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# Closing the gap

## Leadership perspectives on promoting women in financial services

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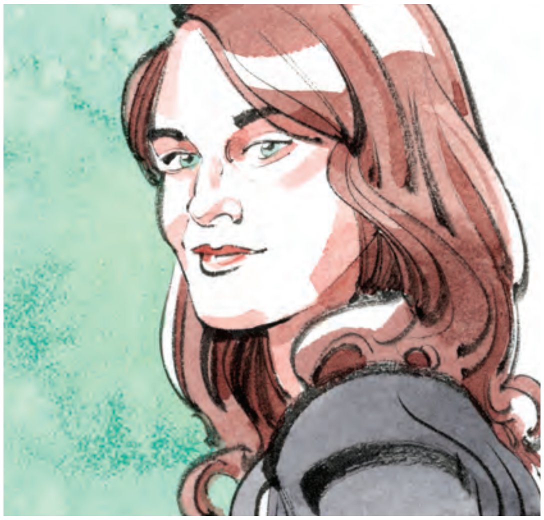


# Introduction

**Where does the financial services sector stand when it comes to gender equality? To answer the question, this report looks at the experiences of financial services employees in North America, gathers insights from senior female leaders, and reviews best-practice policies and programs to promote diversity and inclusion.**

**After 32 years in the financial services industry, what's most encouraging to me is that the topic of gender diversity is on fire. But there's still a lot of work to do.**

Margo Cook, Nuveen Advisory Services

In North America, women account for over half of the entry-level work force in financial services. They have reached the highest levels within firms and their numbers at the top continue to grow, albeit slowly. Despite this progress, women still represent fewer than one in five positions in the financial services C-suite. There is much work to be done to achieve gender parity in the financial services sector.

Our research for Women in the Workplace, a collaborative initiative between LeanIn.org and McKinsey, examines the gender parity gap in financial services and looks at what can be done to close it. As part of Women in the Workplace's effort to create the definitive fact base on women's advancement in leadership, we surveyed more than 14,000 employees at 39 financial services companies[1] and interviewed 12 female senior executives at financial services firms in North America. Although the data are based on North American research, we believe the insights and implications have global relevance.

More than 90 percent of financial services companies surveyed assert a commitment to gender diversity. This commitment makes clear business sense: Companies with greater gender diversity perform better. McKinsey's research has shown that companies in the top quartile for gender diversity on executive teams were 21 percent more likely to outperform on profitability and 27 percent more likely to demonstrate superior value creation.[2] Furthermore, companies in the top quartile for ethnic/cultural diversity on executive teams were 33 percent more likely to have industry-leading profitability.[3]

Improved representation of female leaders will lead to a more rounded view of customers. This is particularly critical in financial services, given that more than half of women now control their household finances and are responsible for household savings and investing.[4] Furthermore, companies that do not focus on gender diversity will find themselves at a disadvantage in the war for talent.

**Anybody who doesn't think about how to bring in more women won't be able to compete, because they're just cutting out half the talent from their opportunity set.**

Jenny Johnson, Franklin Templeton Investments

Given a strong business case for change, much more work needs to be done. Our research breaks down the current state of gender diversity in the financial services industry to consider the impact by subsector, employment level, and race. We also explore employee experiences in the workplace to better understand the root causes of today's challenges. The gender parity issues facing the financial services industry are complex, but there are ways to address these challenges to improve the representation of women at every level.

**1** Combined, the 39 financial-services companies employ approximately 1.2 million people; survey respondents were selected from non-front-line employees, which total 575,000.

**2** Measured as economic profit margin.

**3** Sundiatu Dixon-Fyle, Vivian Hunt, Sara Prince, and Lareina Yee, *Delivering through diversity*, January 2018, McKinsey.com.

**4** Chris Metinko, "Women are the new CFO of the household," The Street, April 19, 2017, thestreet.com.

# Gender diversity in today's financial services industry

Women remain significantly underrepresented in the upper levels of financial services firms.

**To build a definitive fact base on women's advancement in leadership, we leveraged insights gathered from financial services firms in the Women in the Workplace Survey. These firms represent three sub-sectors in North America: banking and consumer finance; asset management and wholesale banking; and insurance.[5]**

Our research shows that women remain significantly underrepresented in the upper levels of financial services firms. Women and men in financial services begin their careers at parity, making up roughly equal portions of entry-level staff, but higher up the ladder, women account for only 19 percent of positions in the C-suite (Exhibit 1). This is slightly lower than the 22 percent average for US women overall.

The lower representation of women does not appear to be driven by attrition; in fact, company-level attrition among females is either equal to or lower than attrition among males for every financial services role, except for the most senior positions. And yet, as they advance through their careers, women steadily lose ground to their male peers at every stage. The biggest drop occurs early in their tenure, where women are 24 percent less likely to attain their first promotion than their male peers, even though they request promotions at similar rates (Exhibit 2). Women of color are particularly disadvantaged; they are 34 percent less likely to make their first promotion than men in financial services (see sidebar "For women of color, an even steeper path to leadership," page 8).

Women of color are 34 percent less likely to make their first promotion than men in financial services.

Exhibit 1

## Women, especially women of color, are underrepresented in the leadership of North American financial-services firms.

**Employees by level,** % share

A = Entry level
B = Manager
C = Senior manager/director
D = Vice president
E = Senior vice president
F = C-suite

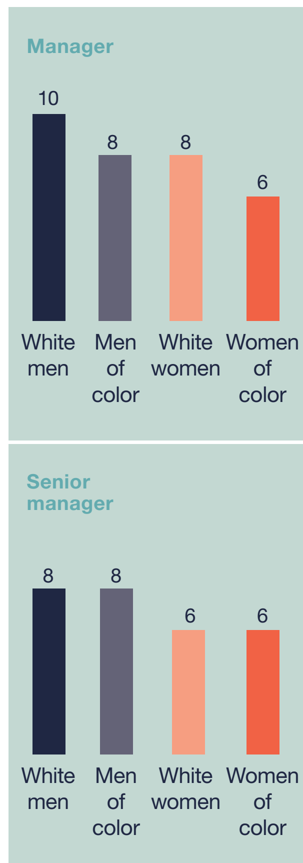

**Note:** Figures may not sum to 100%, because of rounding. Total C-suite representation for women overall is 19%.

**Source:** *Women in the workplace 2017*, a joint report from LeanIn.org and McKinsey, 2017, womenintheworkplace.com

Exhibit 2

## Women—and women of color in particular—are significantly less likely than men to attain their first promotion.

**Promotions as share of total employees of the same gender/race in previous level,** %




**Source:** *Women in the workplace 2017*, a joint report from LeanIn.org and McKinsey, 2017, womenintheworkplace.com

5 Many companies engage in a multitude of activities. For the purposes of this report, financial services companies have been assigned to a primary classification. Private equity sits within the asset management and wholesale banking sub-sector.

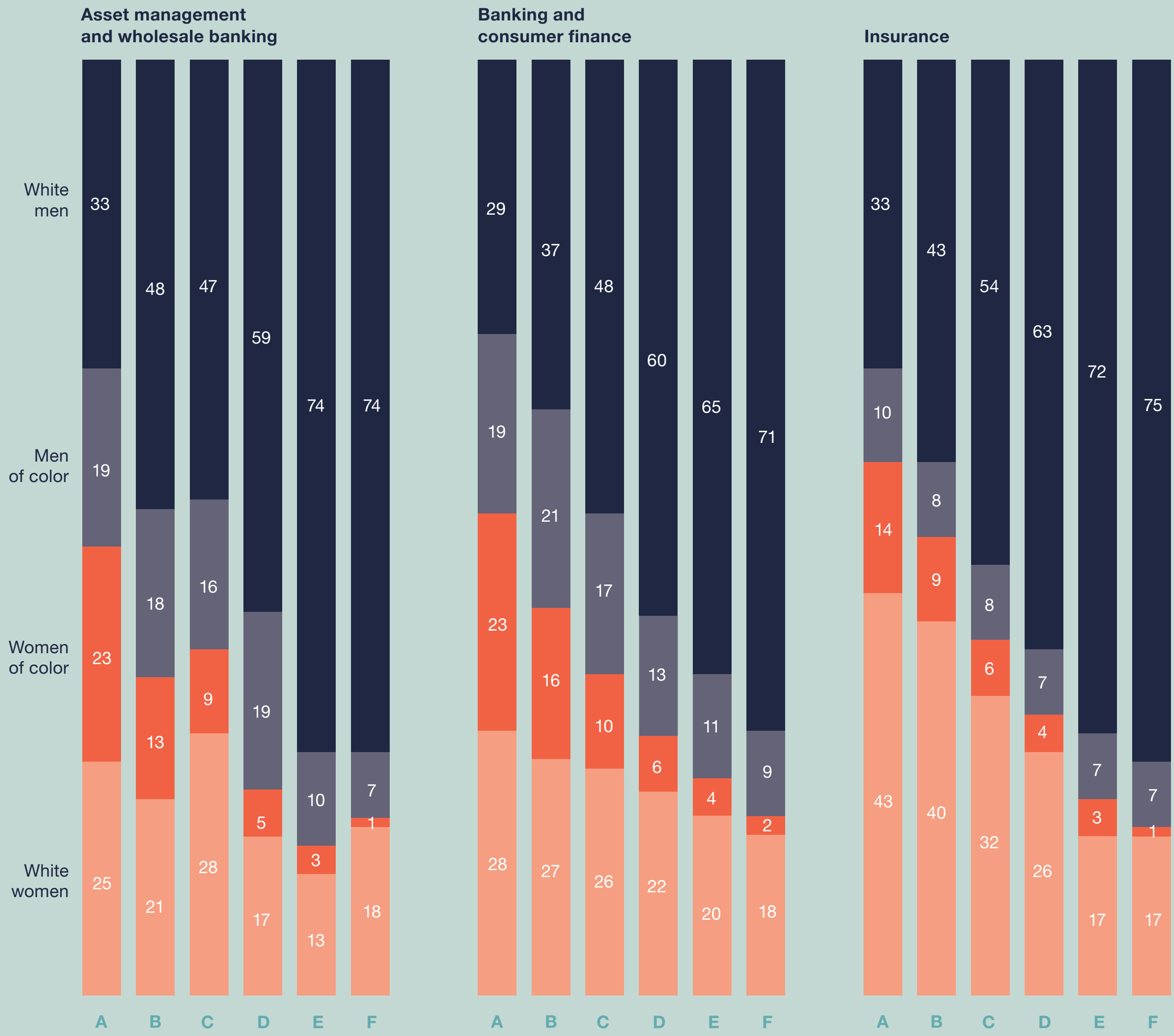
# Gender parity by the numbers

## Representation

Gender-diversity trends vary across the three financial-services subsectors included in our survey.

**Employees by level,** % share

A = Entry level
B = Manager
C = Senior manager/director
D = Vice president
E = Senior vice president
F = C-suite

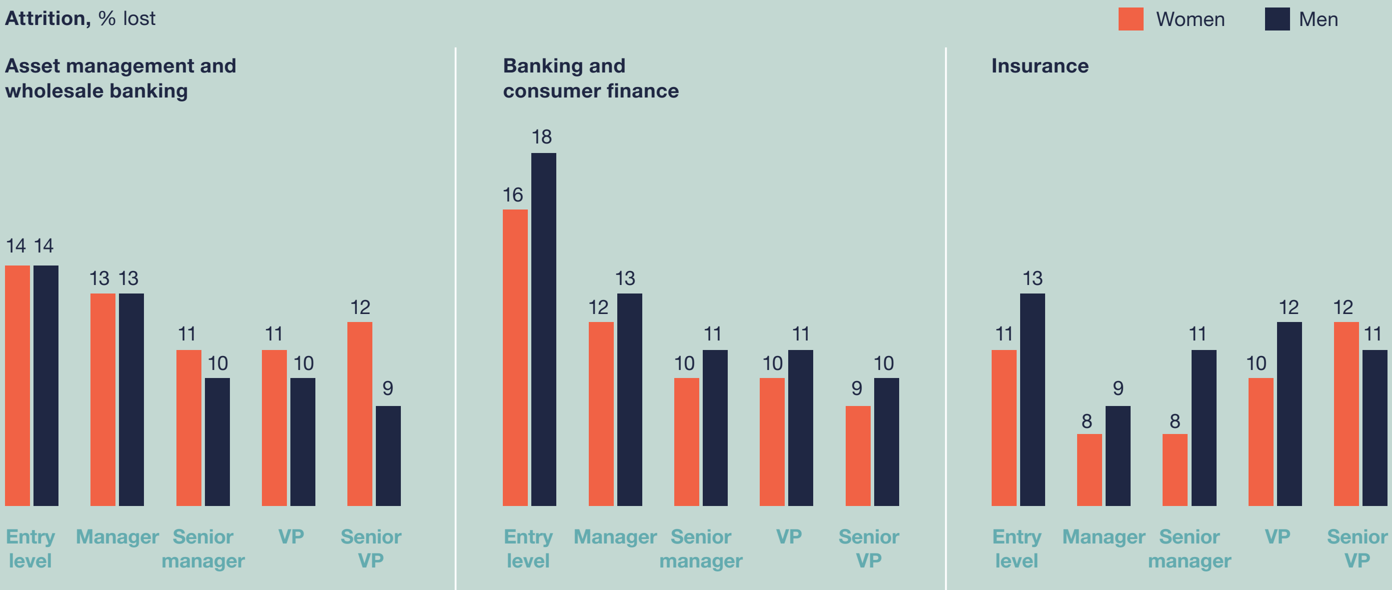



**Note:** Figures may not sum to 100%, because of rounding.
**Source:** *Women in the workplace 2017*, a joint report from LeanIn.org and McKinsey, 2017, womenintheworkplace.com

# Attrition

Early-tenure attrition for women is equal to or lower than it is for men across all subsectors.

**Attrition,** % lost

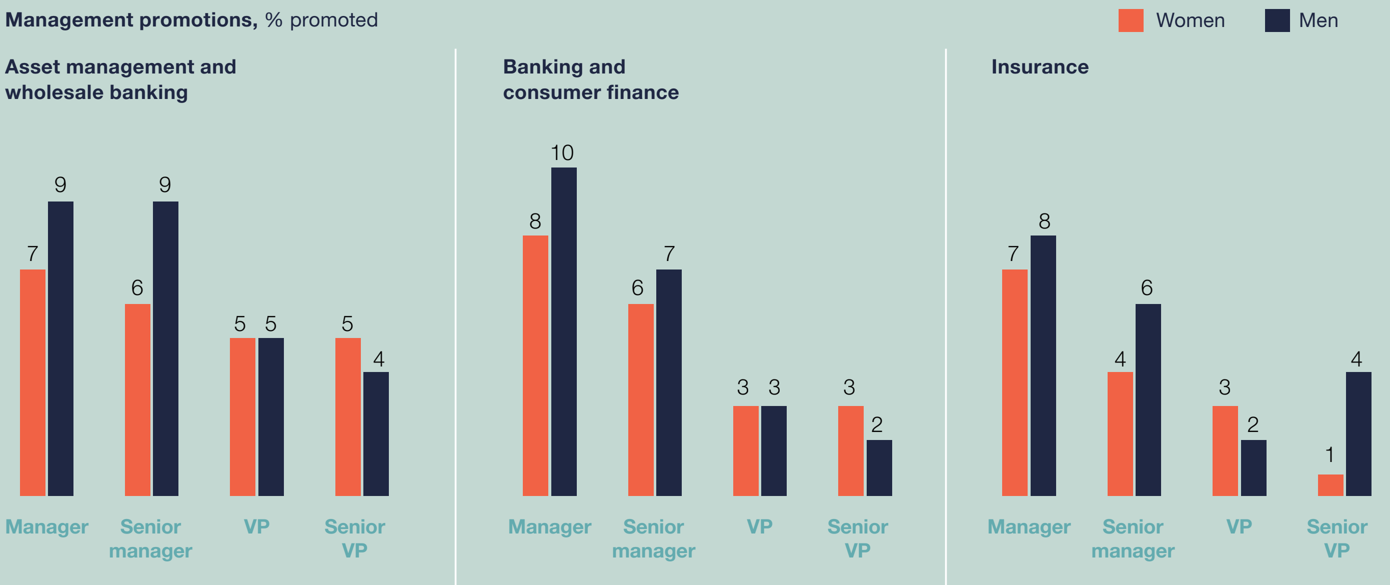



**Source:** *Women in the workplace 2017*, a joint report from LeanIn.org and McKinsey, 2017, womenintheworkplace.com

# Promotions

Early-tenure women are promoted at lower rates than men across all subsectors.

**Management promotions,** % promoted




**Source:** *Women in the workplace 2017*, a joint report from LeanIn.org and McKinsey, 2017, womenintheworkplace.com

## For women of color, an even steeper path to leadership

**In the financial services industry, women of color represent one in five employees at entry levels, but they virtually disappear from representation at higher levels. Across the 39 financial services companies we surveyed, there are only 10 women of color in C-suite roles today.**

One factor is lower promotion rates: At nearly every step in the pipeline, women of color in financial services are promoted at lower rates than both men and white women. Attrition rates for women of color are also higher than those for white women in entry-level and middle management roles.

These trends are especially perplexing considering that more women of color express an ambition to make it to the top than their white female peers. Thirty-six percent of entry-level women of color desire to become a senior executive—a proportion nearing that of their male peers–versus 22 percent of white women.

Women of color face unique challenges and often feel that they are held to a higher standard. Senior-level women of color are more likely to view any failure, big or small, as having jeopardized their success. Moreover, they are more likely to view "playing the game" and being well-liked as critical to success (Exhibit A).

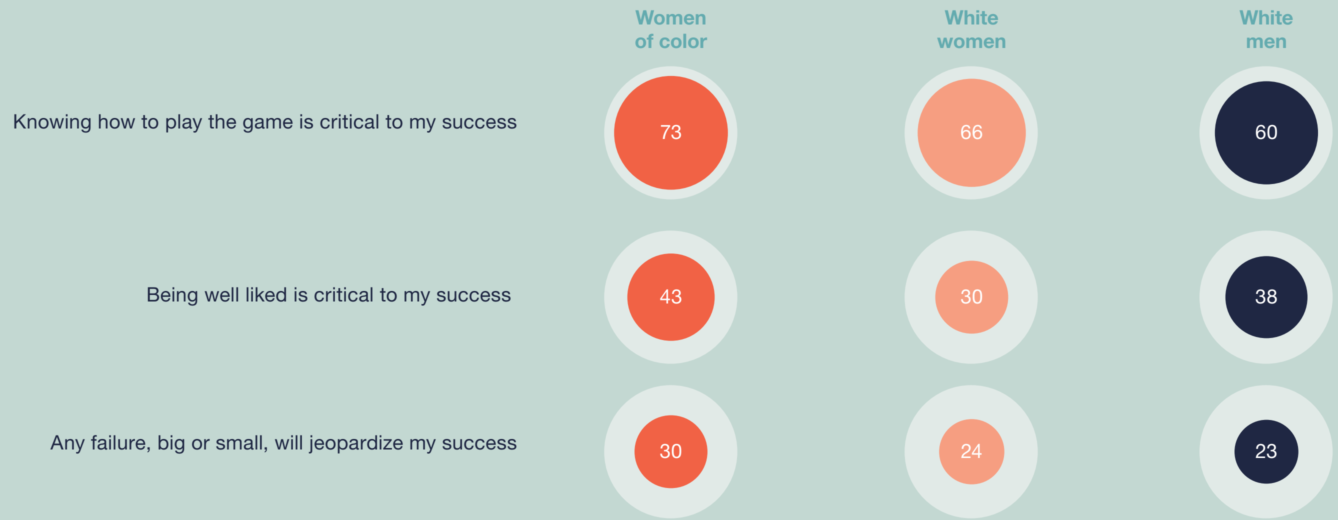
As a woman of color, Beverly Anderson, head of cards and retail services at Wells Fargo, observes that women of color often enter financial careers at an inherent disadvantage; facing compounded bias due to both their race and their gender, they must work doubly hard to prove themselves. "You come in on probation at a deficit and needing to prove your worth more than your counterparts versus coming in with support and the belief that there's a reason you're at the table. If you can stand with confidence, and believe in your abilities, you earn your way out of the deficit, so to speak. It's a very tight range at which you have to figure out the game, how to play it, and how to deliver," she notes.

Sponsorship is one way to address some of these challenges. When reflecting on their careers, senior-level women of color in financial services are much more likely to cite a manager or leader as critical to achieving their promotion (55 percent versus 44 percent for white women). Yet, across all industries, women of color—and in particular black and Latina women—receive lower levels of support from managers.*

Exhibit A

## Senior-level women of color face unique challenges.

**Perceptions of success factors for senior-level leaders in financial services,** % agreeing




**Source:** *Women in the workplace 2017*, a joint report from LeanIn.org and McKinsey, 2017, womenintheworkplace.com

* Alexis Krivkovich, Kelsey Robinson, Irina Starikova, Rachel Valentino, and Lareina Yee, "Women in the Workplace 2017," October 2017, McKinsey.com.

# Career perspectives

Interviews with female financial services executives point to factors that enable women to succeed and advance.

**We have taken a deeper look into women's perspectives at both entry and senior management levels to uncover why female representation declines at each stage. Our interviews with leading female financial services executives point to factors that enable women to succeed and advance, and they suggest actions financial services firms can take to advance gender diversity.**

### A slow start: Barriers for entry-level women in financial services

The experiences of entry-level women in financial services help to explain the steep drop-off in female representation between entry-level and middle management roles. Most notably, many women early in their careers do not aspire to top positions, and even when they do, they often lack the support needed to rise to the top.

### An ambition gap

Women in entry-level roles in financial services seldom envision themselves in a top executive position; only 26 percent aim for this goal, as compared to 40 percent of their male peers and 31 percent of entry-level women across all industries. Entry-level women in financial services cite a lack of interest in such roles, concerns about balancing family and work commitments, the perceived pressure associated with the top jobs, and too much politics as the primary reasons the leadership career path is less appealing (Exhibit 3). While entry-level men share some of these concerns, they are significantly less likely to express concern over the pressure of the job. This difference may be explained in part by real differences in the experiences male and female leaders report having in the work place.

A limited number of female role models in leadership positions may limit women's motivation to make it to the top.

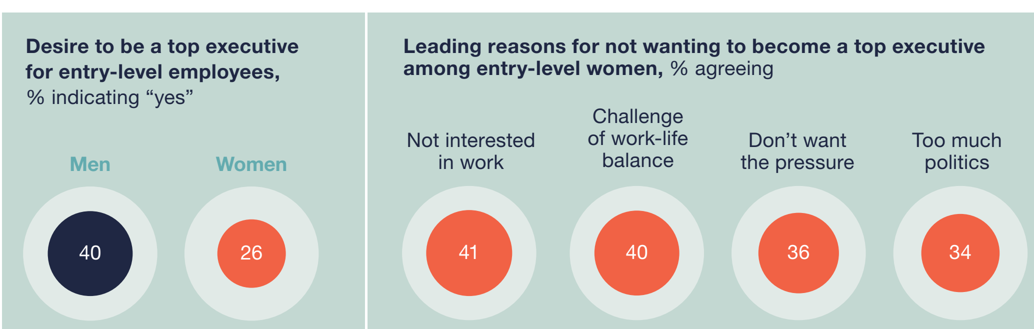
A limited number of female role models in leadership positions may also limit women's motivation to make it to the top. "The lack of women in C-suite positions is a self-perpetuating cycle," says Deanna Strable, executive vice president and CFO at Principal. "Because we don't have many females in the C-suite, young women don't see role models or potential paths towards executive level leadership and are more likely to de-select themselves out of higher-level leadership roles." Marianne Lake, CFO of JPMorgan Chase, believes that having more women at all senior executive levels is important to inspire entry-level women to aim higher. "I think women are looking at the industry, the board, the C-suite, and management to find people who are similar to them so that they understand they can also succeed in those roles," she observes.

Moreover, entry-level women are more likely than men to express concern about failure on the job. This may result from a confidence gap, but could also reflect a real difference in the impact of failure for men and women. Fifty-seven percent of entry-level women say that fear of a high-profile failure would impact their day-to-day experience as a top executive, compared to just 42 percent of their male peers.

Lower ambition in entry-level roles is not the sole reason for women's lower representation in the C-suite. Most of the senior women interviewed for this article were driven to succeed but say that they never consciously aspired to reach the uppermost levels of leadership. Rather, they simply worked hard to do their best at every stage in their career and maintained a strong

Exhibit 3

Entry-level women in financial services cite several reasons for a lack of interest in top executive roles.



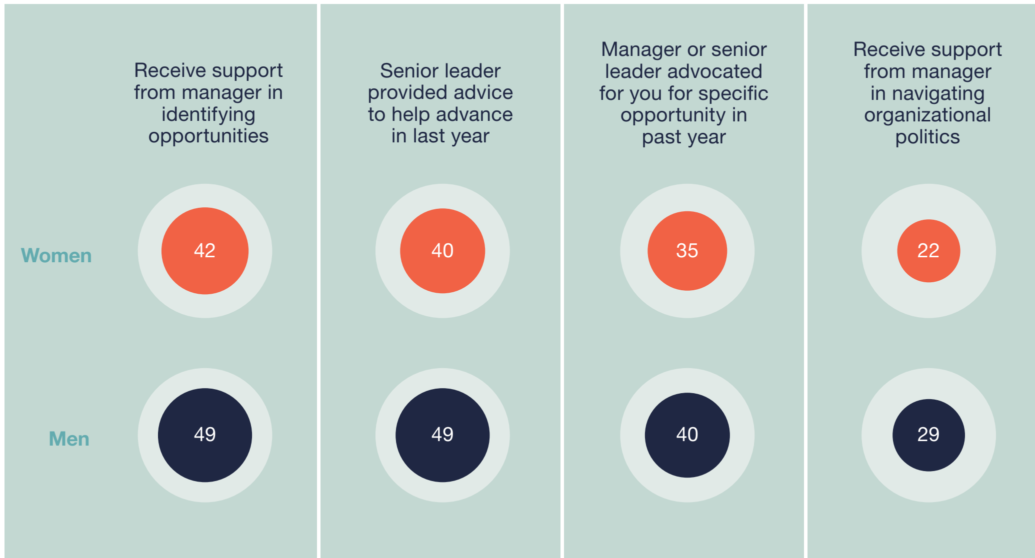

**Source:** *Women in the workplace 2017*, a joint report from LeanIn.org and McKinsey, 2017, womenintheworkplace.com

The 2017 Women in the Workplace research showed that women who receive advice from managers and senior leaders on career advancement are more likely to be promoted.

Exhibit 4

## Entry-level women are less likely than men to have managers who act as their advocates and help them identify opportunities.

**Support received from managers and senior leaders by entry-level employees,** % agreeing




**Source:** *Women in the workplace 2017*, a joint report from LeanIn.org and McKinsey, 2017, womenintheworkplace.com

sense of their value to their company. Marianne Lake, for example, says that she has "always been ambitious, but in the sense that I've always wanted to be the best that I can be at whatever I'm doing at the time."

Kathleen Murphy, president of personal investing at Fidelity, says that she simply realized one day that she had what it took to take on an executive role. "I went from being the general counsel and chief compliance officer to the chief administrative officer, with all the various staff functions reporting to me, and spending a lot of time with the CEO. I'm looking around the table and thinking, 'I can do this too,'" she explains.

### Inadequate access to sponsorship

For entry-level women, lack of support and sponsorship is an additional barrier to advancement. The 2017 Women in the Workplace research showed that women who receive advice from managers and senior leaders on career advancement are more likely to be promoted,[6] and yet earlier tenure women receive less encouragement and support from managers and senior leaders in advancing their careers than do their male peers. Such encouragement and support can make all the difference, as Karen Peetz, retired president of BNY Mellon, relates: "There are inevitable ups and downs [during the course of a career], and the downs get magnified. Often women and minorities give up during that down time, partly because they don't have the support infrastructure that tells them to keep going, because it will get better."

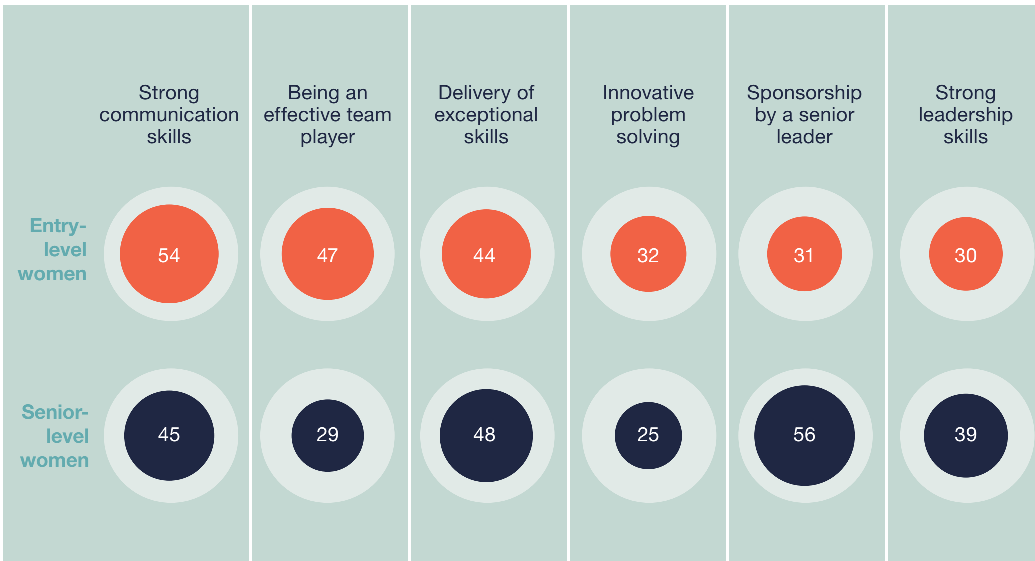
Furthermore, entry-level women are less likely than men to have managers who act as their advocates and help them identify opportunities to pursue. Nor do they receive senior leaders' advice on advancement or navigating organizational politics as frequently as do men (Exhibit 4).

**6** Based on reported rates of promotion in prior two years.

Exhibit 5

## Entry-level and senior-level women have differing views on success factors.

**Differing perspectives on success factors among entry-level and senior-level women,** % agreeing




**Source:** *Women in the workplace 2017*, a joint report from LeanIn.org and McKinsey, 2017, womenintheworkplace.com

**What I've repeatedly seen is that we'll get groups of only women together. Women who congregate on their own without men are depriving themselves of sponsorship and opportunity.**

Jacqueline Molnar, Western Union

Céline Dufétel, CFO at T. Rowe Price, suggests that women may have difficulty finding sponsors because male leaders might feel that they have less in common with their female colleagues. "Throughout the course of my career I've found it at times lonely and exhausting to stand out so much. I think it can be hard for colleagues to relate to you and they're sometimes uncomfortable giving you feedback or mentorship. They're not as comfortable going to dinner or having a drink with you and you miss out on those valuable personal interactions," she says.

In addition, entry-level women may not insist on such support because they do not yet recognize the importance of cultivating a strong network of supporters and advocates. Whereas senior-level women come to view sponsorship as the factor most essential to success, entry-level women believe that performance is the strongest driver of advancement. They tend to view strong communication skills, being an effective team player, and delivering exceptional results as the most important factors of success (Exhibit 5).

This failure to recognize the significance of sponsorship is exacerbated by the fact that the vast majority—81 percent—of entry-level women in financial services cultivate networks that are largely female or evenly split between males and females. In contrast, 94 percent of entry-level men cultivate networks that are largely male or evenly split between males and females. The fact that entry-level women skew toward women in their networks can impact their opportunities down the line. As these women progress through their careers, their networks will have fewer and fewer women who can serve as sponsors, since the upper levels of corporate management are predominantly male.

# View from the top: Secrets to success from female senior executives

**The female financial services executives we interviewed have successfully navigated many of the challenges described in this report. They are passionate about the advancement of women in the field, and their perspectives provide insights into how entry-level women can move up the ladder.**

**The interviewees consistently highlighted three fundamental building blocks to success for women in financial services: sponsorship, risk-taking, and knowing and communicating one's value.**

### Build a strong network of sponsors

The female senior executives we interviewed consistently cited sponsorship as a critical success factor. This view was reinforced by our data, and is unique to senior-level women in financial services, as compared to their male peers, younger counterparts, and senior-level women in other fields. Senior-level women in financial services are also more likely to see "political savvy"—that is, knowing how to navigate office politics—as an important driver of success than their male peers.

**When I was in my twenties, I had what I call a 'first believer,' a man who said, 'Why don't you apply for this principalship?' I had excluded myself in the typical way: 'I'm too young. I haven't done this before. I only hit seven and a half of the ten requirements.' Having had that sponsorship, particularly by a man, was profound for me.**

Jacqueline Molnar, Western Union

**I'm a huge proponent of sponsorship. I can track the times when my career accelerated due to male sponsorship—mostly white male sponsorship—early in my career. I happened to meet the gentleman who was the head of corporate banking early in my career. He stayed with me as I moved through my career, and that made a huge difference. Stalls in my career have been due to the absence of sponsorship or not having the right one.**

Beverly Anderson, Wells Fargo

**Everybody has something to teach you. My approach has always been to be candid with myself about my own gaps and seek out people who were great at those things who I could learn from. That's also how I build teams—it's all about complementary skills.**

Céline Dufétel, T. Rowe Price

### Take risks early and often

The senior-level women we interviewed encouraged younger women to take risks early in their careers. These risks can involve trying out different business units, roles, locations, and even industries to build a broad foundation of experiences that will serve them in future leadership roles.

**I've been open-minded about my career path and have taken some calculated risks. I've been willing to move to new regions, countries, businesses, and roles. That gives you a lot of breadth and exposes you to different experiences and core skills. I believe I have the role I have today because the operating committee saw me succeed in such a wide variety of roles, in good times and bad.**

Marianne Lake, JPMorgan Chase

**Have the courage to take risks. Taking small risks has enabled me to hone my judgment and gave me the experience to take larger risks.**

Ranjana Clark, MUFG Union Bank, N.A.

**In general, men seem to have more confidence in their ability to get to the next level, to take the next risk. Women too often are more conservative in their approach. If you are conservative about your career, over and over again over the course of 20 or 30 years, the cumulative effect is that you aren't going to advance nearly as much as the person who takes risks.**

Kathleen Murphy, Fidelity

**The path to a promotion is not always an immediate promotion; sometimes it's gathering the right experiences in different areas. You may need to take a few lateral moves to get to where you ultimately want to be.**

Alice Milligan, Citi

### Know and communicate your value

Several interviewees credited their success to hard work and a strong sense of confidence in their individual value to their employer or business. Many emphasized the importance of communicating their worth and accomplishments to those who matter.

**Your toughest critic is yourself. Focus on your strengths, what's positive about what you're doing, what you can change. Often when you're in a room, your distinguishing factor isn't how much you've accomplished or how smart you are. It's what you bring that's different. Why is your point of view making the company, the customer, the employees, the products better?**

Alice Milligan, Citi

**If you're confident, then you're not afraid to share your views—not just around you but above you. Women often simply put their heads down and do the work—and fail to ensure that their voice is associated with that work.**

Margo Cook, Nuveen Advisory Services

**Have a point of view and give your opinion. You have to take a seat at the table. Don't assume that people know your point of view. It's important to make your voice heard.**

Ranjana Clark, MUFG Union Bank, N.A.

# Headwinds at the top: Ongoing challenges for senior-level women in financial services

**Even women who reach the most senior levels often look back and conclude that their gender has hindered their advancement. Over half of the senior-level women surveyed—those who have reached the level of vice president or above—believe that they have missed out on opportunities because of their gender, compared to just 10 percent of their male peers. This inequity continues for several reasons.**

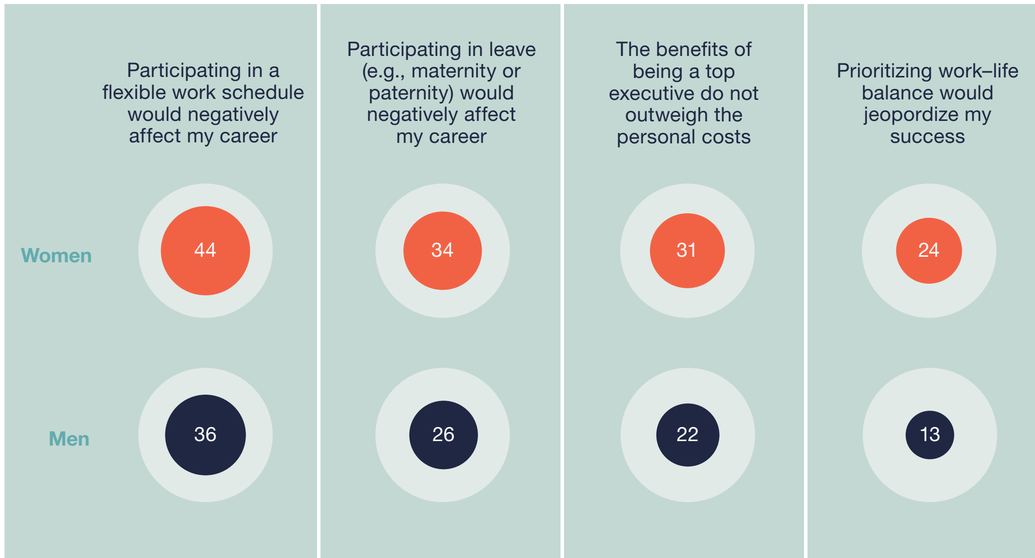
Over half of the senior-level women surveyed believe that they have missed out on opportunities because of their gender.

Senior-level women are also less likely to have frequent interaction about work with senior leaders at their company; 41 percent of women have these interactions at least monthly, while 49 percent of their male peers do.

Exhibit 6

Senior-level women are more likely than male peers to experience challenges balancing work and family.

**Attitudes toward work–life balance,** % agreeing




**Source:** *Women in the workplace 2017*, a joint report from LeanIn.org and McKinsey, 2017, womenintheworkplace.com

## Access to senior leadership remains uneven—even at the highest levels

Despite the value they place on sponsorship, senior-level women are still less likely than their male peers to receive substantial support from senior management, even though they ask for it at the same rate that men do. Just 34 percent of senior-level women in financial services say they have received advice on career advancement from a manager or senior leader, while 44 percent of their male peers say they have.

The interviewees who cited sponsorship as a major success factor tended to find their sponsors naturally, without consciously seeking them out. Beverly Anderson, for example, found many of her sponsors through working relationships. She explains, "I've usually found a way to connect to somebody based on the work that I'm doing. I try to leverage that connection into a relationship, and then I make sure that I nurture that relationship, because it doesn't come often."

Senior-level women are also less likely to have frequent interaction about work with senior leaders at their company; 41 percent of women have these interactions at least monthly, while 49 percent of their male peers do. This trend is worse in financial services than the overall average, as 49 percent of women across all industries have such interactions.

## Balancing family and work becomes increasingly challenging

The ambition gap persists even among women at the most senior levels, and the inability to balance family and work is cited by half of senior-level women as a major reason for not wanting to pursue top executive roles. This finding is perhaps not surprising given the fact that as women's responsibilities at work increase with seniority they largely maintain their responsibilities at home. Nearly half of senior-level women say that they continue to shoulder most household responsibilities, while just 13 percent of their male peers say the same.

Compared to their male peers, senior-level women are also much more likely to believe that prioritizing work-life balance—including participating in flexibility programs such as maternity leave and flexible work schedules—will undermine their ability to succeed at work, perhaps because they perceive the penalty to be higher as their responsibilities at work increase with seniority. Ultimately, they are less likely than senior-level men to view the benefits of top leadership as being worth the cost (Exhibit 6).

Some of these women worry that a financial services career does not structurally lend itself to work-life balance. Margo Cook, president of Nuveen Advisory Services, comments, "Finance careers don't feel friendly to women. Some women are attracted to related industries like consulting or accounting where the structure better allows for them to have kids and then re-enter the work force without the sense of falling behind. But the finance industry can do a better job of that. We as an industry must figure out how to keep women through the course of their career."

Women may also be limited by their colleagues' assumptions about their work-life priorities. Karen Peetz observes, "The prejudice that holds women back is the limiting of expectations. It's assuming you don't want to do certain things. I had two kids and was married, so people assumed that I wouldn't want to take an assignment in London, that I wouldn't want to drag them along. That wasn't true. Be vocal about what you want. Don't assume that people will know."

**Finance careers don't feel friendly to women.... We as an industry must figure out how to keep women through the course of their career.**

Margo Cook
Nuveen Advisory Services

# A roadmap to gender parity at all career stages

Women occupy fewer than one in five roles in the C-suite in financial services.

**Today, with women occupying fewer than one in five roles in the C-suite in financial services, achieving gender parity in the sector seems to be an ambitious goal. Yet, there is a path to get there. Through extensive research and interviews with leaders in the field, we have identified a number of best-practice solutions to address the challenges.**

### 1. "Rebrand" the industry to make it more attractive to women.

Demonstrating that financial services is a sector in which women can thrive is a critical first step to achieving parity. Doing so will help improve female representation at the earlier stages of the career funnel—and is particularly important in sub-sectors such as asset management and wholesale banking where women start out below parity. According to Céline Dufétel, "For investments roles, it's an entry-point issue. Very few women seek those careers out of school. I remember when I was interviewing for an internship way back when, the banks felt intimidating to me, which is why I chose consulting. That's why at my company we make a concerted effort to attract women—for example, a stock pitch workshop for first-year women MBAs and partnerships with organizations such as Girls Who Invest." Initiatives of this kind signal that the sector will support and celebrate women. Targeted initiatives can also help address the lower levels of excitement women express about aiming for the top. As some interviewees pointed out, the financial crisis damaged the industry's reputation and made it less appealing to college graduates overall. The industry must make a special effort, then, to rewrite its narrative. Financial services companies should publicize their efforts to boost gender parity in the workplace and make clear that these efforts are being taken seriously with visible action.

A rebranding of financial services will require its leaders to commit to change—not only by taking action to make their companies places where women can thrive, but also by voicing their commitment to galvanize the industry at large. As Margo Cook from Nuveen Advisory Services says, "Making these issues a standard, let alone accepted, topic for all leaders to talk about—male or female—is what will break down the walls." Speaking up for change will propel other companies and the industry overall to move toward greater equity for women.

**It's important to expose female leaders to junior folks in the organization, so that junior women can talk to and see role models.**

Alice Milligan, Citi

### 2. Enhance the quality of and access to sponsorship.

As our data demonstrate, sponsorship matters to women at all career stages, especially in financial services, where senior-level women are more likely than their entry-level peers and senior-level women in other industries to cite sponsorship as the most important contributor to their success.

There are concrete steps that financial services companies can take to ensure that women—especially women in the earlier stages of their careers—have more and better access to sponsors. First, they can expand offerings for formal sponsorship programs. At present, less than half of the financial services companies we surveyed have such programs, and only 58 percent have formal mentorship programs.

These programs should be designed specifically to address the challenges that hinder entry-level women from advancement into the senior ranks. Specifically, they should expose entry-level women to female role models in senior positions. "It's important to expose female leaders to junior folks in the organization, so that junior women can talk to and see role models," Alice Milligan, chief digital client experience officer at Citi's U.S. Consumer Bank, observes.

Furthermore, senior leaders, including men, should be actively involved in promoting sponsorship so that it becomes a company-wide priority. The small number of senior women cannot bear this responsibility alone; there simply are not enough of them to address the scale of change required. Leaders and managers should be coached to speak directly about how they navigate the career challenges that entry-level women face, so that these women will feel more desire and confidence to strive for top positions. In this same vein, managers need to be prompted to encourage women to take on stretch opportunities—given the importance of building a résumé of diverse experiences cited by many of the senior-level women we interviewed.

**No matter what policies you have, if your senior team doesn't demonstrate that behavior, it won't permeate through the rest of the firm.**

Jenny Johnson, Franklin Templeton Investments

Sheri Rhodes, chief technology officer at Western Union, recognizes the importance of senior leaders inspiring their younger colleagues through sponsorship: "I've been fortunate to have had sponsorship—from both men and women—throughout my career. I have the responsibility to model that behavior and to be an advocate for change."

While female role models are crucial, both men and women should serve as sponsors and mentors to ensure that women build the diverse networks they need throughout their careers. If sponsorship and networking groups involve only women, Karen Peetz notes, they can "unwittingly be viewed as some kind of fringe effort. It's a best practice to have heterogenous groups, with men involved as mentors, coming to programs, and demonstrating their support."

Beyond formal programs, companies should monitor the quality of and access to sponsorship for both junior and senior-level women. For example, a best practice is to send out an annual sponsorship survey to identify sponsors and candidates for sponsorship, so that gaps can be identified and addressed early.

### 3. Eliminate bias in reviews and promotions.

Reducing bias in reviews and promotions would likely boost the lagging promotion rate for entry-level women and help to alleviate senior-level women's sense that their gender has hindered their advancement. This perception is not misplaced: as noted earlier, entry-level women in financial services are 24 percent less likely than their male peers to be promoted, versus 18 percent of women overall.

It is therefore especially important for the financial services industry to address the biases—often unconscious—that are holding back female talent. While 79 percent of companies in the financial services sector offer unconscious bias training, only 18 percent require it. Unconscious bias training must tackle not only gender, but race, sexual orientation, and other forms of bias. This is particularly critical given the double bias women of color face. Such training can increase inclusiveness for all people. Effective intervention requires going beyond merely helping individuals recognize bias to providing them with the tools to address bias head on, particularly in high-stakes situations like hiring, performance, and promotion discussions.

A commitment to addressing unconscious bias needs to come from the top to be effective. Jenny Johnson, president and COO at Franklin Templeton Investments, confirms, "No matter what policies you have, if your senior team doesn't demonstrate that behavior, it won't permeate through the rest of the firm. From the CEO down, we encourage everybody to take unconscious bias training, and then we track the number of people who do it."

### 4. Give employees the flexibility to balance work and family.

Our interviews have highlighted the common perception that the financial services field is less conducive to work-life balance; in fact, challenges in balancing work and family are the number one reason senior-level women do not strive to become a top executive. To address this, financial services companies must find ways to offer more flexibility in the workplace. Flexibility programs are common across the financial sector: currently nearly 90 percent of financial services companies offer extended maternity and/or paternity leave, and 92 percent offer flexible work policies. However, our research shows that women—especially senior-level women—fear that partaking in flexibility programs may hinder their advancement.

To "de-risk" flexible policies—in both perception and reality—companies must encourage leaders of both genders to signal their acceptance and usage of flexible working policies. Additionally, companies should foster open dialogues about how policies could be enhanced to better meet employees' and their families' needs.

Companies should emphasize that these policies are for everyone, not just women. As Kathleen Murphy notes, "Flexible policies such as flexible hours or working virtually are often important—and they are gender neutral really, as they benefit everyone. Both women and men want to have the ability to attend kids' events, or work flexibly to balance personal obligations."

Moreover, as Jenny Johnson remarks, such gender-neutral policies boost employee satisfaction across the board. "If companies encourage men to participate in personal activities, both men and women will be happier, because they'll get to engage in those things, and women will feel less stigmatized by participating. It's all about the culture that you create in your firm." Greater participation from men at home also rebalances the increasing workload that senior-level women typically manage as breadwinner and primary caregiver.

### 5. Build accountability through target setting and measurement.

Collecting data on gender is an important first step in creating accountability for advancing gender diversity. Ninety-five percent of financial services companies track gender representation across all levels, and 71 percent measure the gender representation of their promotion candidates. However, far fewer financial services companies have clearly defined what they are striving towards. Thirty-four percent set targets for gender representation at senior levels, and 29 percent for more junior roles. And only 11 percent of financial services companies set targets for gender representation in promotions, which is lower than the 18 percent figure for companies overall—another factor that likely contributes to the lower promotion rates for women.

Financial services firms could push further by consistently setting targets for female representation and promotion rates, and by holding leaders accountable for pursuing them. A quantitative approach will likely resonate with individuals in a numbers-driven financial services industry.

At BNY Mellon, Karen Peetz found diversity targets to be highly effective. "One powerful thing that our company did was to have HR share stats with leaders about diversity at all organizational levels. We didn't have quotas, but we had targets for increasing diversity, year over year, that were part of our executive committee compensations. I'm expected to move the needle every year on having more women and more diverse people on my team. It's measured, and I get a grade," she explains.

Jacqueline Molnar at Western Union also sees the importance of setting targets and holding leaders accountable. "It has to be a target, a KPI that's measurable, with metrics against it. Are your slates diverse? Are your interviewees and interviewers diverse? Hold executives accountable, and then impose consequences on leaders who consistently fail to institute those policies and procedures."

**Hold executives accountable, and then reward and impose consequences on leaders who consistently fail to institute those policies and procedures.**

Jacqueline Molnar, Western Union

## The path to parity

The goal to achieve parity in financial services is ambitious. However our interviews with female senior executives and deep research demonstrate there is indeed a road to the top, and clear steps that can be taken to pave the way for more women to get there.

Moving toward gender parity at the top will require corporate leaders—both male and female—to view gender equality as a strategic priority, and one that is integrated into the organization's day-to-day work. As Marianne Lake observes, "If we believe that investing in women is critical to the company's success, we have to think about it constantly. It's one dimension of running a successful business. We can have targets around gender diversity—and we should measure them—but making it a priority comes down to leadership and culture."

Beverly Anderson echoes this sentiment and believes that change will come when diversity becomes a universal objective: "The customer base has to demand diversity; the shareholders, everybody has to decide that this is important. We all talk an interesting game around diversity, particularly gender, but without full support it just doesn't translate into the senior levels," she says.

The investment and commitment yields dividends—in terms of talent, performance, and values. And the urgency to accelerate gender diversity in financial services is increasing as the customer base becomes increasingly diverse. Many believe the competitive marketplace ultimately will demand diversity from financial services providers—especially as women increasingly take the financial reins of their households. According to Margo Cook, "What will drive change in our industry is the amount of wealth that will continue to transition to women over the next several years as baby boomers age. More women will control assets because of their longer life spans. We can't stay, let alone thrive, in the business if we're not shifting how we talk to women. It's a business case: financial services companies need to change their organization's landscape to attract and retain their clients' wealth."

Success will require unwavering commitment from all leaders in financial services to move toward parity. As Marianne Lake concludes, "It's about blocking and tackling. There's no silver bullet; this is going to be a long game."

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The authors would like to extend their deepest thanks to the women who participated in the development of this report, from all the survey respondents to the industry leaders quoted directly in these pages. Continued engagement from women throughout the financial services industry—and from their male colleagues—will make the path to gender equality a smoother, shorter one.

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Ranjana Clark, MUFG Union Bank, N.A.

Margo Cook, Nuveen Advisory Services

Céline Dufétel, T. Rowe Price

Jenny Johnson, Franklin Templeton Investments

Marianne Lake, JPMorgan Chase

Alice Milligan, Citi

Jacqueline Molnar, Western Union

Kathleen Murphy, Fidelity

Karen Peetz, BNY Mellon (retired)

Sheri Rhodes, Western Union

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September 2018

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