



HM TREASURY WOMEN IN FINANCE CHARTER: SIGNATORIES SURVEY

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

July 2019

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> Three years after the launch of the Charter, two thirds of signatories believe signing up will drive permanent and sustainable change within their companies and across the financial services industry.

In collaboration with



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INTRODUCTION

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. The Charter now has over 350 signatories covering 800,000 employees across the sector.

In collaboration with HM Treasury, New Financial surveyed signatories to understand what signing up to the Charter means to them. We wanted to learn more about:

- the impact the Charter is having on signatories;
- the benefits they are realising from joining the Charter;
- the challenges they face in meeting their Charter commitments.

We hope the survey's findings will help inform both existing and potential signatories as well as the future strategy and administration of the Charter.

What is the HM Treasury Women in Finance Charter?

In signing up to the HM Treasury Women in Finance Charter, signatories pledge to promote gender diversity by:

- having one member of the senior executive team who is responsible and accountable for gender diversity and inclusion;
- setting internal targets for gender diversity in senior management;
- publishing progress annually against these targets on a page on the company's website dedicated to their Charter commitments;
- having an intention to ensure the pay of the senior executive team is linked to delivery against these internal targets on gender diversity.

Firms of all shapes and sizes across financial services have signed up, with headquarters in the UK, USA, Europe and Asia. Firms sign the Charter on a voluntary basis.

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

Methodology

HM Treasury invited all Charter signatories to participate in the survey in April 2019. We received responses from 136. See [appendix](#) for list of respondents and survey questions.

Acknowledgements

New Financial would like to thank all the signatories that took part in the survey. We would also like to thank our institutional members for their support, and particularly Virgin Money, now owned by CYBG, and City of London Corporation 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.

We provided data to the government-backed Gadhia review of senior women in financial services, *Empowering Productivity*, and we are working with HM Treasury to monitor the progress of signatories to the HMT Women in Finance Charter.

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

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SUMMARY

Highlights of the report

Driving change: The HM Treasury Women in Finance Charter is having a positive impact. Two thirds of the signatories surveyed believe being a Charter signatory will drive permanent sustainable change in their company and across the financial services industry.

Medium term: The remaining third of signatories said it was too early to tell. However, of those, nearly four-fifths (78%) expect to see a shift in their own organisation over the next five years, and two-thirds (67%) expect change across the industry over the next 10 years.

A C-suite issue: Promoting discussion of gender diversity at the highest levels of their organisation was the most commonly cited benefit of being a signatory, followed by maintaining focus and accelerating action on gender diversity.

A new approach: The Charter principles are prompting signatories to think and act differently. More than half (52%) of respondents had not undertaken any of the four Charter principles before signing up.

Beyond gender: Four-fifths (81%) of signatories are tackling other areas of diversity in addition to gender, and nearly all respondents are seeking ways to involve men in their Charter commitments.

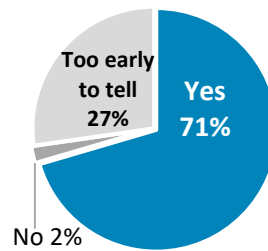
Peer review: Six out of seven (85%) signatories are using the [Annual Review](#) data analysis, which monitors progress of Charter signatories, for benchmarking purposes.

Challenges remain: Fine tuning the mechanism linking pay to gender diversity targets is the trickiest of the Charter requirements to implement, while maintaining stakeholder engagement is the biggest challenge signatories face in meeting their Charter commitments and driving sustainable change.

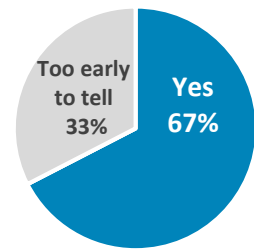
Fig.1 Driving change at a company and industry level

Do you believe being a Charter signatory will drive permanent sustainable change in your organisation and across the financial services industry?
% of respondents

a) In your organisation



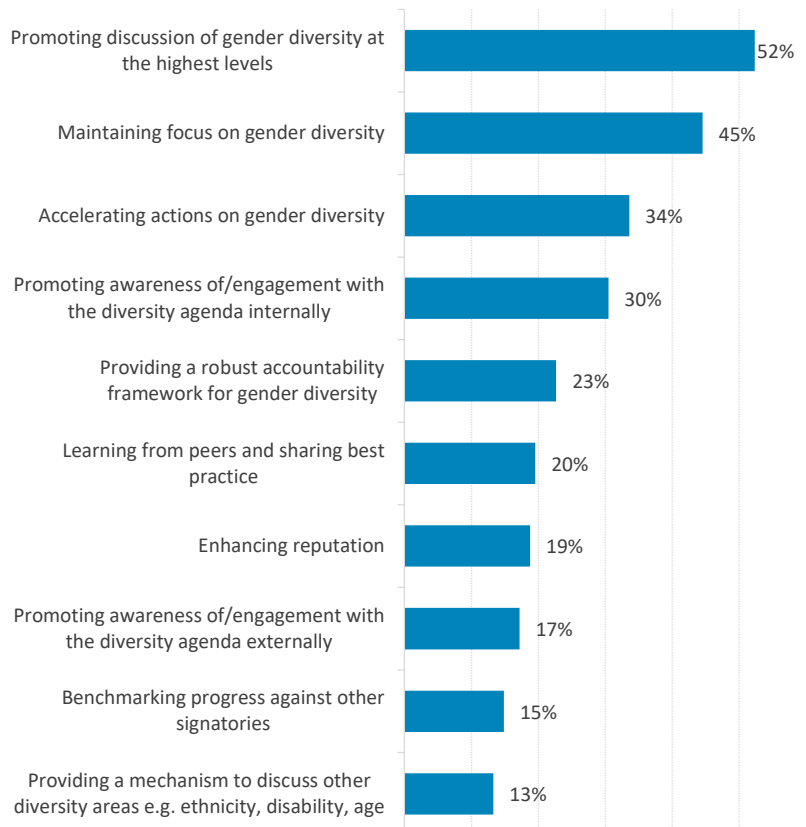
b) across the industry



n=132

Fig.2 The top 10 benefits of being a Charter signatory

How is your organisation benefitting from being a Charter signatory? Top 10 responses, % of signatories



n=128

BENEFITS OF SIGNING UP TO THE CHARTER

A trigger for stepping up action

The most common reasons companies joined the Charter were to accelerate action on diversity, to demonstrate leadership on gender diversity and to support an industry wide approach (see Fig.3).

When asked about the top three benefits of being a signatory, survey respondents said the Charter is promoting discussion of gender diversity at the highest levels of their organisations, maintaining focus and accelerating action on gender diversity (see Fig.2). The Charter requires firms to appoint a senior executive accountable for gender diversity and inclusion, and part of their role is to challenge their peer group of decision makers and make sure diversity stays on their agenda.

The power of comparison

Another benefit of being a Charter signatory is the use of a common framework for companies to compare themselves to one another. While only 15% of respondents mentioned benchmarking as a top three benefit (Fig.2), 85% said they were using the data in the [Annual Review](#), which monitors the progress of Charter signatories, to benchmark themselves against the targets, definitions of senior management and activities of their peers.

"It has been useful to see how ambitious peers have been with setting their targets and how they are progressing towards them."

Zurich Insurance

"We have used the annual review to open conversations with various groups internally to highlight the importance of driving change and to benchmark ourselves with others across the industry."

Anonymous

Fig.3 The top 10 reasons signatories chose to sign the Charter

Why did your organisation become a Charter signatory? Top 10 responses, %

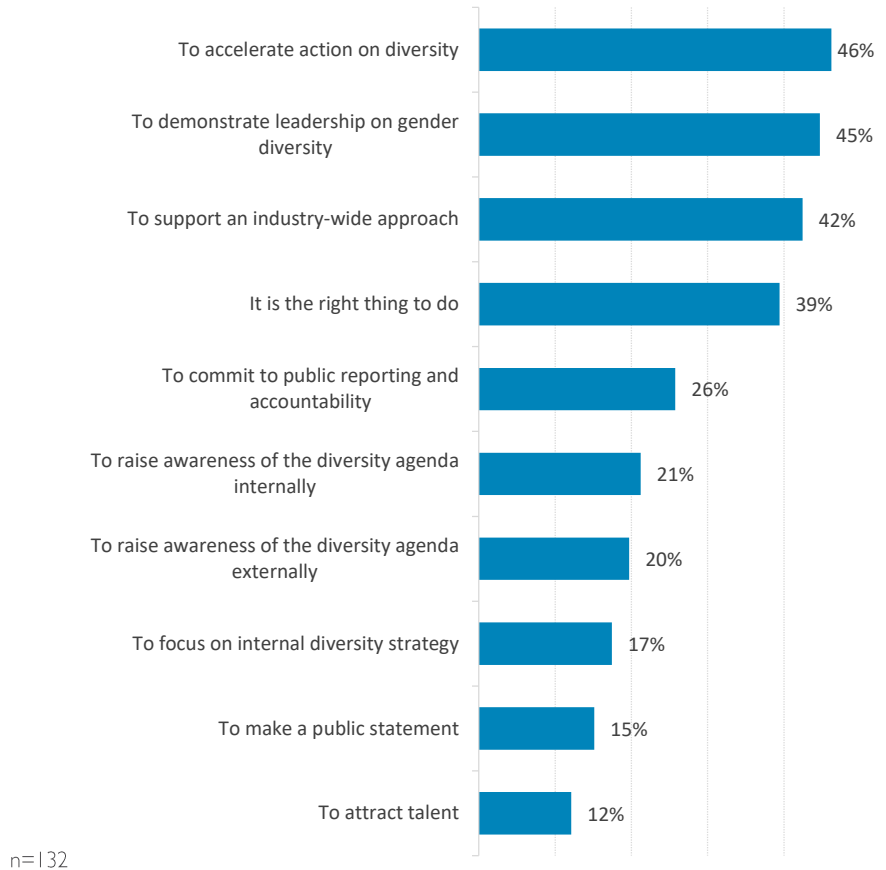
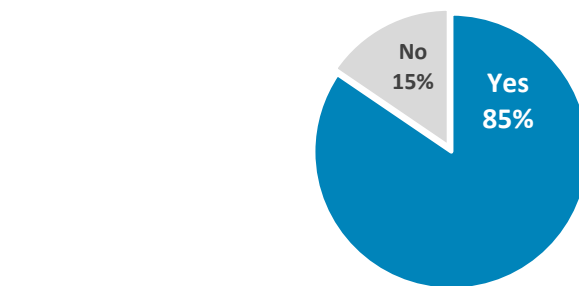


Fig.4 Benchmarking against Charter peers

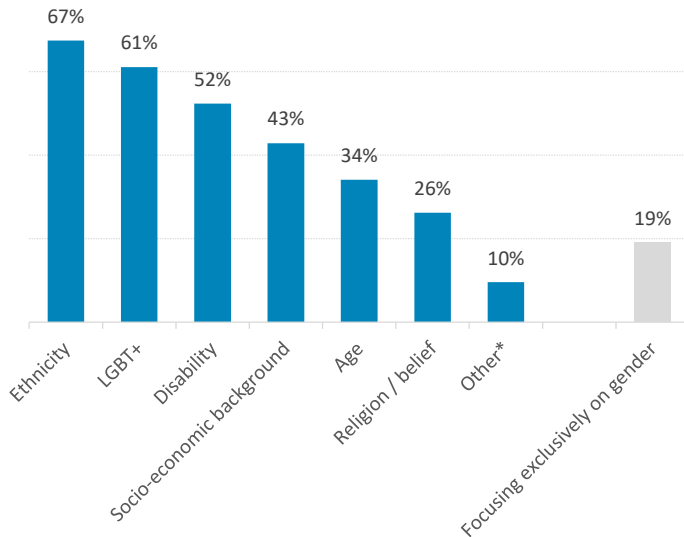
How have you used the Annual Review of Charter signatories within your organisation? Respondents that mentioned benchmarking, %



THE IMPACT OF THE CHARTER BEYOND WOMEN

Fig.5 Focus of signatories' diversity efforts beyond gender

Which diversity characteristics is your company focused on in addition to gender?

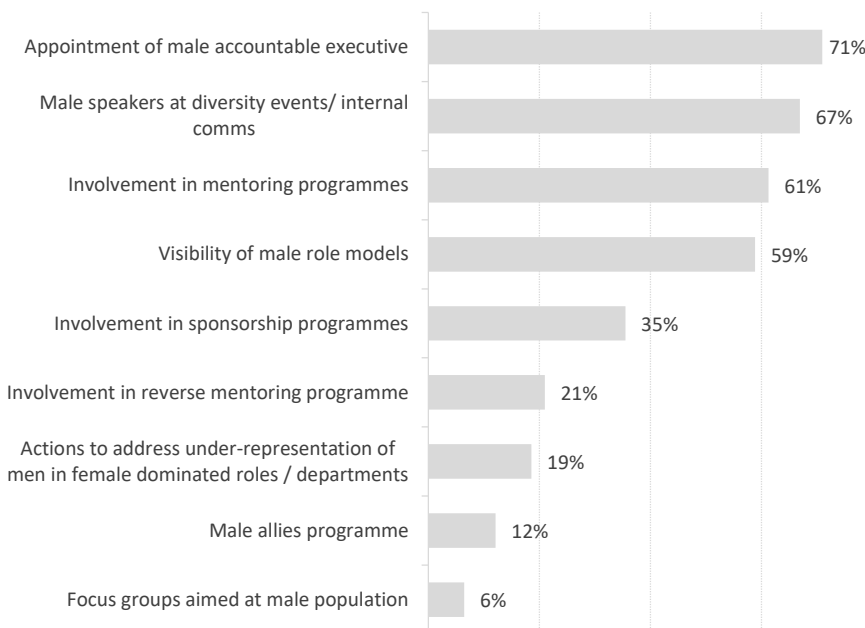


n=126

*Other includes ex-armed forces, mental health and wellbeing, carers, working families, neurodiversity

Fig.6 Involving men in Charter commitments

How is your organisation involving men in meeting your Charter commitments?



n=124

A wider agenda of inclusion

Encouragingly, survey respondents repeatedly stressed the importance of inclusion and ensuring that their gender agenda did not alienate colleagues.

Four-fifths (81%) of respondents said they are focusing on other areas in addition to gender, with ethnicity the most frequently cited diversity strand, followed by LGBT+ and disability (see Fig.5). The remaining fifth (19%) are working exclusively on gender – however, it is worth noting most of these are smaller, newer signatories at the early stages of tackling diversity.

We also asked signatories about the actions they were taking to involve men in their Charter work. The top three ways were appointing a male accountable executive, putting forward male speakers on the topic of diversity, and involving men in mentoring (see Fig.6).

“The key way in which we involve men is by focusing on gender balance. Our focus on inclusion in our leadership development and culture change work means we are engaging men and women in driving through change.”

PwC

“We have programmes of work or activity on all the characteristics listed [see Fig.5] and others, but gender, ethnicity and social mobility are our priority areas of focus.”

Financial Conduct Authority

HOW THE CHARTER IS DRIVING CHANGE

The Charter in action

The Charter has four principles which all signatories are asked to apply. The principles were designed to get the industry thinking about diversity as a business issue and to think and act differently than they had in the past. This approach is underlined by our survey findings – more than half (52%) of respondents had not undertaken any of the Charter principles before becoming signatories.

Of those organisations that had implemented Charter principles before signing up to the Charter, the most common (36%) was naming an executive accountable for diversity (see Fig.7). This was also the most straightforward principle to execute, according to responses when we asked signatories to score the difficulty of applying the four principles (see Fig.8).

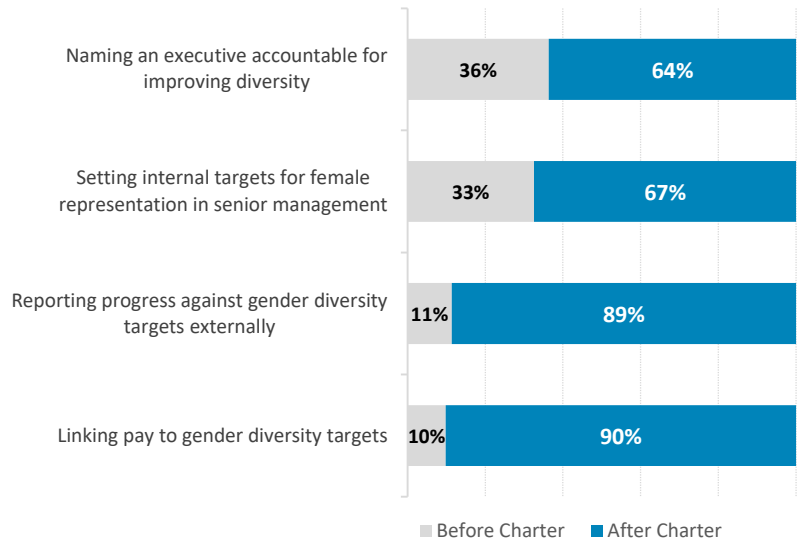
Linking pay to diversity targets was by far the trickiest of the four principles, with 75% of respondents rating it as 'quite' or 'very challenging'.

"We appointed a named executive sponsor, set an internal gender diversity target for our senior management population, set personal performance objectives for each member of the executive team and linked their variable pay to performance against those objectives. We did this prior to signing the Charter, but knowing we had to do this under the Charter was a key catalyst for us to do this and influenced the decisions we made."

Aegon

Fig.7 Actions prompted by the Charter

Which of the four pillars of the Charter was your organisation already doing before becoming a signatory?

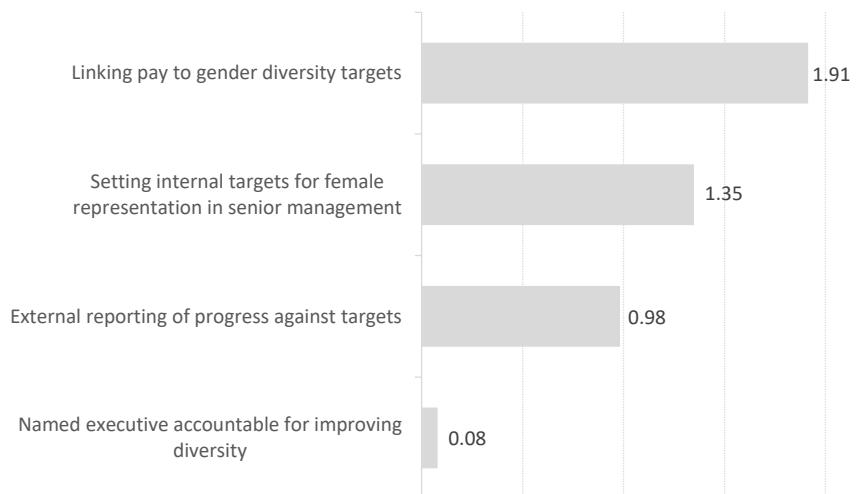


n=132

Fig.8 Link to pay is the most challenging Charter principle

Which of the Charter signatory requirements are / have been the most challenging for your organisation?

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



n=132

THE CHALLENGE AHEAD

Top 10 challenges signatories face in meeting Charter commitments

We asked signatories to describe the main challenges they expect to face in meeting their Charter commitments and driving sustainable change. Below are the top 10 themes from the responses (by frequency of mention).

- 1. 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 issue as other pressing business matters fight for priority on decision-makers' agenda.
- 2. Shortage of female talent:** Signatories said the shortage of senior women, both for internal appointments and potential external hires, particularly with backgrounds in technology and investment, could frustrate their efforts as Charter signatories.
- 3. 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.
- 4. Attracting talent to the sector:** Whether at entry level or later in an employee's career, respondents felt strongly that the perceived culture of the industry and the fact that it is still so male-dominated is deterring women entering financial services in the first place.
- 5. The law of small numbers:** Respondents with small senior management populations raised concerns that the departure of just one woman could dramatically impact female representation, and they did not want to feel obliged to hire a woman into a role just to meet or maintain a target.
- 6. Competition for talent:** Signatories pointed to the growing competition for qualified senior women because of the spotlight on increasing female representation in senior roles across the industry.
- 7. Organisational change:** Respondents mentioned that changes they had not foreseen at the time of signing the Charter could impact their ability to meet their commitments, for example, mergers and acquisitions, rapid growth of business lines where women are under-represented, restructuring.
- 8. 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.
- 9. 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.
- 10. 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 other diversity strands did not feel alienated or face unfair practices.

"We have made great progress on gender diversity in the last few years – our senior management population is now 42% from under 30% only five years ago. One of our biggest challenges will be how we keep gender diversity on the agenda of senior executives when many may see this as a challenge we have now overcome, which we know is not the case."

Post Office

"The dangers of D&I fatigue – and the importance of mainstreaming our work on D&I to avoid this, as well as identifying innovative, disruptive actions to ensure that progress doesn't stall."

Financial Conduct Authority

"Whilst we've made strong progress in encouraging our female colleagues to put up their hand for promotions, externally we continue to find attracting women to our senior roles challenging."

Anonymous

"Recruiting senior women is getting harder given we are all fishing in the same pond so we need to be more creative regarding future talent pools."

Anonymous

"Meeting stated goals for gender representation requires behaviour change as much as it requires action, initiatives and allocating investment for these initiatives. We see a slow conversion from the myriad plans/activities into results because sustained behaviour change is the harder part to maintain."

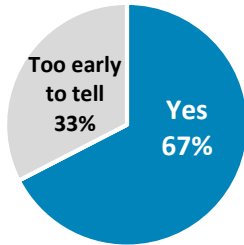
Anonymous

POINTS FOR DISCUSSION

Fig.9 Changing the industry

Do you believe being a Charter signatory will drive permanent sustainable change across the financial services industry?

% of respondents



n=132

10 suggestions for debate

The HM Treasury Women in Finance Charter invites signatories to improve female representation at the highest levels in financial services. While it offers benefits, it also presents important challenges. This report surveying Charter signatories is part of a wider discussion on developing a more diverse, inclusive and more sustainable business model for the industry. Here are some suggestions to feed into the debate:

1. **A permanent change:** Three years since its launch, the Charter is having a positive impact. Two-thirds of survey respondents believe signing the Charter will drive permanent and sustainable change in their company and across the industry. That change is long overdue and well underway.
2. **A ten-year wait?:** The remaining third of signatories believe change will happen more slowly, but will still happen over the next 10 years. It is vital to ensure initiatives to improve diversity come to fruition in that timeframe so sustainable change does not slip further into the distant future.
3. **An untrodden path:** If the industry wants a different result, then something has to change, and quickly. The four Charter principles have provided a new way for signatories to approach gender diversity – more than half of survey respondents had not undertaken any of the core actions required by the Charter before signing.
4. **An inclusive approach:** While the Charter is focused on increasing female representation at the top of finance, it is encouraging to see that nearly all survey respondents are involving men in their Charter commitments and 81% are active in improving other areas of diversity in addition to gender. It is important to communicate that diversity is about a better way of working for everybody.
5. **Tone from the top:** The most commonly cited benefit of being a signatory is that the Charter is promoting discussion at the highest levels of seniority and maintains the spotlight on gender diversity. Ensuring this turns into strategy is the next step.
6. **Targets are a means to an end:** Respondents raised concerns about hitting their targets when numbers are small, time is short, turnover is low and business is constantly evolving. The Charter is not just about the numbers, it is about the context – the whole framework of action and accountability to improve diversity.
7. **Establishing the link to pay:** Signatories are still figuring out how to link gender diversity targets to pay effectively, with 75% of survey respondents describing the link to pay as quite or very challenging to implement. It may be tricky, but it is worth the effort. Getting the link to pay right could be a gamechanger.
8. **Maintaining momentum:** The biggest challenge signatories expect to face in meeting their Charter commitments is maintaining engagement with both internal and external stakeholders. The accountable executive has an essential and clearly defined role to play in keeping diversity firmly on the corporate agenda.
9. **Compare and contrast:** The Charter has provided a common frame of reference for signatories to better understand where they sit in their peer group and what they might do better when it comes to diversity – 85% are using the Charter data analysis for benchmarking purposes to support their internal discussions.
10. **Collaboration:** More than 40% of respondents signed the Charter to support an industry-wide approach to gender diversity. Signatories can use the Charter to look beyond competitive advantage and foster a spirit of collaboration. Government, regulators, trade bodies and networks allied to the Charter can all play their part.