late 30s are “very concerned” about their age affecting their prospects of getting a new job. It appears just a few years can make a massive difference. The numbers aren't near as polarizing in regions outside the U.S.

Perhaps employees have good reason to be fearful. Roughly 62% of respondents over the age of 50 report that they felt discouraged about applying for a job due to their age.

“I think there's a persistent belief amongst employers that being young, hungry and eager trumps age, wisdom and experience, even in areas where knowhow would seem to be critical,” Patrick said.

Then there are the myths that surround older workers: that they are more expensive, less innovative, need more time off and are less capable with modern technology. “The first three of these have all be proven by research to be untrue,” Patrick said. “The last one depends on the individual.”

The other fact proven by research is that older workers are more loyal and have much longer average tenure than younger workers. “Average tenure is important because the costs of rehiring to fill empty posts are very high, as every HR person knows,” Patrick said. Older workers also tend to have more refined soft skills.

Like with gender discrimination, combating ageism requires accountability at the top. Employers need to accept that ageism is a problem and become visible advocates for the removal of ageist thinking within their organizations while also taking active steps to dispel the common myths about ageism.

“It's not enough to simply avoid lawsuits for age discrimination,” Patrick said. “Employers need to stand up and adopt their anti-ageism beliefs as a visible component of their brand.”

Indeed, all financial services employees believe more needs to be done, no matter what their age. Nine out of ten respondents across all age sectors believe older employees should be protected from age discrimination just like they are protected from discrimination on the basis of their ethnic background, gender or religion.

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LGBT, straight bankers not on the same page

Compared to other industries, financial services has proven itself to be a champion of LGBT (lesbian, gay, bisexual, transgender) equality. Banks and other firms have installed innovative and productive workplace programs aimed supporting the LGBT community, while several CEOs have come out publicly to support gay marriage, including Goldman Sachs Chief Executive Lloyd Blankfein.

Still, a divide appears to exist between LGBT employees at financial services companies and their heterosexual colleagues when it comes to the perception of the industry's culture. In our recent diversity survey, roughly 86% of heterosexual U.S. respondents said they don't believe sexual orientation discrimination exists at their firm. More than half of LGBT employees believe it does.

Admittedly, the sample size is very small. Just 21 of the 608 US survey takers who responded to the question said they were LGBT, nine of whom claimed that sexual orientation discrimination exists within their firm. Another 53 people said they'd prefer not to identify their sexual orientation, of which more than one quarter (28%) acknowledged that they've seen signs of LGBT discrimination at work.

While it's difficult to make a definitive assessment from the relatively small sample size, Todd Sears, founder of Out on the Street, an LGBT leadership organization for Wall Street, said his firm's studies have produced similar figures.

One of the problems, Sears says, is that a large percentage of employees (41%) remain in the closet, even if they are open about their sexual orientation in their personal life. Closeted workers are three times as likely to report experiences of discrimination, according to their findings. They are also three times as likely to say their firm is anti gay.

"People who have been in closet a long time, it's hard to quantify the damage that can do," Sears said.

From an employer perspective, firms can do several things to make LGBT employees feel more comfortable coming out, which has statistically proven benefits for both the employee and the employer. Closeted LGBTs are nearly three times as likely to leave their companies within three years, according to the most recent Out on the Street study.

The first thing financial services firms must do is to better align their policies and their culture. Banks have many good policies in place – ally programs and domestic partnership agreements to name two – but that doesn't always translate to an inclusive culture, Sears said.

"It starts with the top. The CEO has to be a visible ally," Sears said. And other senior members of organizations need to come out as allies, just as LGBT employees need to come out as lesbian or gay. "If they don't, employees don't know where they stand." So even if there is no overt discrimination, employees may not feel comfortable.

Coming out as an ally creates what Sears calls a "positive halo effect" that touches all minorities on Wall Street, not just LGBT employees. "When a straight, white male manager becomes an ally, all minorities become engaged," he said.

Finally, senior managers must be more active in their sponsorship and support of LGBT employees, beyond just putting an ally flag on their desk — an initiative several banks have undertaken to show support for LGBT equality.

"In a client situation, if a colleague says, 'that is so gay' – something that is still said often – imagine the effect it would have if a manager asked, 'what does that mean?' or 'why are you using that term?'" Sears said.

Too rarely do stakeholders use their political capital to benefit minorities, he said.

A large percentage of LGBT employees

(43%)



said sexual orientation discrimination exists within their firm.



Ethnic biases remain

Discrimination based on race and ethnicity does not seem to be as prevalent within financial services as gender bias – 35% of minorities thinks ethnic discrimination exists at their firm compared to 46% of women who’ve seen traces of gender discrimination. But it is still a significant concern.

Just 27% of non-minorities said that ethnic diversity at the senior levels of their company was very important to them. Meanwhile, more than one in four minorities (27%) believe they have been refused a promotion based on their ethnicity.

Unfair compensation is also a concern. Nearly two-thirds (63%) of minorities believe that, all things being equal, they are paid less than non-minorities. Roughly four out of 10 (41%) of those people believe they are paid at least 21% less than their white counterparts.

The sentiment is similar, albeit slightly worse when looking at perceived gender discrimination. Nearly nine out of 10 (88%) women believe that men are paid more in equivalent positions. More than half of men even agree. And the perceived pay gap is even more prevalent in the eyes of women. Nearly two-thirds believe that men get paid at least 21% more than women for the same role.

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This is not just perception. According to the eFinancialCareers Compensation Survey published earlier this year, the gender income gap in the financial services industry in the U.S. stands at 19%.

Where can companies improve?

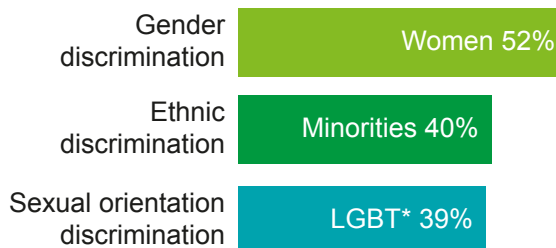
As you've read, experts agree uniformly that discrimination can only be expunged if management makes it a top priority. Our data tells us that better communication is also key.

Nearly 82% of all respondents don't believe that their firm has specific gender and ethnic diversity targets, even though many do. More concerning, 52% of women would not feel comfortable reporting cases of gender discrimination. Four out of 10 minorities feel the same way about cases of ethnic discrimination. They too wouldn't feel comfortable reporting it. The numbers are similar for LGBT employees and those who didn't disclose their sexual orientation.

Clearly, the lines of communication between rank-and-file employees and their managers aren't open, at least when it comes to discrimination. If employees feel uncomfortable telling their story, the status quo will not change. Managers at every level, particularly at the top rung, need to foster a more welcoming culture that openly purges discrimination and those who inflict bias.

Programs aren't enough. Ending discrimination starts and ends with advocacy.

% of people who wouldn't feel comfortable reporting cases of discrimination



*or prefer not to disclose

About the survey

The eFinancialCareers Diversity Survey was conducted between July and August 2014. eFinancialCareers polled nearly 5,000 finance professionals globally (UK, U.S., Singapore, Hong Kong, Australia, France, Germany and the Middle East), of which nearly 1,000 are based and work in the US. Respondents were asked about diversity and discrimination in the workplace.



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eFinancialCareers provides finance professionals with the latest job opportunities, career information and invaluable industry insights they need to maximize their potential. The site connects them to roles within many of the world's most respected financial organizations.

Through its recruitment solutions eFinancialCareers provides financial services recruiters a vital competitive edge by enabling them to source the highly qualified professionals they need to achieve their strategic ambitions - quickly and efficiently.

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