

Pearl Meyer

On Point

TIMELY, ACCURATE, INSIGHTFUL

Diversity and Inclusion Survey: Financial Institutions

Executive Summary



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Introduction

Our Pearl Meyer On Point survey series provides first-hand insight to timely issues related to compensation and business and leadership strategies.

The topics of diversity and inclusion, as well as gender pay equity and the gender pay gap, are currently front and center among private and public companies and non-profits, as well as the public at large. Survey results from more than 250 organizations indicate some interesting trends in terms of how they view these issues and what, in practice, they may be doing to address them. In this report, we look at a subset of the survey participants who identified as financial institutions—70 in total.

We hope you find this information useful to informing ongoing discussions within your own organization. If you have any questions or are interested in discussing these findings, please contact:

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Key Survey Findings

Financial institutions have indicated through our Diversity & Inclusion survey that D&I, gender pay equity, and closing the gender pay gap are either “important priorities” or “among our highest priorities” in just over 50% of participating organizations. This view of diversity and inclusion significantly lags other industries in our survey where over 70% state that it is a high or important priority.

For the financial industry, this plays out in the results that show lackluster interest in focusing on the policies, processes, and structures that support D&I and can lead to a decrease in the gender pay gap.

More than 60% do formally assess their own gender pay equity internally—and this may be due to regulatory pressures—but fewer than 20% have a formal diversity and inclusion program and only about one quarter have a view of the gender pay gap. Further, while around 50% of surveyed financial organizations have an individual tasked with D&I as their sole responsibility, this varies by asset size: none of those under \$1B have a dedicated D&I resource.



Key Survey Findings (continued)

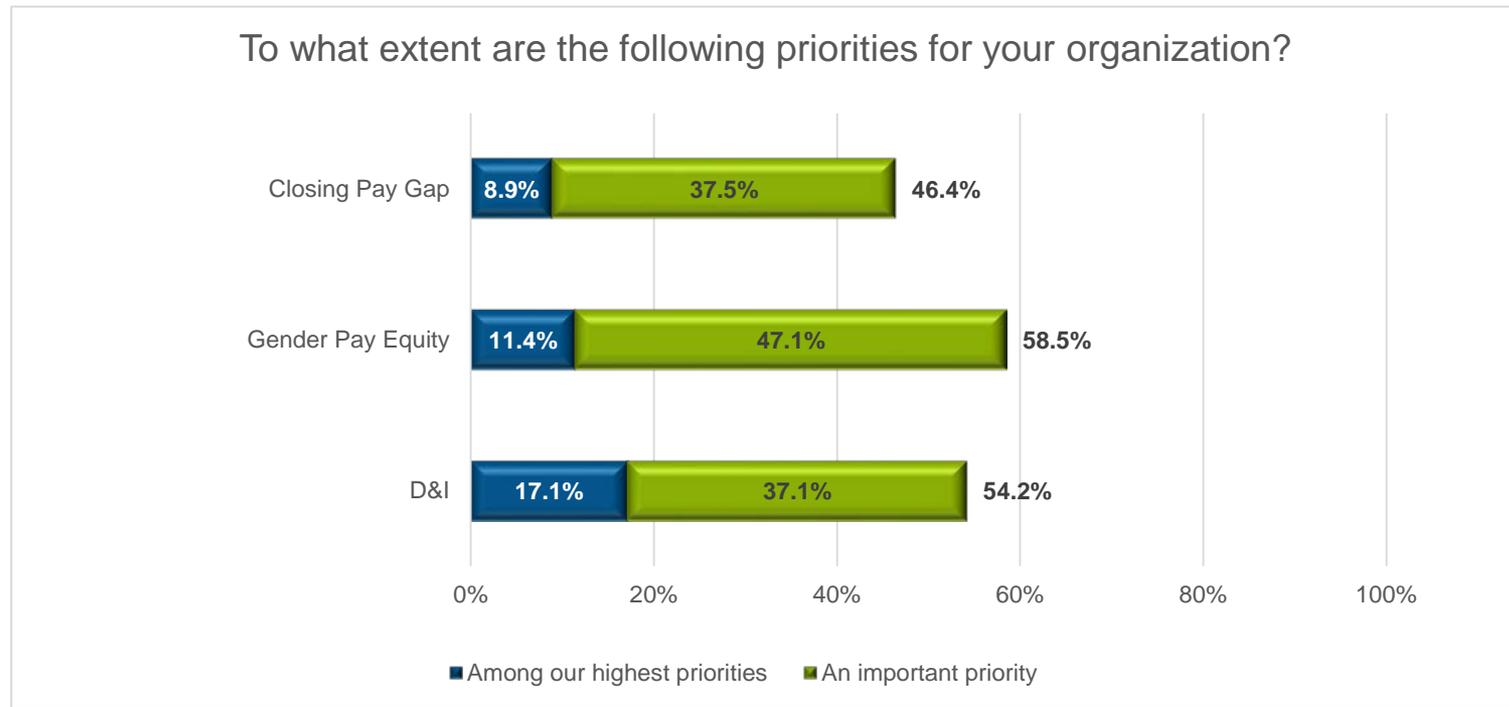
Additionally, there is a disconnect in programs that will further diversity & inclusion and begin to close the gender pay gap. While more than half say this is a priority:

- Just 7% have a process in place to increase female representation in management and/or executive positions;
- Less than 20% take action to increase diversity when recruiting (4% for institutions under \$1B and 27% over \$1B);
- Only 10% indicate they are taking action to increase diversity when promoting employees; and
- Only about 16% indicate that they measure D&I outcomes.

Within this context, organizations are reporting employees have strong interest in D&I: almost 60% report an increase in employee questions on the subject.

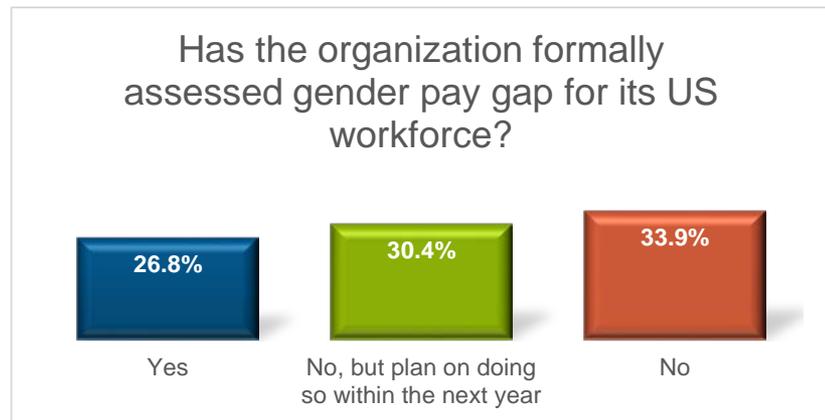
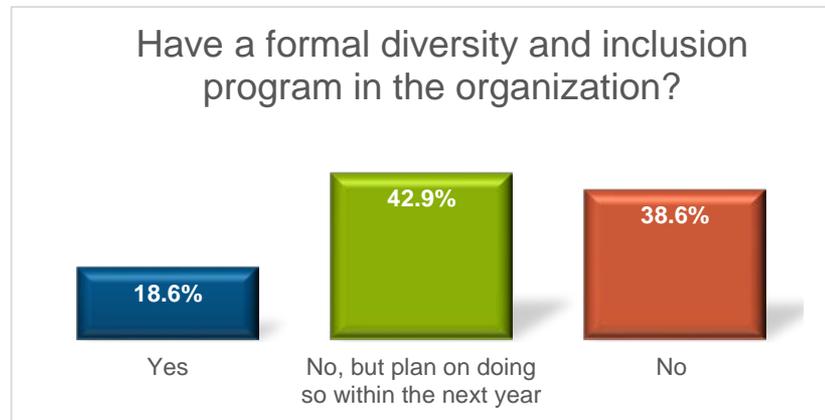
Organizational Priorities

Over 50% of the financial institutions surveyed indicate that diversity and inclusion (D&I) and gender pay equity are important priorities. While slightly less than 50% say closing the gender pay gap is among their highest or an important priority.



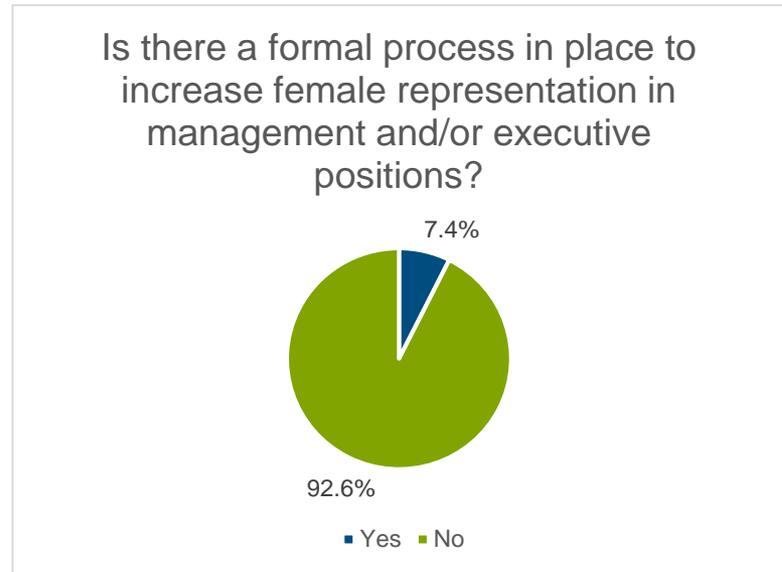
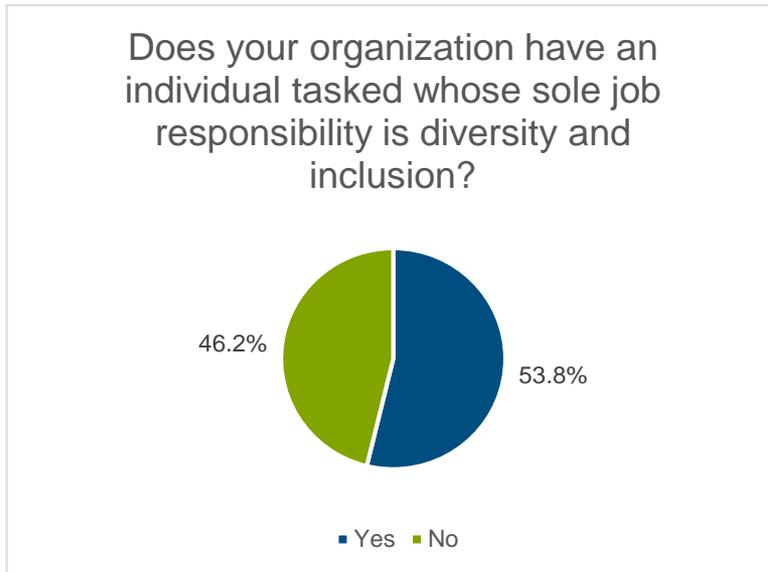
Formal Program and Assessment

Potentially due to state legislative and regulatory pressures, more than 60% of organizations formally assess gender pay equity, whereas less than 30% have a formal diversity and inclusion program or formally assess the gender pay gap.



Diversity & Inclusion Responsibility and Processes

While 53% of organizations report that there is an individual designated with responsibility for diversity and inclusion this differs by asset size; financial institutions under \$1B do not have someone whose sole job responsibility is D&I. Less than 8% have a formal process in place designed to increase the presence of women in leadership positions and in financial institutions with \$1B+ assets, that number only increases to 8.8%.



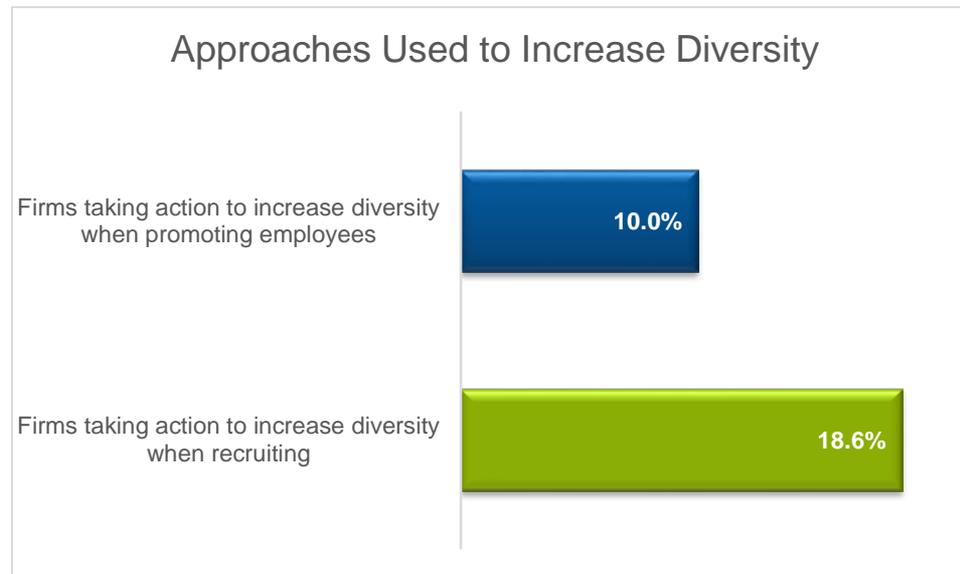
Diversity Measures and Training

As noted earlier, while close to 55% of financial organizations indicate that diversity and inclusion is an important priority, less than 20% report that they measure D&I outcomes or provide training.



Recruiting and Promotion Practices

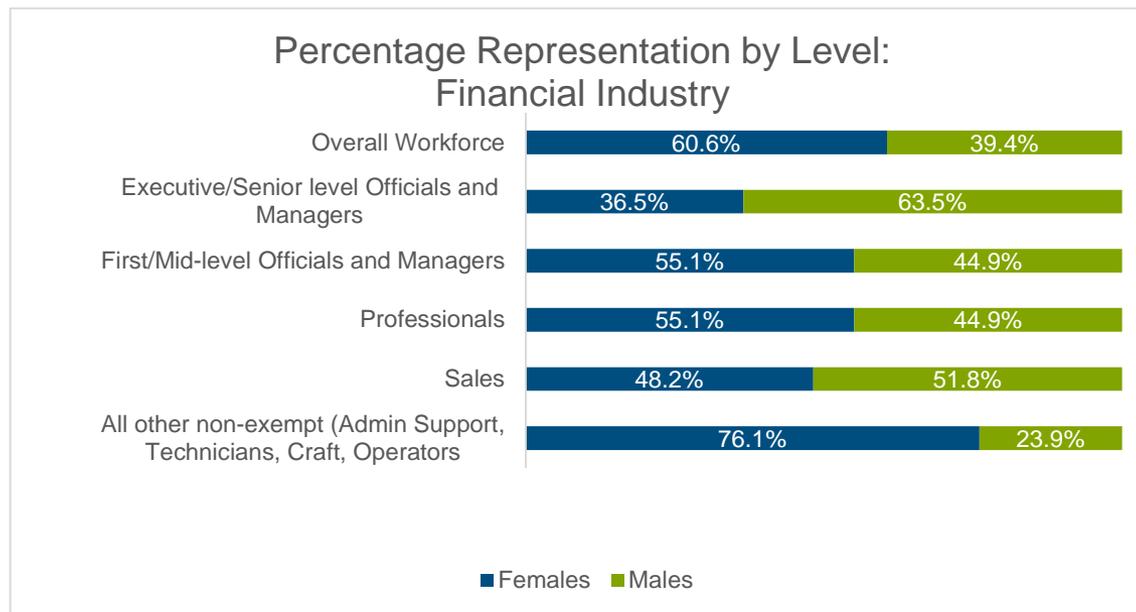
Less than 20% of organizations report taking actions to increase diversity when recruiting new hires, while only 10% report that they take action to increase diversity when promoting employees.



Recruiting and Promotion Practices: Effect on Gender Pay Gap

In the financial industry the overall workforce is over 60% female while representation at the Executive/Senior levels is 36.5%.

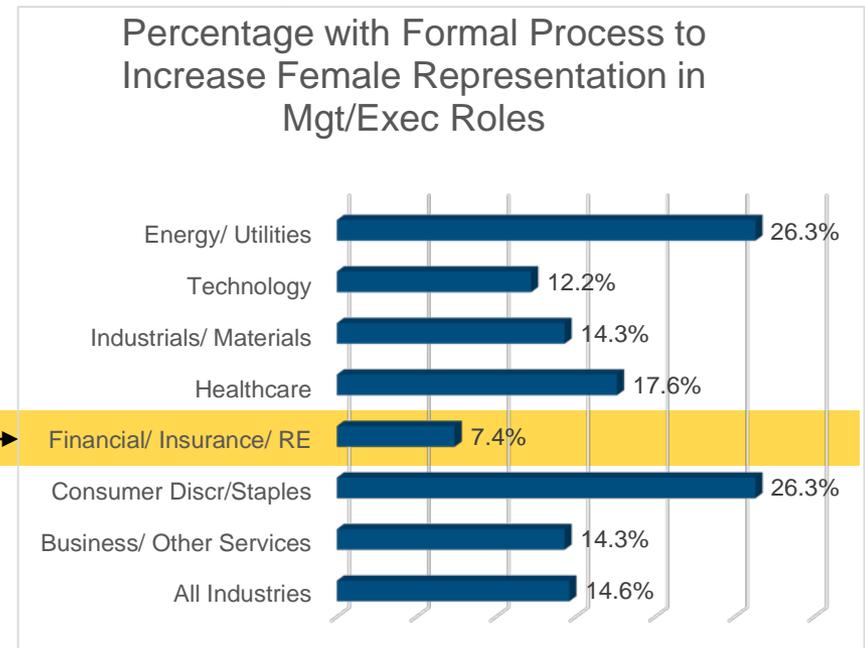
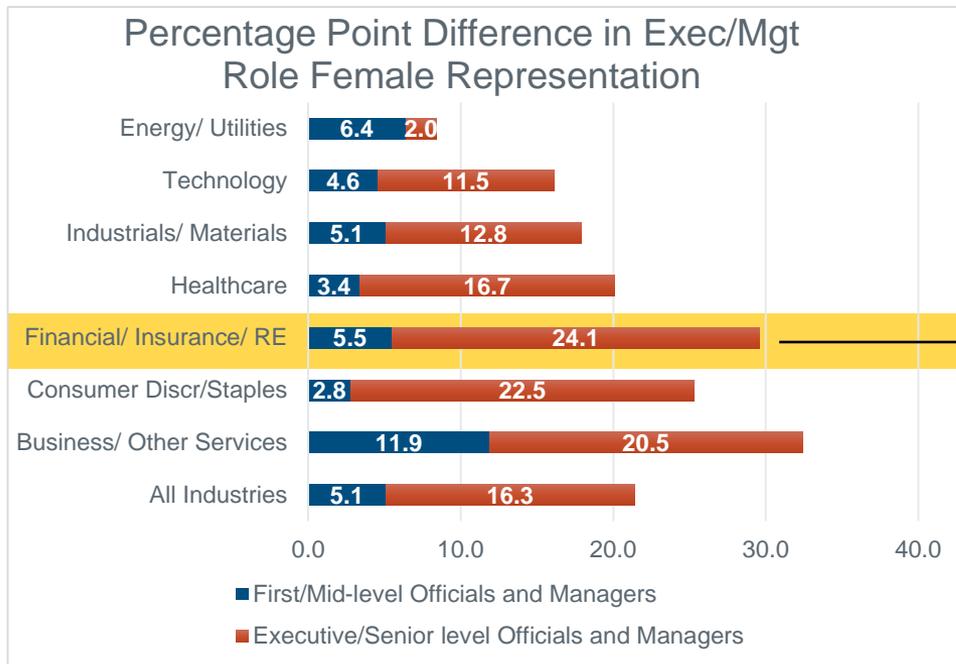
For the financial industry this low representation of women in executive and senior level roles, coupled with the small percentage of organizations (7.4%) that have formal processes in place to increase female representation in these categories will contribute to the overall gender pay gap.



The Representation Gap?

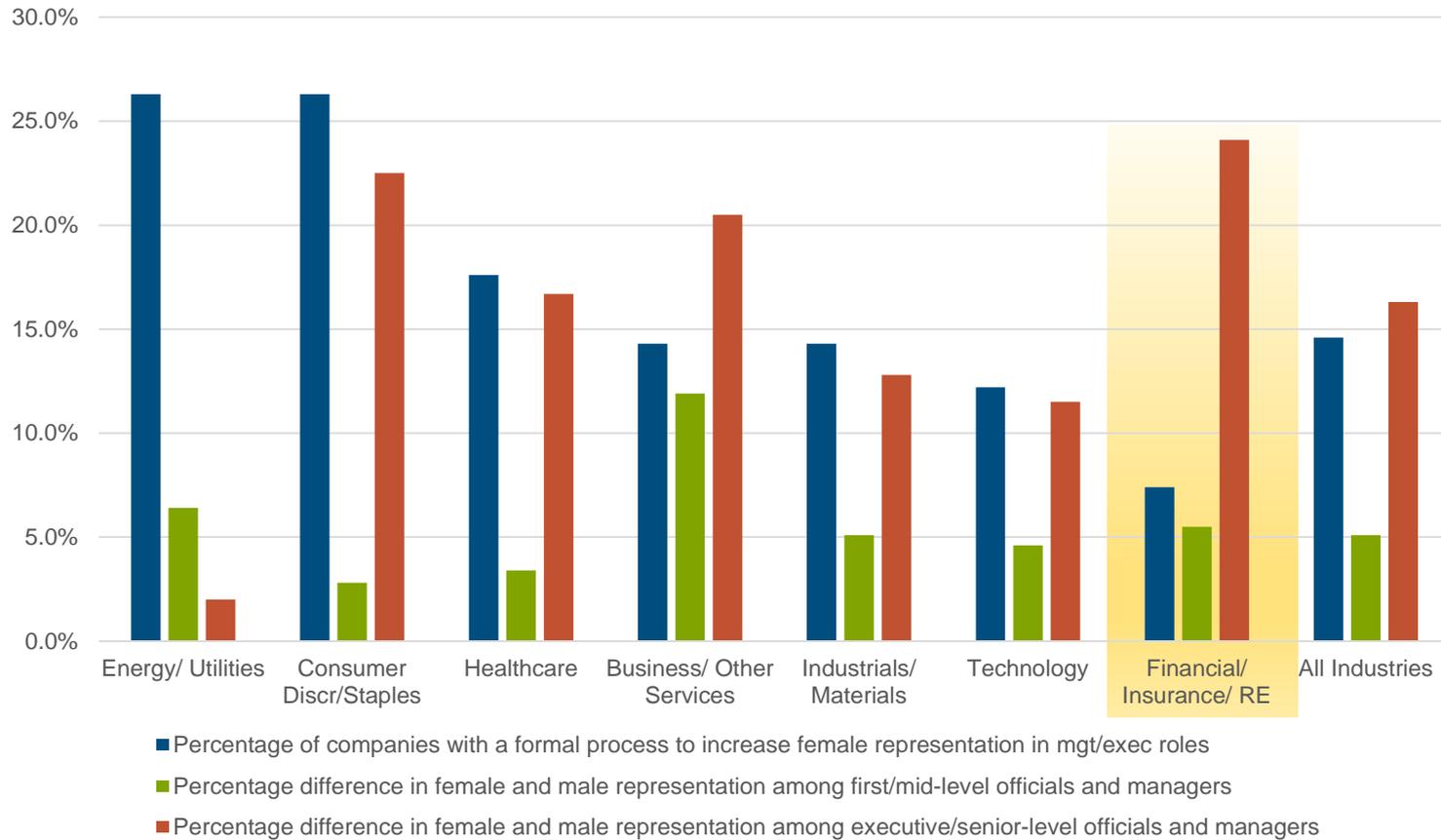
Does industry matter in the representation of women in executive/senior level or first/mid-level roles?

In aggregate, only 14% of organizations report that they have a formal process in place to increase female representation in management and/or executive positions and only 7.4% in the financial industry.

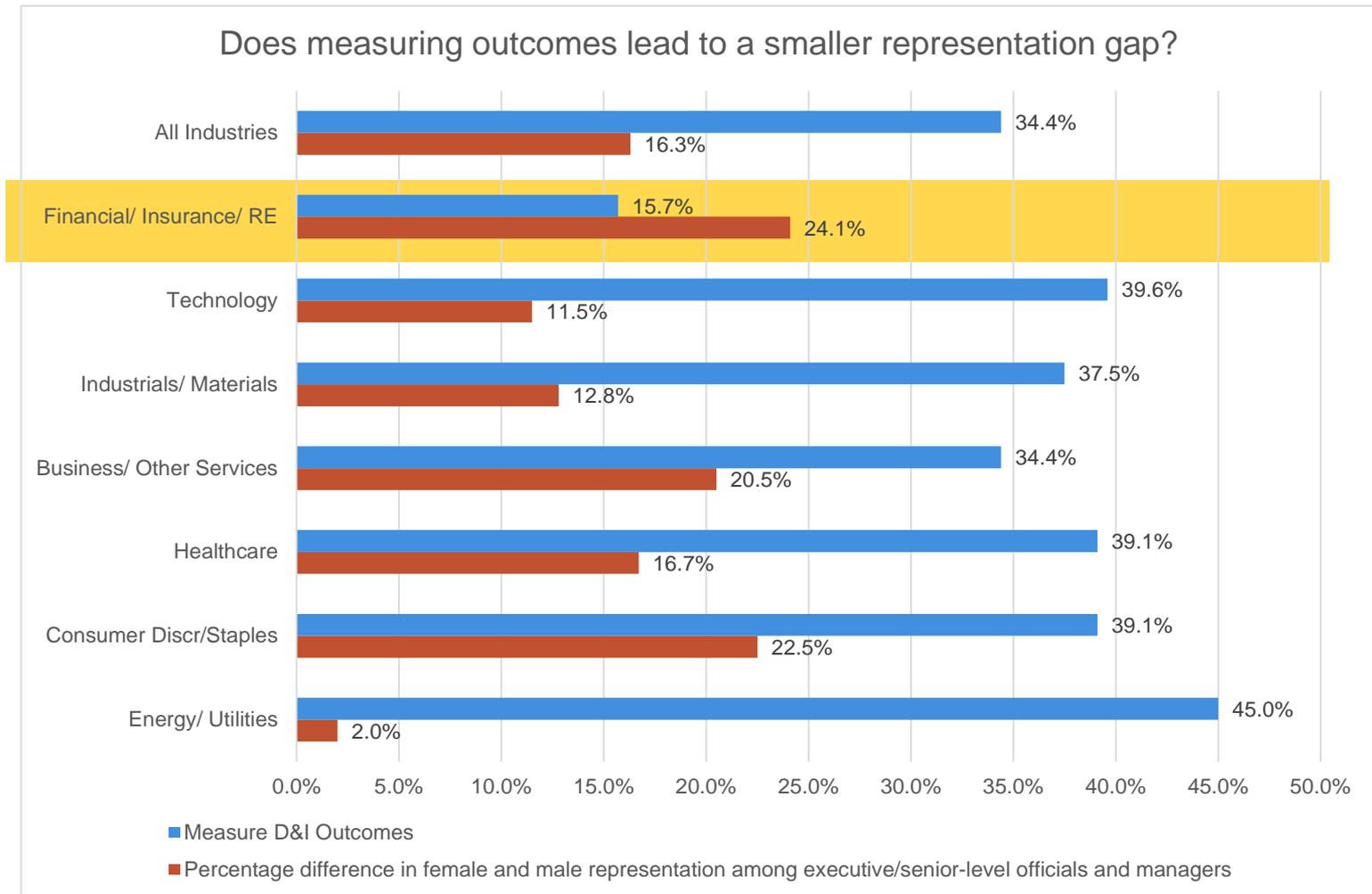


Representation Gap & Path Towards Opportunity Equity

Relationships Between D&I Processes and Female Management/Executive Representation

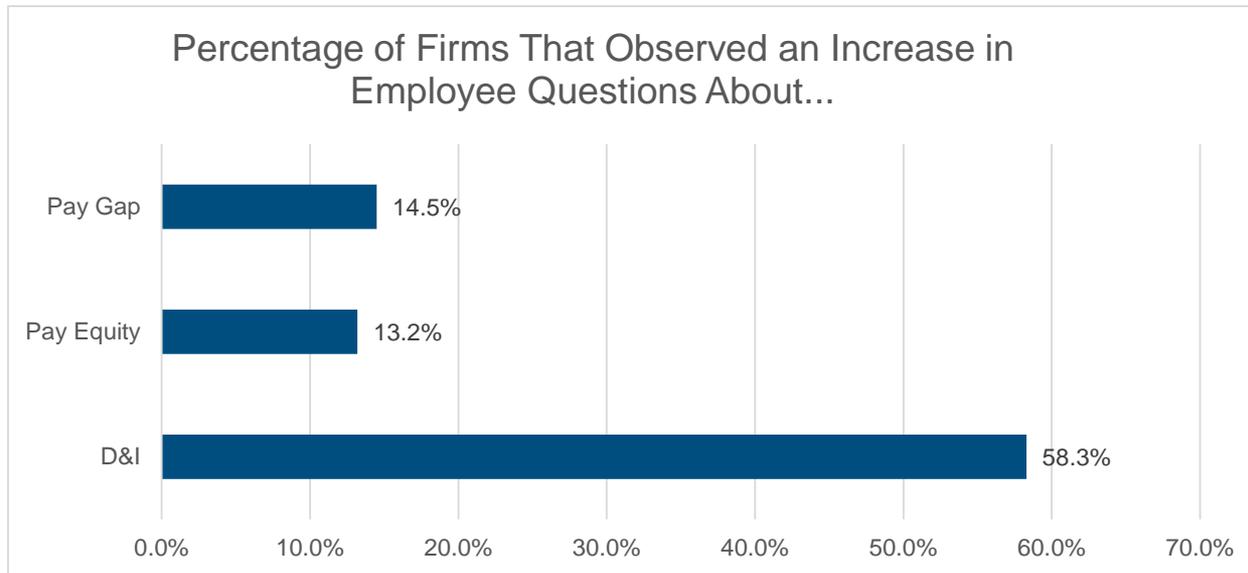


Measurement & Outcome by Industry



Employee Questions

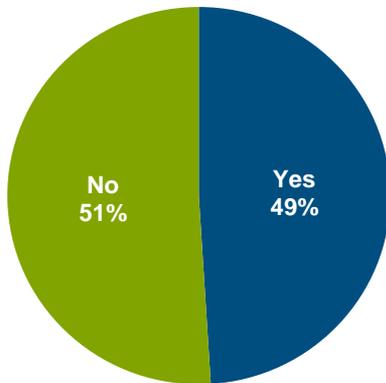
Financial industry respondents indicated a small increase in employee questions related to the gender pay gap and gender pay equity; however, employees appear to be asking many more questions about the broader topic of diversity and inclusion.



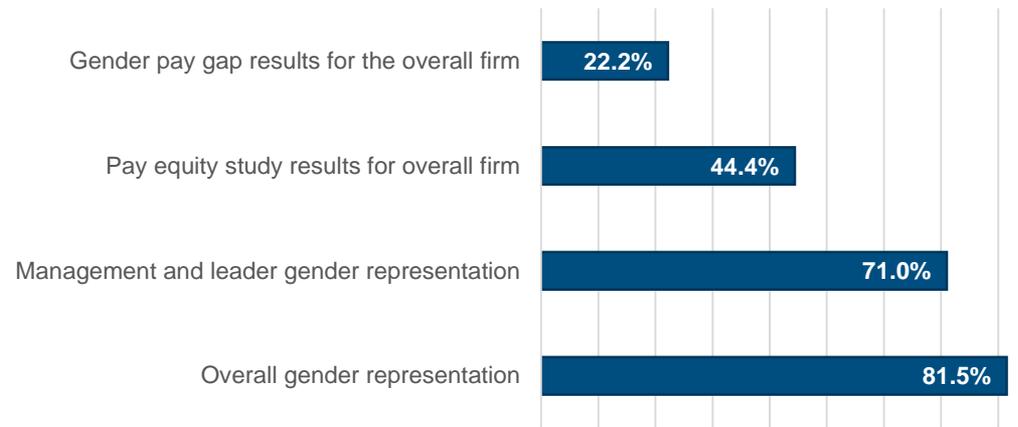
Gender-Related Communication to the Board

Almost 50% of financial organizations provide information on gender-related issues to the board and in most cases, this information relates to gender representation.

Provide Information on Gender-Related Issues to the Board



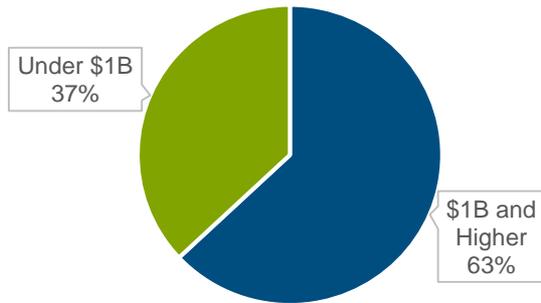
What Information is Shared?



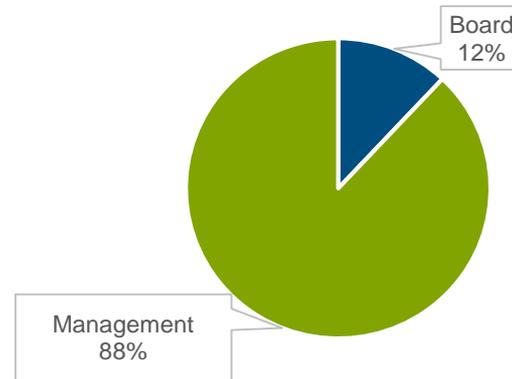
About the Survey – Financial Industry Cut

The financial industry cut consists of 70 financial institutions. This represents over 25% of total survey participants.

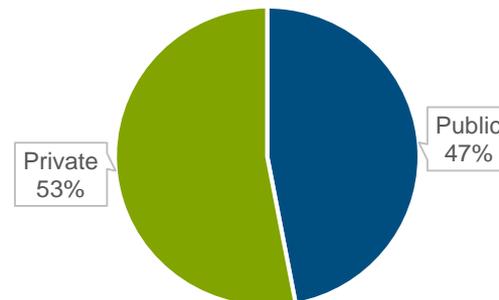
Participants by Asset Size



Participant Role



Organization Form of Ownership





About Pearl Meyer

Pearl Meyer is the leading advisor to boards and senior management on the alignment of executive compensation with business and leadership strategy, making pay programs a powerful catalyst for value creation and competitive advantage. Pearl Meyer's global clients stand at the forefront of their industries and range from emerging high-growth, not-for-profit, and private companies to the Fortune 500 and FTSE 350. The firm has offices in New York, Atlanta, Boston, Charlotte, Chicago, Houston, London, Los Angeles, and San Jose.