

# HM TREASURY WOMEN IN FINANCE CHARTER: SIGNATORIES SURVEY 2017

ASSESSING THE IMPACT OF THE CHARTER ON SIGNATORIES AND THE  
BENEFITS AND CHALLENGES THEY FACE

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*> Just one year after the launch of the Charter, two thirds of signatories believe signing up will lead to permanent and sustainable change within their companies and across the financial services industry*



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## What this report is about

The UK government launched the HM Treasury Women in Finance Charter in March 2016 to encourage the financial services industry to improve gender balance in senior management. By March 2017, 122 firms had signed up to the Charter. These firms employ more than 500,000 people in the UK and cover almost half of the financial sector.

The number of signatories illustrates how seriously the sector is taking the Charter. But what impact has joining the Charter had on signatory companies? What benefits are they realising and what challenges do they face in meeting their Charter commitments? New Financial surveyed Charter signatories in May 2017 to answer these questions.

Our aims in conducting the survey were:

- To better understand the benefits and the challenges associated with becoming a Charter signatory;
- To build an evidential base to inform and encourage both existing and future Charter signatories;
- To capture specific actions prompted by becoming a Charter signatory
- To share ideas around best practice

This report summarises the findings of our survey.

## What is the HM Treasury Women in Finance Charter?

The Charter is targeting UK-regulated financial services firms with more than 250 staff, but encourages firms of any size to sign. Firms sign the Charter on a voluntary basis. In becoming a Charter signatory, firms pledge to promote gender diversity by:

- Setting internal targets for gender diversity in senior management
- Publishing progress annually against these targets in reports on the company's website
- Having an intention to ensure the pay of the senior executive team is linked to delivery against these internal targets on gender diversity
- Having one member of the senior executive team who is responsible and accountable for gender diversity and inclusion

More information about the Women in Finance Charter can be found at <https://www.gov.uk/government/publications/women-in-finance-charter>

## Methodology

New Financial invited all 122 signatories to the HMT Women in Finance Charter to participate in the survey in May 2017. We received 84 responses. Of these, 43 were from the first cohort of signatories who signed between March 22 and July 10 2016, 20 were from the second cohort who signed between July 11 and November 7 2016, and 21 were from the third cohort who signed between November 8 2016 and March 21 2017.

## Acknowledgements

New Financial would like to thank all the signatories who took part in the survey. We would also like to thank our institutional members for their support, and particularly Virgin Money for funding this research.

New Financial is a think tank and forum that believes Europe needs bigger and better capital markets to help drive its recovery and growth.

We believe diversity in its broadest sense is not only an essential part of running a sustainable business but a fundamental part of addressing cultural change in capital markets.

We provided data to Jayne-Anne **Gadhia's** government-backed review of senior women in financial services, *Empowering Productivity*, and we will be working with HM Treasury to conduct analysis of HMT Women in Finance Charter signatories, including the annual review to monitor progress in December 2018.

We are a social enterprise that launched in September 2014. We are funded by institutional membership.

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# SUMMARY

## Highlights of the report

- The HM Treasury Women in Finance Charter is having an impact – two thirds of the signatories surveyed believe signing the Charter will drive permanent sustainable change in their company and across the financial services industry.
- The most popular reasons companies chose to sign up to the Charter are to demonstrate leadership on gender diversity and to do the right thing. But being a signatory is not just about paying lip service – for 62% of respondents joining the Charter has led to specific actions to support their gender diversity efforts.
- The Charter is having a positive impact on wider diversity efforts at signatory firms, not just on female representation. Nearly 70% are considering extending the Charter principles to other diversity characteristics, and nearly half said the Charter has prompted them to take specific actions in their approach to non-gender diversity.
- Fine tuning the mechanism linking pay to gender diversity targets is the most challenging of the Charter requirements, and signatories are very concerned about publishing poor numbers or even missing their targets.
- The biggest challenge signatories face in meeting their Charter commitments and driving sustainable change is to ensure that gender diversity remains high on the business agenda despite all the other pressures on the financial services industry.

“ We signed the Charter to demonstrate leadership not only on gender diversity but as part of a wider strategy to show leadership in creating a truly inclusive firm for all ”

Schroders

Fig.1 Driving change at both company and industry level

Do you believe signing up to the HMT Women in Finance Charter will drive permanent sustainable change a) in your company b) across the financial services industry? % of respondents

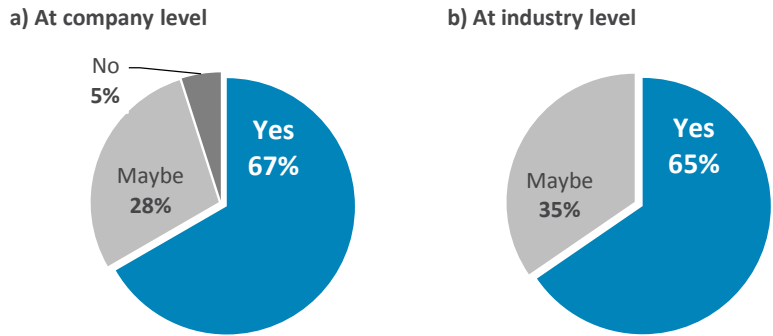
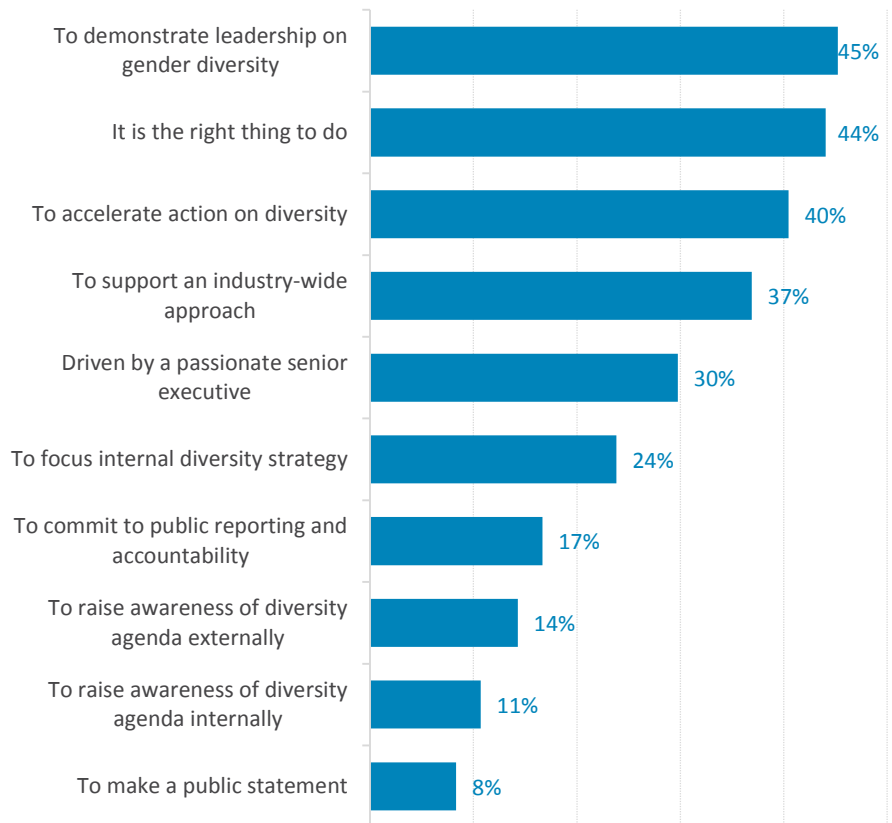


Fig.2 The top 10 reasons signatories chose to sign the Charter

Why did your company become a Charter signatory? Top 10 responses, % of respondents



# BENEFITS AND CHALLENGES

## A trigger for stepping up action

We asked signatories how they are benefitting from signing the Charter. More than half (54%) of respondents said they are accelerating their actions on gender diversity (Fig.3), which is encouraging as accelerating action was a motivation for 40% (Fig.2) to sign the Charter in the first place.

Nearly half said the Charter is promoting discussion of gender diversity at the highest levels of the company as well as promoting awareness and engagement with external stakeholders (Fig.3). This tallies with the desire to demonstrate leadership on gender diversity, which was the most popular reason stated for companies to become signatories (Fig.2).

## Maintaining accountability

The Charter has four principles which all signatories are asked to apply. The easiest to execute was appointing a senior accountable executive (Fig.4), which is not surprising given that Charter membership was driven by a passionate executive for 30% of respondents (Fig.2).

Signatories found establishing a link to pay to be the trickiest of the four principles – half of respondents ranked link to pay as ‘quite’ or ‘very challenging’. Respondents said working out the mechanism for the link to pay required discussion at and approval from multiple levels across their organisations and that they had to ensure the pay criteria were applied consistently and weighted appropriately.

When it came to setting internal targets, signatories found it difficult to balance their aspiration and desire to drive rapid progress on the one hand with the risks associated with potentially not reaching an aspirational target on the other. Strong leadership, male advocacy, allied with a clearly articulated business case, compelling data and robust discussions helped respondents get their targets internally approved.

Fig.3 The top six benefits of becoming a Charter signatory

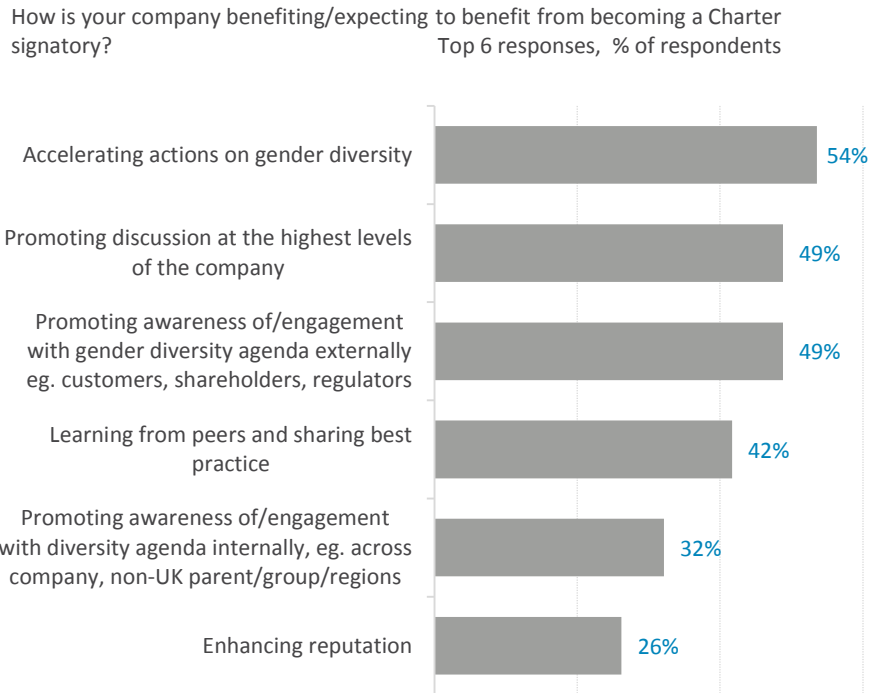
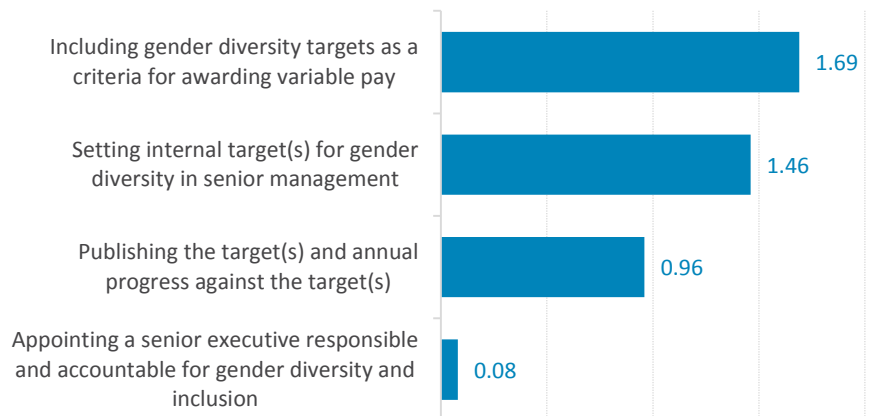


Fig.4 Link to pay is the most challenging Charter principle

Which (if any) of the four Charter principles did you expect to be/have proved to be the most challenging for your organisation?

Average difficulty rating (easy = 0, quite challenging = 2, very challenging = 4)



# ACTIONS PROMPTED BY THE CHARTER

## The clarion call of the Charter

The Charter covers a wide variety of firms at all stages of thinking when it comes to diversity. It is easy to assume that the Charter has greater appeal to companies that are already committed to gender diversity. But when we asked signatories if the Charter has led to specific actions to support gender diversity, 62% said yes, while only a third said their Charter commitments were aligned with their existing efforts (Fig.5). The 'yes' figure is even higher at 79% for companies from the first cohort of signatories.

“ [Our commitments were] already in train when we signed... That said, it is useful to have the Charter in order to be able to refer to its recommendations as evidence we are tracking in the right direction ”

Royal Bank of Scotland

When asked what specific actions signatories had taken, the top three were: examining hiring practices, improving female representation in succession planning and implementing unconscious bias training (Fig.6). The responses fall into a range of actions with no single standout action point. This indicates that signatories understand there is no single silver bullet that will lead to change. Instead, the only path to permanent, sustainable change is a multi-pronged approach undertaking numerous actions that fit into each company's strategy for achieving their diversity targets.

“ The Charter has led us to a 'deep-dive' analysis of qualitative and quantitative data, sponsored by the CEO, and to a refresh of our actions to continue to pull our strong talent pipeline through to the most senior roles ”

Standard Life

Fig.5 A call to action on gender diversity

Has signing the Charter led to specific actions at your company to support gender diversity?  
% of respondents

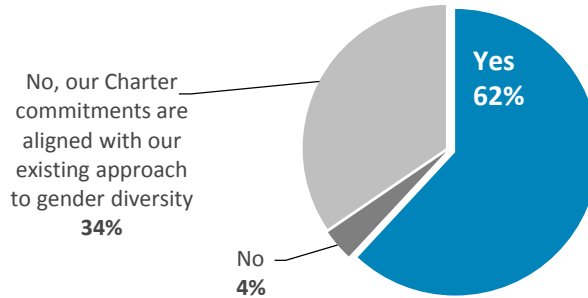


Fig.6 Top 10 actions prompted by becoming a Charter signatory

What specific actions have been prompted by becoming a Charter signatory?  
Top 10 responses, % of respondents  
(Number of respondents = 52)



# THE IMPACT OF THE CHARTER BEYOND GENDER DIVERSITY

## A rising tide lifts all boats

A common concern raised by both existing and potential Charter signatories is a reluctance to be associated with a gender-only initiative. However, our survey data shows this fear is unfounded. The vast majority of respondents (90%) are working on improving diversity in areas other than gender, more than two-thirds are considering applying the Charter principles beyond gender (Fig.7), and nearly half (46%) said signing the Charter has prompted specific actions related to their approach to non-gender diversity (Fig.8). Nearly a quarter (23%) of respondents said they have increased participation in non-gender diversity networks or organisations and 15% said they have increased the tracking of non-gender data after signing the Charter.

“ [We] are trying to apply the same approach, and the Charter has certainly given this impetus ”

**Columbia Threadneedle Investments**

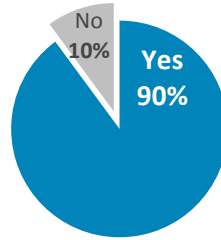
Of those respondents that said they were considering applying the Charter principles beyond gender, most said they might extend the framework to ethnicity. When companies were asked how they would like to see the Charter develop, 65% said they were keen to see the Charter principles extended to other diversity characteristics. Ethnicity is the most frequently cited focus for non-gender diversity activity, followed by disability and LGBT+. Signatories are also directing their attention to cognitive diversity and developing their working carers agenda.

“ [The Charter is] driving stronger accountability for our targets for both gender and ethnicity ”

**PwC**

Fig. 7 The Charter does not exclude other diversity characteristics

7a) Is your company working on improving diversity in areas other than gender? % of respondents



7b) Does your company apply or is it considering applying the Charter principles beyond gender? % of respondents

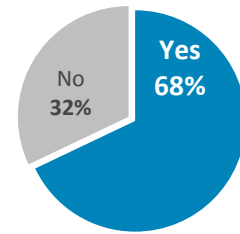


Fig.8 Actions to support non-gender diversity

Has signing the Charter prompted specific actions in your company’s approach to non-gender diversity characteristics? % of respondents

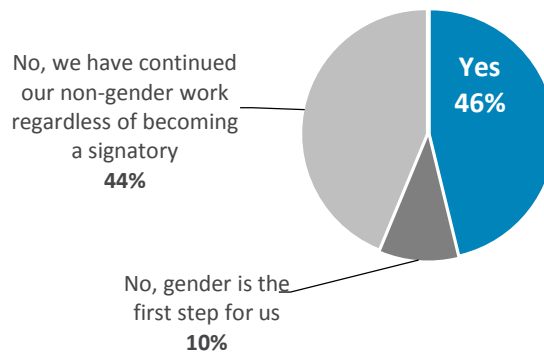
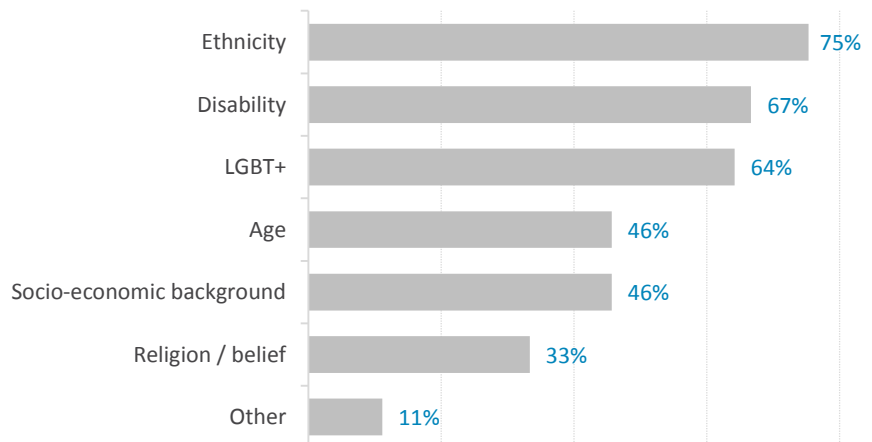


Fig.9 Focus of signatories’ diversity efforts beyond gender

Which non-gender diversity characteristics is your company focused on? % of respondents



# THE PROCESS OF BECOMING A SIGNATORY

## Preparing to join the Charter

No company is going to sign up to a government-backed initiative without serious consideration of what is required of them and going through a sign-off process. We asked signatories about all the hoops they had to jump through in order to sign the Charter in the first place. The biggest challenge for respondents was managing their concerns about publishing poor numbers or even missing their targets. While narrative reporting will help contextualise the numbers, respondents are also concerned about how and what data they need to disclose.

“*The main challenge is collecting the data and sharing the story regardless of what it looks like... We currently are in a good place ... However, if it was to change, I think we would face issues to continue telling our story publicly*”

### Anonymous signatory

Almost half of respondents (48%) said overcoming reluctance to be associated with what they viewed as the Charter's exclusive gender focus was 'quite' or 'very challenging'; but as we have already discussed, the Charter is not exclusive; it can be used as part of a wider diversity strategy. Otherwise gaining approval from different parts of the company was less challenging than respondents expected.

“*We had numerous conversations between our CEO and HR Director, partnering with our data and management information team, to explore what will stretch us and what will help towards our longer term growth as an organisation*”

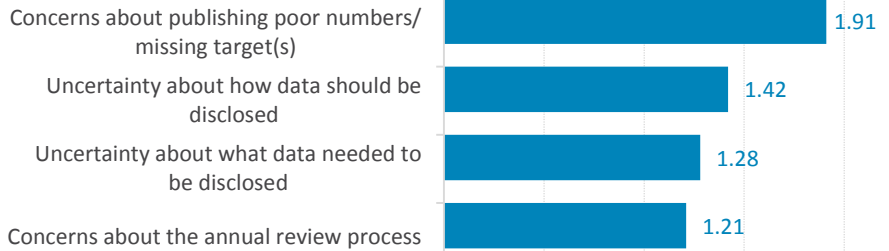
Unum

Fig.10 Lining up ducks before signing the Charter

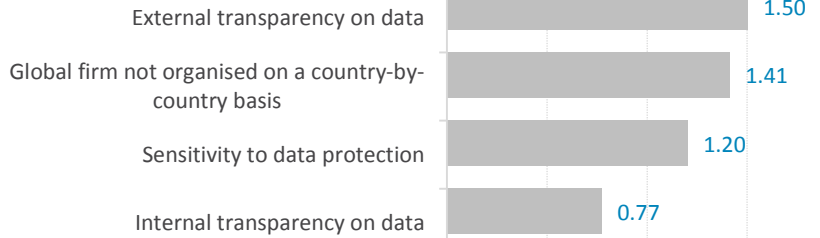
How difficult was it to overcome the challenges listed below?

Average difficulty rating, where easy = 0 , quite challenging = 2 , very challenging = 4

### Going public with the numbers



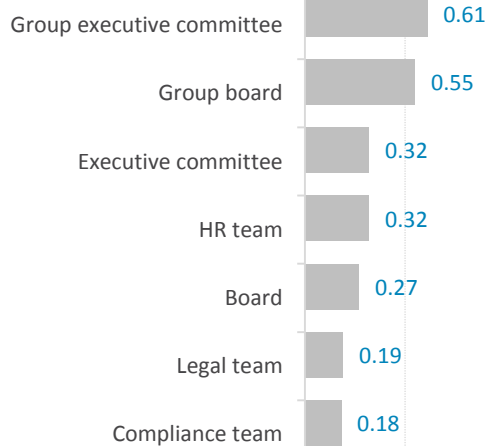
### Data collection and presentation



### Stakeholder buy-in



### Gaining approval from:



“Continuing to ensure the principles of the Charter remain a top priority through executive leadership changes which are commonplace in our industry”

State Street

“[Low] natural turnover and low numbers of senior cohort mean the numbers [or ratios] may not reflect the positive work behind the scenes, so it is important that the full story is told, not just the data”

Leeds Building Society

“Making sure our culture and working practices enable more women to stay and progress, not just attract them in the first place”

Direct Line Group

“Keeping a focus on driving behaviour change and bias, not chasing the numbers”

HSBC UK

“The biggest challenge is ensuring diversity and inclusion becomes part of everyday culture so that the effort isn't short term”

CYBG

## Top 10 challenges signatories face in meeting their Charter commitments

We asked signatories to describe the difficulties they expect to address in order to meet their commitments as Charter signatories and drive sustainable change. Below are the top 10 themes from the responses (in order of frequency of mentions).

- Maintaining stakeholder engagement / buy-in:** Respondents said maintaining momentum with senior stakeholders, management and employees to ensure everyone remained engaged and committed to gender diversity would be a significant challenge as other pressing business matters rise up the agenda.
- Shortage of female talent:** Companies said they face a shortage of qualified women, particularly with STEM backgrounds, which is frustrating their efforts as Charter signatories. Fintech firms in particular are conscious of recruiting senior females in technology. Respondents felt this skills gap is a societal, long-term issue, which requires collective action and promotion by government.
- The law of small numbers:** Where respondents' targets refer to small teams, the departure of just one woman can dramatically impact their target numbers. No company wants to feel obliged to hire a woman into a role just to meet or maintain a target.
- Low turnover in senior roles:** Respondents said the limited number of senior roles available and low natural turnover of roles will make it more difficult for them to meet their gender diversity targets and to influence and change biases.
- Hiring talent externally:** Several signatories highlighted the challenge of overhauling their recruitment and promotion processes. They raised concerns about pushing their recruiters (both internal and external) towards better gender-balanced candidate lists, and more competition for female candidates because of increased focus on gender diversity across the industry.
- A cultural shift:** Companies surveyed feel sustainable change requires a broader shift in culture towards a more inclusive mindset and outlook, both within organisations and across the industry.
- Organisational change:** Respondents expressed concerns that changes they had not foreseen at the time of signing the Charter could impact their ability to meet commitments, eg. rapid growth of business lines where women are under-represented, mergers, restructuring as a consequence of Brexit (as candidates may not take up roles or join teams whose future may be uncertain).
- Time pressure:** Respondents are concerned about the pace of change that is required to meet their targets, as it takes time to get processes up and running, to communicate the importance of diversity and to embed practices within corporate culture.
- Attracting talent to the sector:** Whether at entry level or later in an employee's career, respondents feel strongly that the perceived culture of the industry and the fact that it is still so male-dominated is deterring women from taking up or even applying for roles in financial services in the first place.
- Ensuring a level playing field:** Several respondents cited the challenge of being proactive and inclusive with their gender diversity agenda to ensure that men and non-gender diversity groups do not feel alienated or face unfair practices.



## Survey questions

- Why did your company become a Charter signatory?  
(Select up to three answers from a choice of 15).
- How is your company benefitting /expecting to benefit from becoming a Charter signatory?  
(Select up to three answers from a choice of 11).
- Has signing the Charter led to specific actions at your company to support gender diversity?  
(Yes / No / No, our Charter commitments are aligned with our existing approach to gender).
- What specific actions have been prompted by becoming a Charter signatory?  
(Select up to five actions from a choice of 15).
- **Has signing the Charter prompted actions in your company's approach to non-gender diversity characteristics?**  
(Select all that apply from a choice of five).
- Do you apply or are you considering applying the Charter principles to non-gender diversity characteristics?  
(Yes / No / We are considering this).
- Which non-gender diversity characteristics is your company focused on?  
(Select all that apply from a choice of eight).
- Which (if any) of the Charter signatory requirements did you expect to be/have proved to be the most challenging for your organisation?  
(Select one of "easy / quite challenging / very challenging/ not applicable to my company" against the four Charter principles).
- How difficult was it to overcome common challenges faced by Charter signatories?  
(Select one of "easy / quite challenging / very challenging/ not applicable to my company" against 18 common challenges).
- What do you expect to be the main challenges to meeting your commitments as a signatory and driving sustainable change?  
(Free form text).
- Do you believe becoming an HMT Charter signatory will drive permanent sustainable change in your company?  
(Yes / No / Maybe).
- Do you believe becoming an HMT Charter signatory will drive permanent sustainable change across the financial services industry?  
(Yes / No / Maybe).
- How would you like to see the Charter develop?  
(Select all that apply from a choice of seven, including free form text).

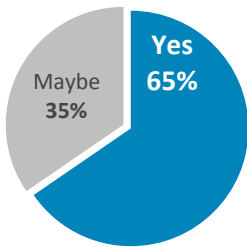
## Survey respondents

Aberdeen Asset Management  
 Ageas UK  
 AIB UK  
 Aldermore  
 Association of British Insurers  
 Atom  
 Azimo Limited  
 Barclays  
 BP  
 Brightstar  
 British Bankers' Association  
 Cambridge & Counties Bank  
 Capital Credit Union  
 Chartered Insurance Institute  
 CIBC  
 Cicero Group  
 Circle  
 City Hive  
 Collinson Group  
 Columbia Threadneedle Investments  
 Co-operative Bank Plc  
 Covea Insurance  
 CYBG  
 Deutsche Bank  
 Direct Line Group  
 E2W  
 East Sussex Credit Union  
 Ecclesiastical Insurance  
 esure Group  
 Financial Conduct Authority  
 Fintech Circle  
 Handelsbanken  
 HSBC  
 ionStar  
 Isban UK  
 Investment Association  
 Jupiter Asset Management  
 Landbay  
 Leeds Building Society  
 Legal & General  
 London Stock Exchange Group  
 LV=  
 Market Harborough Building Society  
 Mastercard UK Management Services Ltd  
 Mercer  
 MetLife Europe  
 Mizuho International Plc  
 Monzo  
 Morgan Stanley International Limited  
 National Skills Academy for Financial Services  
 Nationwide Building Society  
 NEST Corporation  
 Northern Trust  
 Nottingham Building Society  
 Nutmeg  
 OAC Plc  
 OneSavings Bank  
 Opportunity Network  
 Paragon Group of Companies Plc  
 Phoenix Group  
 Pinsent Masons  
 Pioneer Mutual Credit Union  
 Principality Building Society  
 Progressive Building Society  
 PwC LLP  
 RBC  
 Royal Bank of Scotland Plc  
 Santander  
 Scalable Capital  
 Schroders  
 Simply Business  
 SMBCE  
 Standard Chartered Bank  
 Standard Life  
 Starling Bank  
 State Street  
 Thomson Reuters  
 TSB  
 Unum  
 Virgin Money  
 West Bromwich Building Society  
 Yoyo Wallet Ltd  
 Zerado  
 Zurich

We are very grateful to all the Charter signatories who took the time to participate in the survey.

Fig.11 Changing the industry

Do you believe signing up to the HMT Women in Finance Charter will drive permanent sustainable change across the financial services industry?  
% of respondents



## 10 suggestions for debate

The HMT Women in Finance Charter provides a framework for and a public commitment to improving female representation at the highest levels in financial services. But there are no short cuts to achieving better gender balance. This report is part of a wider discussion on diversity, cultural change, best practice and developing a more sustainable business model for the industry. Here are some suggestions to feed into the debate:

1. In its first year, the Charter is already being taken seriously by the UK financial services industry, with 122 signatory firms that employ more than 500,000 people in the UK. Non-signatories need to appreciate the pressure on them to sign up to the Charter will only build, not fade away.
2. While the Charter is focused on women in finance, it is not about privileging one strand of diversity over another, or excluding men. It is encouraging to see that 90% of survey respondents are working on improving diversity in areas other than gender, and for more than half signing the Charter has prompted specific actions around their approach to non-gender diversity characteristics.
3. Signing the Charter goes hand-in-hand with the belief that change is not only possible but achievable and desirable. Two thirds of respondents believe signing the Charter will drive permanent and sustainable change in their company and across the industry.
4. The Charter provides a framework for action to catalyse change. More than half of respondents said that being a signatory is accelerating their actions to tackle gender imbalance.
5. Being a Charter signatory is not an end to itself. Every company needs to work out why diversity is important to its strategy and how improving diversity can drive better business outcomes for them.
6. For change to genuinely be permanent and sustainable, diversity has to move beyond being driven by a handful of passionate individuals and instead become embedded in the day-to-day culture and processes of running a business.
7. Signatories are bound to be nervous about going public with their numbers, but the numbers are meaningless without context. The Charter is not about meeting targets at any cost, instead it encourages companies to communicate their motivations and actions to support reaching their targets.
8. A common concern signatories raise is a lack of qualified and/or experienced women in certain areas such as finance and technology. As there is not going to be a sudden influx of STEM-educated women in the next few years, companies need to think creatively about the skills required for these roles rather than focusing purely on educational background or work experience.
9. The financial services industry would benefit from more open discussions and greater collaboration on diversity. It is encouraging to see a third of respondents signed the Charter to support an industry-wide approach to gender diversity and more than 40% want to learn from peers and share best practice.
10. The biggest challenge signatories face in meeting their Charter commitments is maintaining engagement with both internal and external stakeholders. While there is a role for government and regulators to play, companies need to step up and take responsibility for keeping diversity on the agenda despite the other pressures they face.