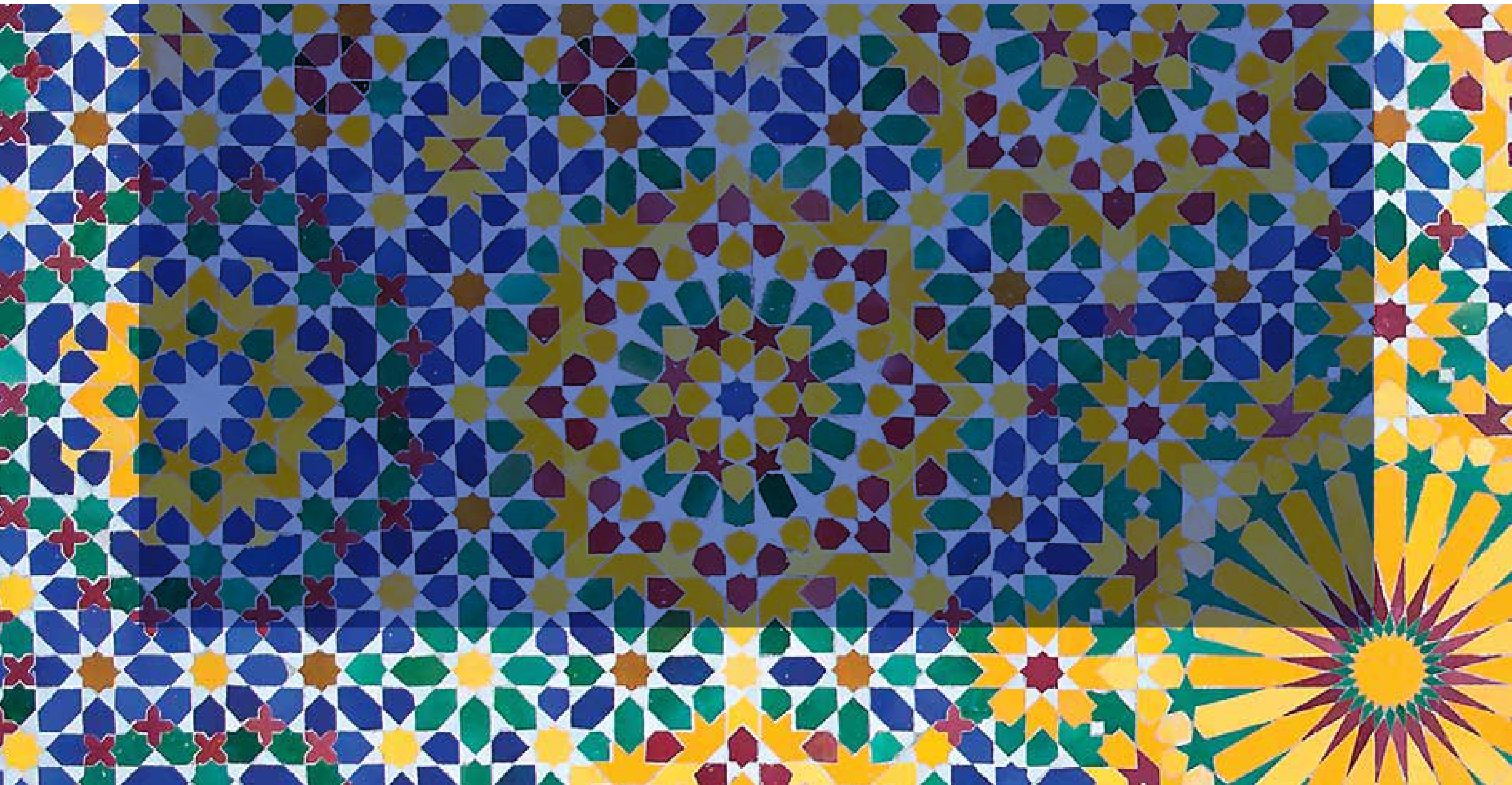
WOMEN IN FINANCIAL SERVICES

TIME TO ADDRESS THE MID-CAREER CONFLICT



EXECUTIVE SUMMARY

Female representation is growing on financial services Boards (20 percent in 2016) and Executive Committees (16 percent in 2016), but progress is slow. At current rates of growth, financial services globally will not reach even 30 percent female Executive Committee representation until 2048.

Our analysis of 381 financial services institutions in 32 countries shows two concerning patterns: First, female representation on Executive Committees is growing much slower than on Boards. Second, the growth observed comes only from some countries. In many countries, there is little, no, or even negative growth in female representation on Executive Committees.

Without doubt, there has been significant effort and investment in attracting more women to financial services and in developing more of them into leaders. Many organizations have initiated recruiting, networking, sponsorship and training programs targeted at women. Many of the visible processes have been improved for equal opportunity. So why has the industry not been more successful in progressing towards gender balance at the top?

Our global survey of financial services employees shows that women enter the financial services industry with the same ambition level as men, retain this ambition for the first years of their career, and usually also have similar ambition later in their careers. However in mid-career, a significant gap opens between men and women in their willingness to make sacrifices in their private lives and in their career ambition levels.

It is at this point in their career that women vote with their feet. Internal labour market data from our sister company Mercer shows that the exit rates of women in financial services in the mid-part of their careers are not only higher than those of their male colleagues, but also significantly higher than in other industries. Female managers, senior managers and executives in financial services are 20 percent to 30 percent more likely to leave their employer than their peers in other industries.

Our statistical data, survey responses and interviews suggest that many women face a mid-career conflict. At this point, the costs of a career, especially the sacrifices in their personal lives, seem too great in relation to the uncertain benefits of pressing on. Women face a less attractive career trade-off than men – a difference to which the following factors contribute:

- Insufficiently flexible working options and stigma for using them
- Insufficient support for family responsibilities, for both women and for men
- Shortcomings with regard to predictable, transparent and equitable promotion processes and equal pay
- Persistent sources of low inclusion in culture affecting women such as invisible unconscious biases and traditional assumptions.

Moving financial services firms towards gender balance will require a mix of bolder structural solutions and more profound underlying cultural change. Our key recommendations:

Bolder structural solutions: Set an Executive Committee talent pipeline strategy. Develop bolder structural solutions by providing more flexible working options at all levels, and finding ways to remove the stigma associated with using them. Encourage men and women to take parental leave and develop better returnship programs. Address the promotion and pay gap, understanding that this is likely to be driven by invisible cultural factors.

More profound underlying cultural change: Build an inclusive culture that recognises and promotes the value of diversity along all dimensions, is free from unconscious bias and therefore supports gender balance. This means putting practice ahead of theory, supporting men to support women and seeking enlightened leadership.

INTRODUCTION

Placing more women in senior roles has been a priority in many countries for the past decade. Targets have been set and initiatives launched in financial services, along with other industries where women are under-represented at the top. Yet progress remains slow.

"Despite a lot of effort, most financial services companies are stuck below 25 percent female representation at the top"
Alessa Quane, Executive Vice President and Chief Risk Officer, AIG

"Progress to gender balance is slow in financial services. Whilst awareness is increasing, real change is only catching up slowly"
Anne Marion-Bouchacourt, Group Chief Country Officer for China, Société Générale

The problem is not that the financial services industry does not recognize the benefits of diversity. Many of those we interviewed, women and men, acknowledge them. Gender balance is an important aspect of diversity. It provides access to the full talent pool, better decision making by bringing together different perspectives, better service to customers by better representing them, and a stronger economy, thanks to greater and more effective participation in the workforce by women.

"Diversity is not just about doing the right thing – but about attracting and retaining the best talent. We must also reflect the diversity of our clients. A diverse clientele expects diversity in its service providers, someone they can relate to and who understands them"
Sergio P. Ermotti, Group CEO, UBS Group AG

"Half of the highly educated population is underutilized. We educate women to a high standard, but don't get enough back. That's not good for women or the economy. I want to see greater diversity because of the business benefit"
Chairman of a FTSE 100 company

"Diversity is a good thing. To have all of the same type of people in the same environment does not necessarily bring the best point of view or the challenge that is needed"
Roselyne Renel, Chief Risk Officer Europe & Americas, Global Head Enterprise-wide Risk Management, Standard Chartered Bank

"Our clients are diverse, so we have to be diverse to serve them properly"
Karen Fang, Managing Director, Head of Americas FICC Sales, Bank of America Merrill Lynch

What is slowing the progress of gender balance in financial services? Partly, it is that well-intentioned organizations have not found the right recipe for advancing women and the right way of combining the various ingredients, such as flexible working arrangements, sponsorship, and cultural change. Partly, the problem is that diversity is too often seen as part of corporate social responsibility or fairness in the workplace, rather than as a commercial imperative. The appreciation of diversity's value exhibited by our interviewees does not yet pervade the industry.

"Unfortunately few organisations seem to really pursue diversity for the sake of unlocking business performance. Many appear to be doing diversity as a box ticking exercise – this will not turn the dial"
Katherine Grantham, Balance Network, HSBC

Much work remains to be done. We hope this report will help by providing a better understanding of where things stand, the obstacles to progress, and how they can be overcome. In this first chapter of the report, we provide gender balance statistics from a number of countries and sectors of the industry before examining the points at which women exit the industry or stop progressing, and what kinds of support would enable women to keep progressing to the top.

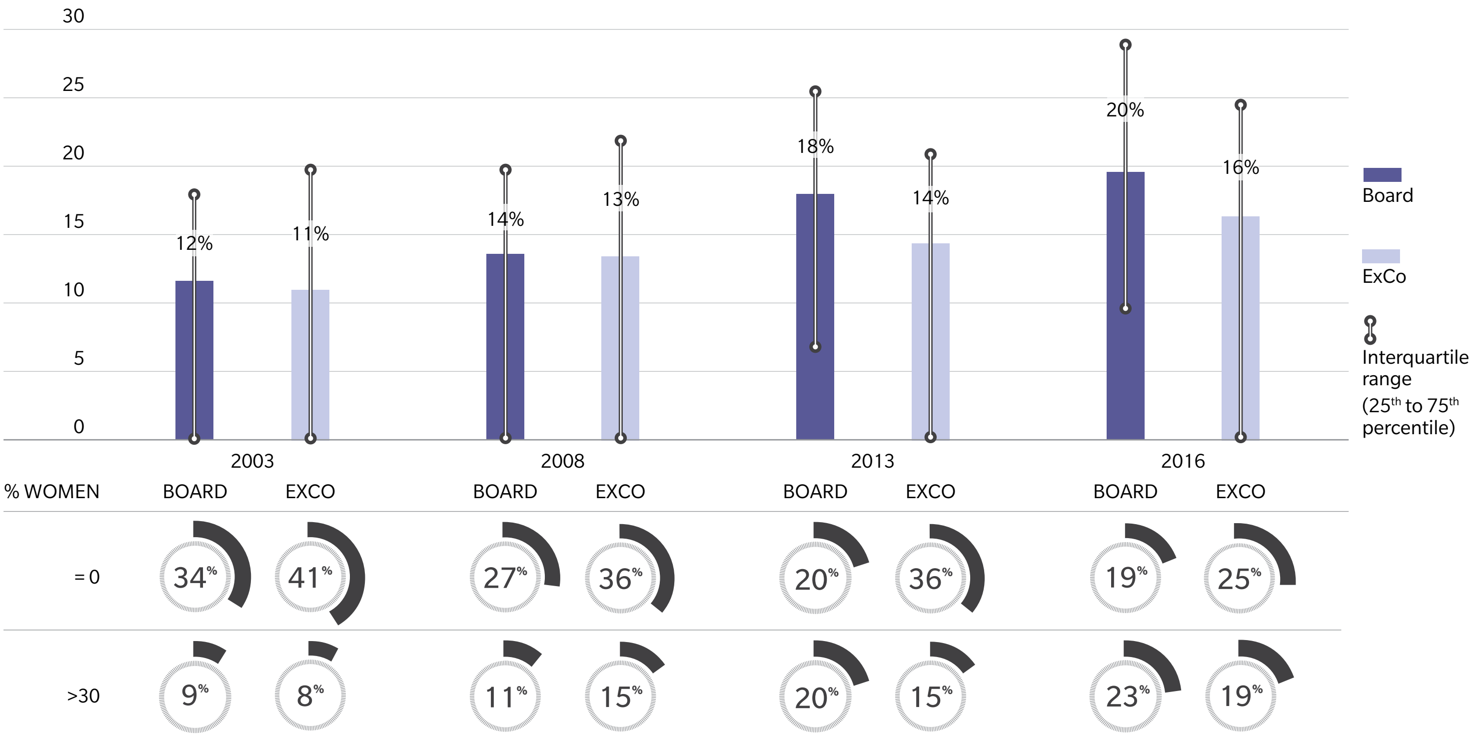
OVERVIEW OF THE STATE OF WOMEN IN FINANCIAL SERVICES

In this second edition of the report, our analysis of female representation at Board and Executive Committee (ExCo) level in the financial services industry has been expanded. The sample now covers 381 organizations in 32 countries, across six sectors and four time periods, looking back over 13 years.[1]

Female representation in leadership roles has continued to grow, but slowly. Globally, women occupied 20 percent of Board level positions at the beginning of 2016, up from 18 percent in 2013; 16 percent of ExCo members are women, up from 14 percent in 2013. At the growth rates observed over the

EXHIBIT 1: PERCENTAGE OF BOARD AND EXCO MEMBERS IN MAJOR FINANCIAL SERVICES ORGANIZATIONS WHO ARE WOMEN

FEMALE REPRESENTATION ON BOARDS AND EXCOS (INCLUDING 381 FIRMS ACROSS 32 COUNTRIES)



Source: Oliver Wyman analysis of organization disclosures

1 The sample for this report contains the organizations from the 2014 report and adds organizations from new geographic regions (Middle East & Africa, Latin America) and new FS subsectors (Asset management, Market Infrastructure and Public Sector). The sample includes top financial institutions in each subsector in each country, targeting market coverage of greater than 50 percent for each market in terms of bank balance sheets, insurance premiums, and about 40 percent coverage of global assets under management of Asset Managers. The enlarged sample may have changed some historical data points from the 2014 edition.

last decade, women on ExCos are not likely to reach even 30 percent globally until 2048.[2]

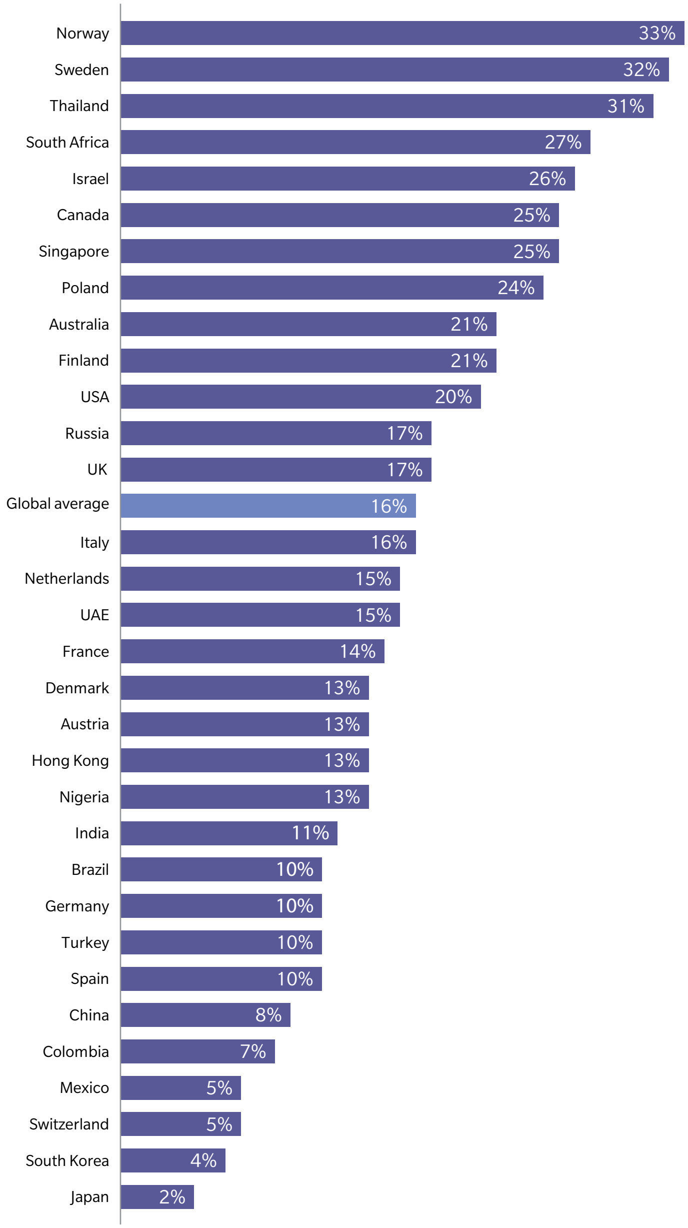
These aggregate, global numbers conceal considerable national variation. Unsurprisingly, women have the highest representation on ExCos in the Scandinavian nations of Norway and Sweden. But they are also relatively well represented in the Asian nations of Thailand and Singapore and in South Africa, Israel, Canada, and Poland. Japan and South Korea have the lowest representation.

"Many other Asian countries I visit have more female senior management in Financial Services than Japan. Japan is more masculine. One of the reasons might be the Japanese traditional 'lifetime employment system', under which organizations pay enough to nurture a family, meaning wives do not have to work outside the home – it is expected that they will stay at home to support their hard-working husbands. But we are seeing this situation slowly change as increasing numbers of highly educated women want to build or restart their careers and the labor market becomes more fluid"
Chie Toriumi, President & CEO, Nomura Trust and Banking & Senior Managing Director, Nomura Holdings

"In Korea, whilst it is not as strong as in the past, there is strong tradition or culture that child care and homecare is the woman's job. This cultural pressure is the reason that so many women leave their potentially successful careers, even when they don't want to"
Seon -Joo Kwon, Chairman & CEO, Industrial Bank of Korea

Global averages also disguise variation by role and industry sector. ExCo female representation continues to be dominated by HR, Marketing and compliance roles. 50 percent of HR heads are women. Only 8 percent of CEOs are women. However, it is encouraging to see that growth in female representation at ExCo level between 2013 and 2016 primarily stemmed from roles that have not traditionally been held by women, including CFO and CRO, an area we zoom in on in our article on women in risk management on page 58.

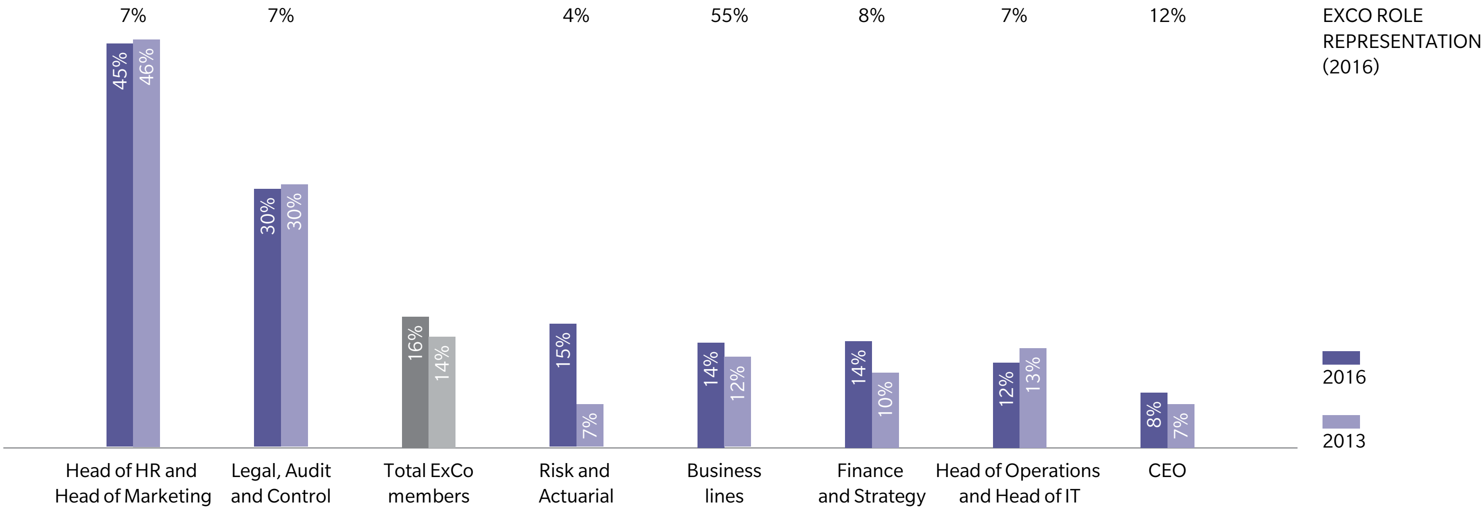
EXHIBIT 2: PERCENTAGE OF EXCO MEMBERS IN FINANCIAL SERVICES WHO ARE WOMEN, BY COUNTRY (2016)



Source: Oliver Wyman analysis of organization disclosures

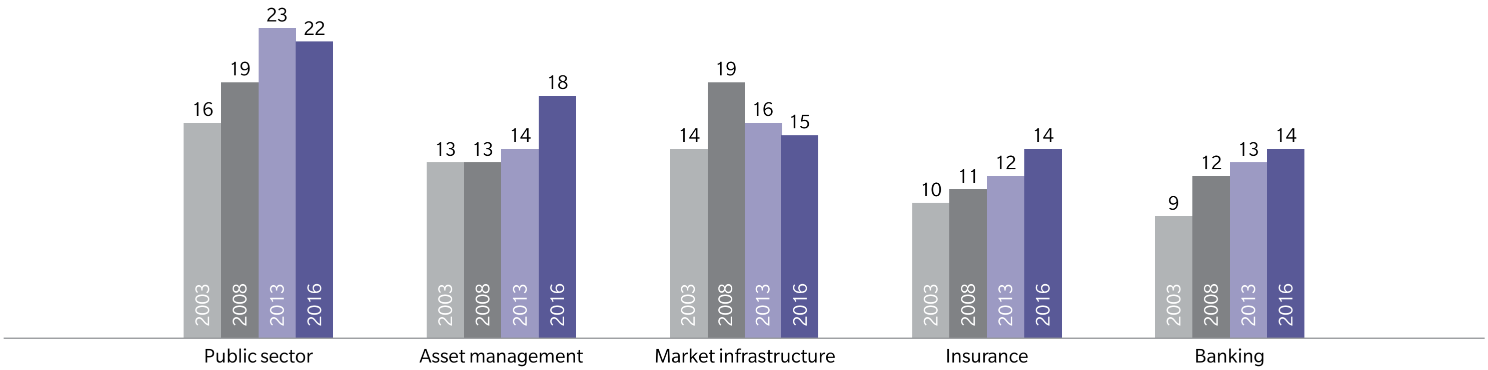
2 Based on a linear inference from growth rates between 2008-2016 and does not reflect any assumptions for tipping points or exponential growth (e.g. as a result of critical mass of role models)

EXHIBIT 3: FEMALE REPRESENTATION FOR VARIOUS EXCO ROLE GROUPS IN MAJOR FINANCIAL SERVICES ORGANIZATIONS (2016)



Source: Oliver Wyman analysis of organization disclosures

EXHIBIT 4: PERCENTAGE OF EXCO MEMBERS WHO ARE WOMEN, BY SECTOR



Source: Oliver Wyman analysis of organization disclosures

Women are best represented in the public sector (central banks and supervisory authorities), a fact that holds true in almost every country surveyed (see our deep-dive article on women in the public sector on p.40). In each sector, ExCo female representation is greater in 2016 than it was in 2003.

Broadly, things are moving in the right direction. But a closer look at the data reveals two causes for concern.

CAUSE FOR CONCERN #1: EXCO REPRESENTATION CONTINUES TO LAG BEHIND BOARD REPRESENTATION

While Board representation globally has reached 20 percent, only 16 percent of ExCo positions are held by women. In 2013, the gap was only 1 percentage point. It is now 4 percentage points. In two-thirds of the countries in our sample, the percentage of women on ExCos is lower than on Boards.

The stronger growth of Board representation has clearly been driven by the introduction of Board quotas in 13 of the countries in the sample (including France, Italy, and Denmark), and nonbinding targets in some others, such as the UK. Quotas for ExCos, by contrast, are rare. The Netherlands is the only country in the sample with a formal ExCo target set. And, even in this case, organizations that do not meet the requirements are only obliged to explain why in their annual report and outline future measures to meet the target.

This is not to say Board positions are unimportant. Appointing women to Boards sends a signal internally and externally about an organization's intent on gender balance – even if in response to a quota. And time-lagged regressions on the data suggest that increasing female Board representation has a positive effect on female representation on ExCos.

Nevertheless, the low representation of women on ExCos is a problem. Diversity improves decision making by bringing a variety of perspectives to bear, expanding the range of information available, and helping to avoid groupthink.[3] While gender balance is not the only aspect of diversity, it is an important one.[4] But gender balance will improve an organization's business decisions only if women occupy roles that contribute to those decisions. An organization's key business and strategic decisions are made by its ExCo, with the Board having only a supervisory responsibility. ExCo members are also more visible than Board members, both internally and externally, making them more effective as role models and sponsors.

"Our campaign is focussing more and more on the ExCo and senior management, as this is where decision making and influence originates"
Brenda Trenowden, Global Chair at 30% Club and Head of Financial Institutions, Europe at ANZ

"Women bring something different to leadership meetings. Men can sometimes focus exclusively on numbers, whereas women are more likely to take a wider view that includes numbers, but also customer service and morale in the office. I find that greater gender balance means both financial and non-financial issues are more likely to be discussed in depth"
Isabel Hudson, Chairman of NHBC and Non-Executive Director at Standard Life

"Board gender balance changes the way organizations are managed only to a certain extent. If you want change, you need to go to ExCo level and below. Board representation is important, but the diversity dial will truly begin to move if you start seeing women at ExCo level as well"
Sara Ferrari, Head of UBS Global Family Office

Getting women onto ExCos is more difficult than getting them onto Boards. It requires organizations to build a strong female talent pipeline below senior executive levels. Anyone appointed to an ExCo position must have demonstrated their ability to perform the role. By contrast, Board members are often recruited from other industries, from non-business roles (academia, for example) or, in countries with co-determination rights, from the employees.

Even if the promotion pipeline includes women, there is often a perception of risk associated with appointing them to the ExCo. The famous 1980s marketing axiom, "Nobody ever got fired for buying IBM," applies just as much to senior leadership. Going against tradition and against the obvious choice is risky.

3 *Why Diversity Matters*, July 2013, Catalyst Information Center

4 Also see the article on gender vs. leadership diversity on p. 70

"There still seems to be a view that women in leadership are an unknown quantity and somehow more of a risk. So there has to be a higher degree of certainty that a woman is going to perform, than if you were looking at a man for the same job"
Nicola Foster, Head of Transformation, Shared Services, HSBC

"Financial Services is still very male dominated, and women are therefore often not part of the 'dominant' group. This matters, because, as Laura Liswood describes, if you are not in the dominant group you have an extra hurdle to jump: You are perceived as less competent and less trustworthy than those in the group, until you demonstrate otherwise. If you are the only person in a room wearing a skirt, you have extra work to do to prove that you have a right to be there"
Anne Richards, CEO, M&G

"It is my experience that people perceive it is less risky to pick a man. If a woman is promoted and then fails, it is much more visible than if a man fails"
Head of department, European bank

CAUSE FOR CONCERN #2: A NUMBER OF COUNTRIES ARE "STUCK IN THE MUD", WHILE OTHERS HAVE HIT A CEILING

Countries can be classified into three groups based on their level of female ExCo representation and its growth rate.

Hitting a ceiling

In some countries, such as Canada, Nigeria, and Russia, female representation was relatively high in 2013 (between 20 percent and 30 percent) but has subsequently stopped growing or even gone into reverse. In these countries, gender balance has hit a ceiling and, often, bounced off it (see Exhibit 5).

Research suggests that when a minority's membership of a group reaches 30 percent, they come to be heard in their own right rather than being perceived as "the voice of the minority" or feeling pressure to conform to the dominant group.[5] Some countries have crossed the 30 percent tipping point, none of them, however, are pushing on with material positive growth rates for female representation.

This phenomenon is observable not only for ExCos but also for Boards. Countries where female representation on financial services Boards exceeded 25 percent in 2013 had an average growth rate of only 0.2 percentage points between 2013-2016, compared to 2 percentage points for countries where female representation was less than 25 percent.

As always, these statistics do not reveal their cause. However, some reasonable hypotheses may be hazarded. It may be the result of a managerial attitude: "We've hit the target so we don't need to focus on it anymore." Equally, it could be the result of an insufficient number of women in the pipeline to ExCo. Or it could be the result of characteristic preferences of women and men in these countries.

Stuck in the mud

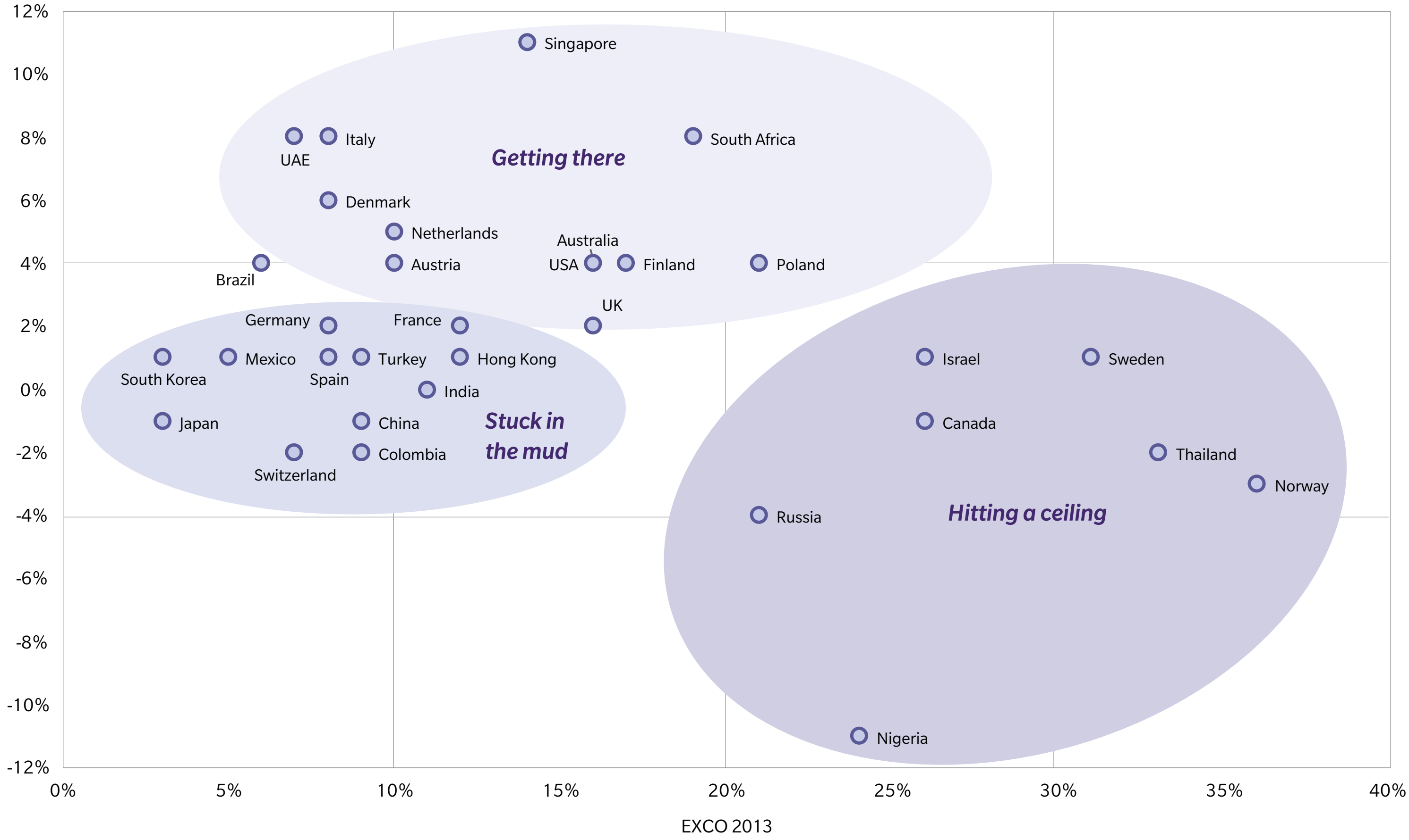
This group of countries is the most worrying. They had low female representation on ExCos in 2013, all between 2 and 12 percent, and have made no material progress from there. Some are even going backwards.

It is a diverse group: Switzerland, Germany, Colombia, China, India, Japan, Spain, Mexico, Turkey, Hong Kong, South Korea, and France. These countries have no common language, political culture, predominant religion, or level of economic development. The explanation for low female representation is unlikely to be the same in each country. In some, it may be the result of political indifference to the issue; in others, it may be the result of a masculine or patriarchal culture; in others, it may be the result of inadequate resources to support working mothers. Some of these issues are explored in our article on Germany and Switzerland on p. 52.

5 Jasmin Joecks, Kerstin Pull, and Karin Vetter, *Gender diversity in the boardroom and firm performance: What exactly constitutes a "critical mass?"* , Journal of business ethics, 2013

EXHIBIT 5: PERCENTAGE OF WOMEN ON EXCOS IN 2013 VS. GROWTH BETWEEN 2013 AND 2016

GROWTH 2013-2016 IN PERCENTAGE POINTS



Source: Oliver Wyman analysis of company disclosures

Getting there

The countries in this group are starting from a low base but show some signs of positive growth. Indeed, they are the only countries showing growth in female representation. If the number of females on ExCos continues to grow at the current rate, these countries will reach the 30 percent benchmark within the next one to two decades.

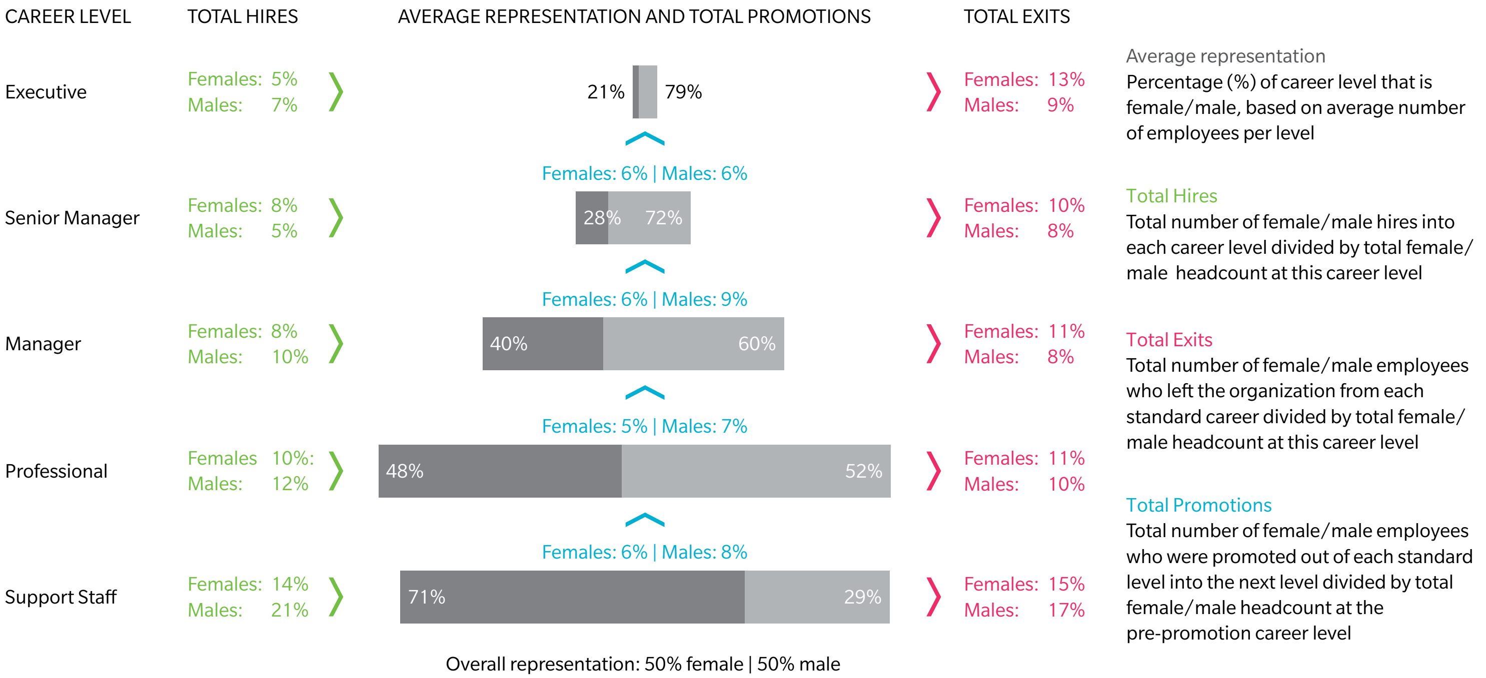
ZONING IN ON A CRUCIAL PROBLEM: THE MID-CAREER CONFLICT

While the share of senior leadership positions occupied by women is increasing, the preceding analysis shows that there are still structural obstacles to gender balance becoming the norm in the highest management positions of financial services firms. To investigate the problem points, we draw on Internal Labor Market (ILM)[6] data for financial services from "When Women Thrive," a study conducted by Mercer (a sister company of Oliver Wyman). We also conducted a large online survey with 850 responses from professionals working in the financial services industry across many countries and interviewed more than 100 senior industry leaders.

The ILM map for financial services in Exhibit 6 shows that:

- Women are significantly better represented at support staff and professional levels than at senior manager or executive levels
- The proportion of women decreases at each level as we move up the hierarchy

EXHIBIT 6: FINANCIAL SERVICES INTERNAL LABOR MARKET[7]



Source: *When Women Thrive*, Mercer, 2016

6 An ILM map is a graphical representation of the talent pipeline in an organization. It summarizes, for each standard career level, the rate at which talent is coming into the organization (total hires), moving up through the hierarchy (total promotions), and ultimately exiting the workforce (total exits). Percentages in the middle of the map indicate female and male representation at each career level. Hire, promotion, and exit rates are calculated as the total number of events over a 12-month period divided by the average headcount over the same time period, by level and gender.

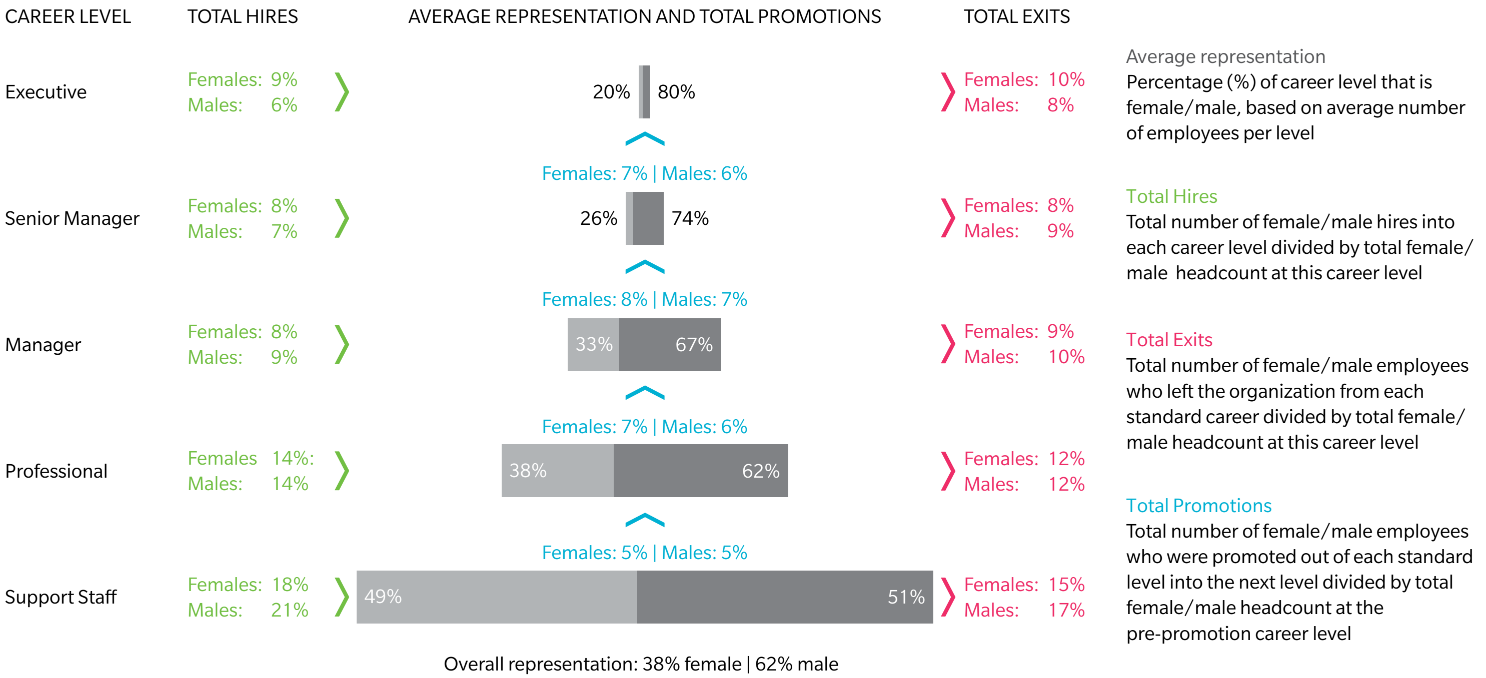
7 Combination of Finance/Banking and Insurance (non-life) ILM data. This ILM map is based on an international sample of 89 financial organizations across 22 countries, with a range of organization sizes from under 100 employees to over 100,000.

- Women are being hired at a lower rate than men into financial services, at all levels except for senior manager
- Women are less likely than men to be promoted to the next level, from all levels except for senior manager
- Women are exiting at higher rates than men at all levels above support staff, and at a higher rate than they are being hired.

Global organizations in other industries do not display these skews. The ILM map for the average organization globally (see Exhibit 7) displays roughly equal hiring and exit rates for men and women, and even slightly higher promotion rates for women. In other industries, women are making ground in senior positions. And whilst women make up more of the junior positions in the average financial services organization, the share of senior positions is no higher. Mercer's ILM maps show that, for women, financial services is tougher territory than other industries.

"We have become too accustomed with women working in support roles, and this can have negative effects. When women reach senior positions, and begin to compete with men, they can sometimes suffer harsh reactions. I have seen some men attempt to undermine some women by negatively highlighting their emotional and sensitive nature"
Françoise Mercadal-Delasalles, Executive Committee Member, Société Générale

EXHIBIT 7: AVERAGE ORGANIZATION GLOBALLY INTERNAL LABOR MARKET



Source: *When Women Thrive*, Mercer, 2016

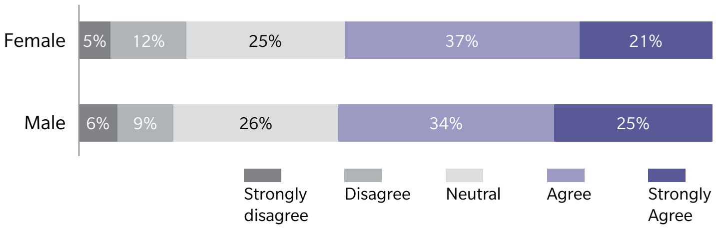
Why are women in financial services more likely than men to either exit or experience a slowdown in their career?

To investigate this, we conducted a survey of 850 financial services professionals in 12 countries that included asking about their levels of ambition and willingness to make sacrifices in their private lives.

Results from the survey show that, overall, women in financial services are as ambitious as men: 58 percent of women and 59 percent of men state a desire or strong desire to reach a senior position in their organization (see Exhibit 8). Women enter the financial services industry with the same ambition level as men, retain this ambition level for the first years of their career, and also have similar ambition levels as men towards the end of their career (see Exhibit 9).

EXHIBIT 8: OVERALL SURVEY RESPONSE TO QUESTION

"I WANT TO REACH A SENIOR POSITION IN MY ORGANIZATION"



Source: Oliver Wyman survey

However, the survey results expose a career conflict that women face at mid-career level. Between the ages of 30 and 50 their willingness to make sacrifices in their private lives drops significantly below that of men; and between 40 and 50 their ambition level is also lower than that of men. It is at this point in their careers that women in financial services vote with their feet. Mercer's Internal Labor Market data show that female managers, senior managers and executives in financial services are 20 percent to 30 percent more likely to leave their employer than their peers in other industries. This is in contrast to male financial services employees at the same levels, who are as likely or even less likely to leave their employer than their male peers in other industries.

When considering how to combine private and professional life, and whether to push for leadership, all employees must weigh the costs of working (such as investing time at work, not spending time with the family, not fulfilling cultural expectations, paying for child care) against the benefits of working (such as income, the chance of promotion, and the enjoyment of the job). For too many mid-career women, the costs seem to outweigh the benefits, and they choose to step back from their careers. Put another way, there is a mid-career conflict that is resolved too often today with attrition.

The costs and benefits of financial services careers seem to be different for men and for women – or, at least, are weighed differently by them. On the cost side, many of our interviewees talked about the persistence of traditional role models and cultural expectations. Most societies still expect women to play a greater role in caring for children or elderly parents. No matter whether they agree with the traditional roles or whether they feel the societal expectation – most women will place a higher value than men on the opportunity cost of working.

"Girls and boys continue to be raised differently even today. I still see parents replicating the same behavior that their ancestors had. We need to see a change in societal norms and attitudes to provide women with the same opportunities as men"
Maria Silvia Bastos Marques, Board Member, MMC

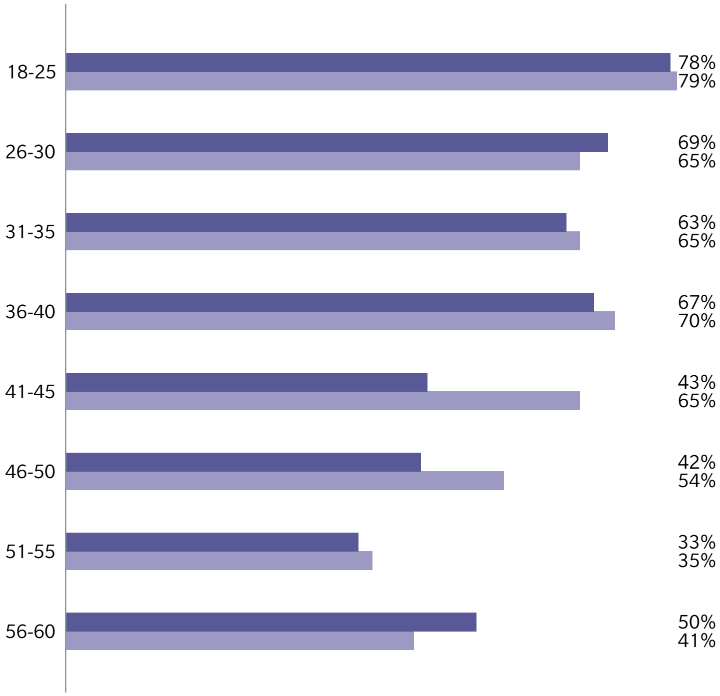
"Organizations need to offer women an opportunity to build their career, and society as a whole needs to offer women the support to stay there"
Monica Lopez-Monis Gallego, Group Chief Compliance Officer, Banco Santander S.A.

Cultural norms are often reinforced by practical economic considerations. In many countries, it is not only the social or psychological costs of opting out of a career that are different for men and women, but also the financial cost of doing so. Most legal systems favor women stepping out of the workplace rather than men, with benefits for maternity leave higher than for paternity leave and greater security for mothers returning to work than for fathers. Few countries have developed systems that effectively encourage men and women to share parental leave equally. Sweden is a rare example, with policies that result in 90 percent of men taking paternity leave. But even in Sweden, men take less leave than women (though this gap is decreasing).[8]

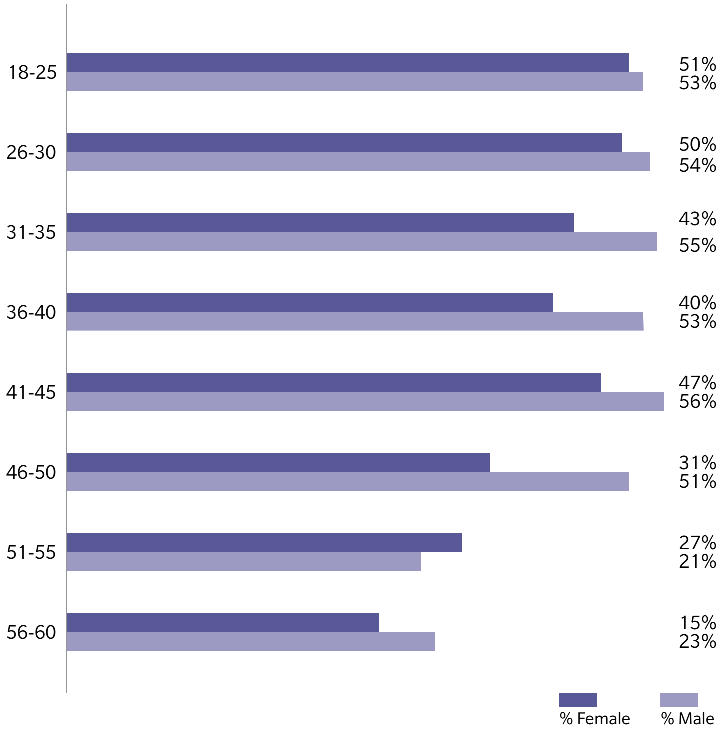
Many of our interviewees pointed out that the benefits – or, at least, the perceived benefits – of a career are lower for women, due to the lower chance of promotion and likelihood of lower pay. Whether these issues are real or merely perceived due to a lack of role models is open to debate. It is clear, however, that many women place a lower expected value on the benefits of a career. And, as long as there are unconscious biases, many women will not feel as comfortable at work as men. This reduces the enjoyment of the job and further reduces the benefits of working. Our deep-dive article on millennial women in the US on p. 31 zooms in on these unconscious biases and less visible issues.

EXHIBIT 9: PERCENTAGE OF RESPONDENTS WHO AGREE OR STRONGLY AGREE WITH THE STATEMENTS:

"I WANT TO REACH A SENIOR POSITION IN MY ORGANIZATION"
PERCENTAGE OF RESPONDENTS WHO AGREE OR STRONGLY AGREE



"I AM WILLING TO MAKE SACRIFICES IN MY PRIVATE LIFE"
PERCENTAGE OF RESPONDENTS WHO AGREE OR STRONGLY AGREE



Source: Oliver Wyman Survey

8 *Why Swedish men take so much paternity leave*, The Economist, 22 July 2014

"Everyone, men and women, will find that combining professional and personal life requires a series of trade-offs. As women typically take on greater family care responsibilities, a supportive, flexible environment is crucial in enabling them to navigate a high-level career in finance"
Karen Fawcett, Chief Executive Officer of Retail Banking, Standard Chartered

"Everyone needs to find their own balance and source of happiness. For some women, making a difference at work and the sense of fulfillment from this carries great weight; for others, it is caring full-time for their family, and for many it is a well-crafted mix of those"
Allegra van Hövell-Patrizi, CRO, Aegon

"Some women feel so overwhelmed by the prospect of climbing up the ladder to the top while raising their children that they just give up their careers. The challenge is to allow women to have a successful career without sacrificing their family lives"
Ana Peralta, Board Member and Chair of Audit and Risk Committee, Deutsche Bank SAE (Spain)

Organizations benefit from having a greater gender balance in leadership. So they have good reason to change the cost-benefit trade-off for women and create work environments and career paths that support women to reach the top. How can financial services organizations achieve this?

We have developed a seven-part framework, which encapsulates the common and best practices implemented by organizations to improve gender balance. It builds on the recommendations given in the 2014 report on "Women in Financial Services," enhanced in the light of more recent research and input from our interviews.

Using this framework, participants were asked how important each initiative was to them, and how effective their employer was at delivering the initiative. From this, a picture emerges of where employers need to focus their efforts.

In general, women consider career support initiatives to be more important than men do. But, there is overall agreement on where men and women working in financial services think support is most important. While both women and men consider their employers to be moderately effective at delivering each initiative, there are areas where it is clear that women would like their employers to be more than moderately effective. Three stand out.

1. Flexible work programs

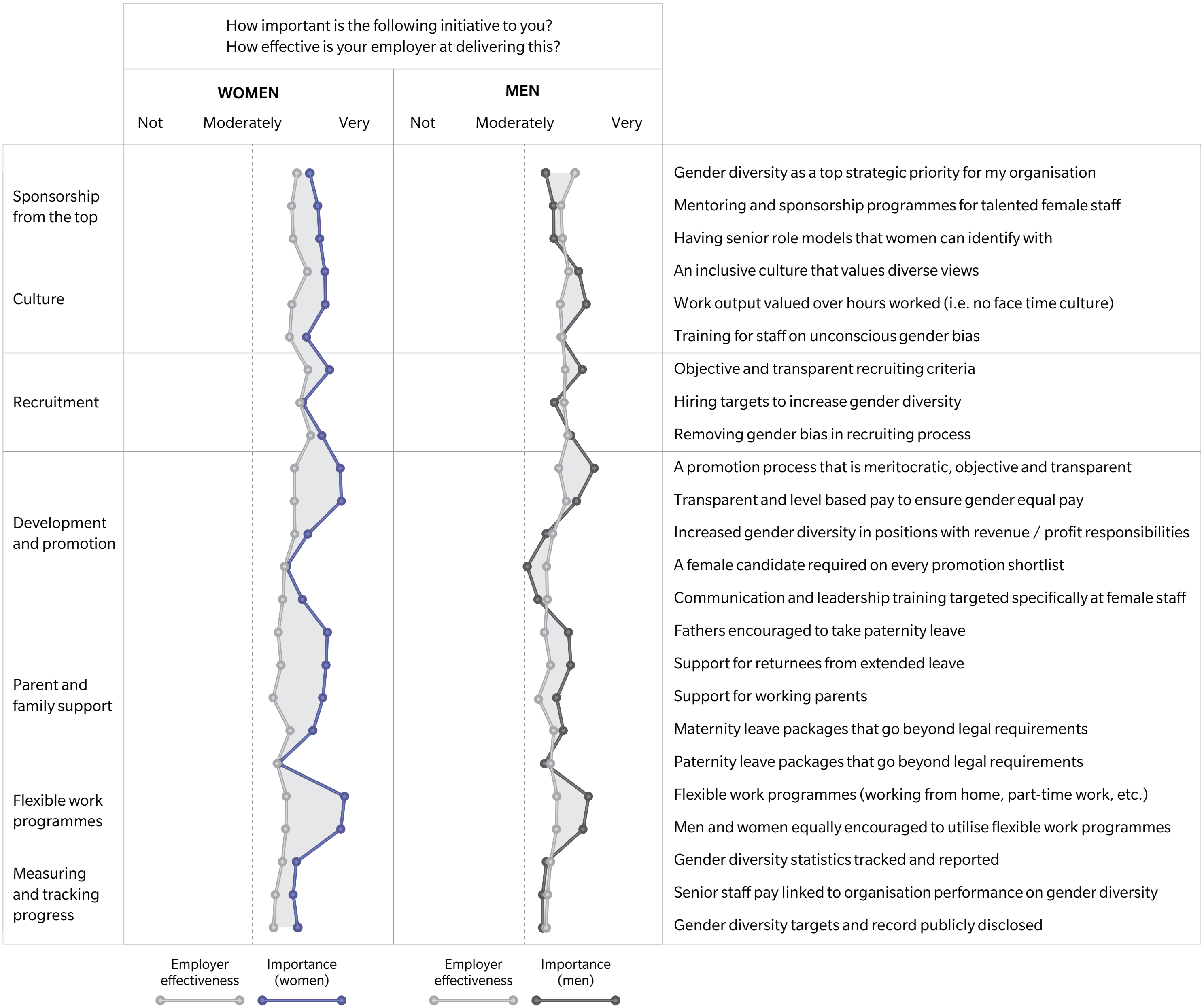
Most organizations nowadays offer flexible work options such as part-time work, job sharing, or working from home. These programs aim to help employees combine their private lives and work. So why, with all these schemes in place, do women not feel that organizations are doing enough? We expected this area to be sufficiently developed by now, and were surprised by this result. Upon closer examination, however, cultural and practical barriers to employees working in a truly flexible way remain.

There is still a stigma in many organisations associated with using a flexible work program. It is often seen as the choice of less ambitious people or even as the "mum's choice". Although flexible programs are offered to all, our interviews and survey results indicate that it is only women who are encouraged or expected to take the option. So long as a face-time culture persists in an organization, flexible working will be perceived as a career limiting choice.

"I am 100 percent convinced that the issues with flexible work are not mechanical or logistical but are attitude problems"
Melanie Neill, COO CRO, Credit Suisse

"The culture of organisations needs to change: as long as colleagues start to chit-chat that someone is taking half a day off again when they leave the office at 5pm, people will be very careful about asking for flexible working models"
Sara Ferrari, Head of UBS Global Family Office

EXHIBIT 10: CAREER SUPPORT INITIATIVES: IMPORTANCE AND EMPLOYERS' EFFECTIVENESS, AS RATED BY MALE AND FEMALE FS PROFESSIONALS[9]



Source: Oliver Wyman survey

9 A scale of 1-5 is based on questions: 'How important is the following initiative to you?' and 'How effective is your employer at delivering this initiative?' with a scale of importance and effectiveness of: Not, [mid-point], Moderately, [mid-point], Very

Flexible programs are often available only to those lower in the hierarchy, those with few responsibilities, or whose work can be more easily scheduled around personal commitments. Flexible work is not as frequently offered to, or accepted by, people on the middle rungs of the corporate ladder, which is just when it is needed to encourage women who could make it to the top to persist with their careers.

"Many organizations offer flexible work options. But once you look at who actually implements it well, and to whom it is offered, the picture looks different. Very often organizations offer flexible work options in operational functions, but in managerial positions there is still a lot of expectation around full-time presence"
Susanne Klöß, Member of the Executive Board, Deutsche Postbank AG

"When I returned from maternity leave, I was again given a leadership role despite working only 50 percent. This is not yet common in the industry"
Birgit Dietl-Benzin, CFO and CRO, UBS Deutschland AG

Flexible work offerings are often perceived to be a bad deal. Someone may reduce their hours to 80 percent. But without 20 percent of their workload being assigned to someone else, as often happens, they discover their pay has been cut by 20 percent but not their workload. Seeing this happen will only discourage others from pursuing a similar option.

2. Support for parents and family responsibilities, including effective returnship programs

This is another tangible area of career support where the industry falls short of women's expectations, impacting their cost-benefit decision. Again, although many organizations have introduced a variety of parent and family support programmes, women want their employers to be more than moderately effective:

Inequality in parental leave: Employers make insufficient efforts to encourage fathers to take parental leave. Given the common assumption that the mother will be the primary care giver and will take parental leave – albeit from another employer – it is often assumed that new fathers have no good reason to stop working. Thus, an ambitious woman may struggle to stay in the workforce when having a child, because her partner is unable to take on a material share of the child care. This inability may be the result of assumptions made by the father himself, having adpted general cultural attitudes. So it is not enough for employers to allow paternal leave; they should positively encourage or even require it.

Poor returnship program: According to various studies, women suffer greatest workplace discrimination upon returning from extended child care leave.[10] This is when women often start being treated differently by their colleagues. Seen as "moms", they may struggle to get their old responsibilities back and may even be reassigned to less challenging roles. They may also lose confidence, feeling guilty for leaving children at home and feeling out-of-date given the many changes their organization probably underwent during their absence. This was a common theme among the mothers we interviewed. Supportive colleagues and managers who help returnees on-board are important.

"You need to nurture your working relationships and stay connected while you are out of work for child care leave. Without doing so, there is a risk that you will struggle to settle on your return"
Lan Tu, Chief Strategy Officer, Standard Life

In our interviews, there were many examples of organizations going above and beyond to offer child care support. But this is not typical of the industry or the experience of most mothers working in it. Employers need to provide solutions that allow parents peace of mind with their children, over the full length of a working day.

10 *The Pregnancy Test - Ending discrimination at work for new mothers*, Trades Union Congress, November 2014

These solutions must be practical enough that parents can trust in them both before the birth of a child (to encourage them to stay) and after (to reduce the desire to leave).

"You need to be 'at peace' at work in order to be productive, and that only happens if you know that your kids are in good hands when you are away from them"
Maria Cristina Arrastia, Chief Personnel and SME Banking Officer, Bancolombia

"The key thing is to provide women with adequate infrastructure to manage their families. Provide them with child care where they can leave their kids in tranquillity. This is especially needed in countries where often the only available infrastructure is family"
Marina Natale, Deputy General Manager – Head of Strategy & Finance, UniCredit

"I always say that the biggest gift the ECB gives its staff is the crèche. A physically, socially and intellectually stimulating environment for the children, not a 'parking' place. A place where educated mothers can feel comfortable to leave their children for many hours, without feeling guilty, and with the awareness that this time and this experience is benefiting the child and that they are in good hands"
Chiara Zilioli, General Counsel, European Central Bank

3. Promotion processes and equal pay

Employees of both genders give great importance to fair and meritocratic promotion processes and to transparent and equitable pay structures. Yet there is a lack of satisfaction on both counts, especially among women.

Financial services is often described as a "boys club", where personal networks are the key to success. Survey results and our interviews reveal this to be a source of frustration for both women and men, who want to be judged on abilities and achievements rather than connections with more senior people. According to various studies, it is more difficult for women to find a sponsor in their organization, with few having senior colleagues pushing them up to the next career level when promotion decisions are being taken.[11]

Promotion in many financial services organizations is not based on clear, objective, and transparent criteria, with decisions often made behind closed doors. In this context, unconscious biases create disadvantages for female employees. Humans tend to surround themselves with people who are similar to them.[12] In a male-dominated environment without explicit and objective promotion criteria, male employees have an advantage.

Unconscious preconceptions of women mean they often miss out on opportunities offered to men. For example, a manager may fail to offer a demanding role to a woman, not because he doubts her ability but because she is a mother and he assumes she would not want the job. The manager may believe they are protecting the woman while, in reality, they are taking the decision away from her.

"I have heard quite often in promotion discussions 'Oh I do not think she would want that job; she has kids'. People who say that even think they are doing something good. They are not aware of discriminating against that woman"
Alison Davis, Non-executive Director, RBS

"People may say women cannot be promoted because they are not pushy enough and then, when they are, they say they cannot be promoted because they are too tough…"
Anne Marion-Bouchacourt, Group Chief Country Officer for China, Société Générale

11 Herminia Ibarra, Nancy M. Carter, and Christine Silva, *Why Men Still Get More Promotions Than Women*, Harvard Business Review, September 2010

12 Donn Byrne, *Interpersonal attraction and attitude similarity*, The Journal of Abnormal and Social Psychology, 1961

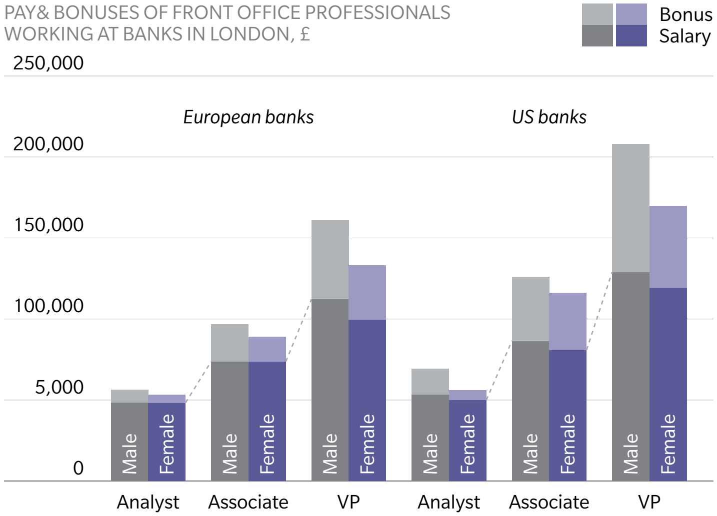
CASE STUDY: Overcoming unconscious bias in orchestras[13]

As recently as the late 1970s, fewer than 5 percent of the musicians in the top five orchestras in the US were women. Then something changed. Orchestras started using blind auditions. Musicians still auditioned on stage but were hidden behind a screen. Some orchestras used blind auditions only for the first round; others, for the whole process. But even when only the first round was blind, the chance of a woman being hired increased by 50 percent. By 1997, the percentage of positions in the top five orchestras occupied by women had risen to 25 percent. Today, it is above 30 percent in all of the top 20 US orchestras.

Eurostat data for 2014[14] shows that in all 26 countries analyzed the unadjusted gender pay gap[15] in financial services was wider than the country average. It is noticeable in this data that at the back of the pack of major financial hubs is the UK with an estimated 38 percent financial services pay gap, compared to an all-industry average of 18 percent. Supporting a similar conclusion, crowdsourced salary data from Emolument[16] shows that female front-office professionals working at banks in the City of London earn slightly lower salaries, and significantly lower bonuses than their male peers at the same level (see Exhibit 11). A pay gap negatively contributes to the cost-benefit decision and cements the role of women as the primary care giver. For many families it will often cost less for the woman to pull back from her career.

We have no doubt that the most senior leadership of most Financial Services organizations, not least in the UK, would be appalled that a gender bias exists in pay (or indeed promotion) in their organizations. In our interviews for this research, several potential causes for the pay gap were highlighted.

EXHIBIT 11: GENDER PAY GAP FOR BANKERS WORKING IN THE CITY OF LONDON



Source: Emolument.com (a crowdsourced salary benchmarking tool). Based on self-reported data from 2,819 front-office professionals working at banks in the City at analyst level up to vice-president

One is likely to be the still standard process by which salaries and bonuses are subjectively negotiated behind closed doors. Research has shown women working in financial services (in London) have lower expectations than men for bonuses, at all levels[17] and women are less likely to ask for increased pay.[18] Bias and persuasion play too great a role in what should be a more formal and objective process. This would benefit not only women employees but the organization, by creating a better relationship between pay and performance.

"We need to nurture the idea that everyone earns the same for performing the same, regardless of who they are. Woman, man, dog, or cat"
Ana Fernanda Maiguashca, Co-Director, Central Bank of Colombia

13 This case study is drawn from: Curt Rice, *How blind auditions help orchestras to eliminate gender bias*, The Guardian, 14 October 2013 and Suby Raman, *Graphing Gender in America's Top Orchestras*, Tumblr, 18 November 2014.

14 *Gender pay gap statistics*, Eurostat, March 2016

15 The unadjusted gender pay gap is defined as the difference between the average gross hourly earnings of men and women expressed as a percentage of the average gross hourly earnings of men

16 Emolument is a crowdsourced salary benchmarking tool which operates a contribute-to-consume model, whereby professionals enter their own data on Emolument.com in order to receive access to benchmark reports

17 Josie Cox, *Sexes split on City bonus expectations,* Astbury Marsden, December 2015

18 Linda Babcock, Sara Laschever, Michele Gelfand and Deborah Small, *Nice Girls Don't Ask,* Harvard Business Review, October 2003

SOLVING THE MID-CAREER CONFLICT AND OVERCOMING THE OBSTACLES TO ACHIEVING GENDER BALANCE

Financial Services globally faces a significant challenge in achieving greater gender balance. Its female employees are getting to their mid-career stage and finding that the cost-benefit trade-off of staying in the industry does not work, and is significantly worse than in other industries. As a result, female attrition in the mid-career is higher than in other industries, the talent pipeline is therefore thinner and too few women are getting into senior leadership positions.

What can be done to tackle these challenges? In our research we have found that the solutions combine three important elements:

A. Better understanding of the current state and ambition
B. Bolder structural solutions in the areas of female talent pipeline, flexible work, parental support, returnship, and pay and progression
C. More profound and intangible underlying cultural change.

A. BETTER UNDERSTANDING OF THE CURRENT STATE AND AMBITION

Assess current state

This report identifies general trends relevant to financial services, but each organization is particular. We recommend the following steps to diagnose problem points.

Develop an Internal Labor Market (ILM) map. This is the best way of understanding, at each level of the organization, how many women and men are being recruited and promoted, and how many are exiting.

Perform a pay and progression gap analysis. Financial services firms have a pay and progression gap problem, both overall and between men and women for the same work. Each firm should look at its own pay and progression data to identify where gaps are arising.

Benchmark. As more females are leaving their employers in financial services than on average across all industries, financial services firms must compare their gender balance performance not only with each other but with non-financial services firms and, especially, technology firms, which are increasingly the main challenge for talent.[19] If Google, Facebook, Twitter and the like offer more female-friendly working environments, financial services firms will suffer a female "brain drain".

Seek honest feedback. Numbers and benchmarks often do not give a full picture, particularly for an issue so influenced by culture and working dynamics. By conducting anonymous engagement surveys, interviews, and focus groups with male and female staff on Diversity & Inclusion (D&I) measures, organizations can build a picture of the value and success of D&I initiatives, culture and leadership. Effectively anonymized exit interviews and insights from alumni can provide honest insights into where and why female employees are leaving the firm.

Assess culture. Measuring culture is difficult, but it is important and possible. Identifying where unconscious bias

19 Laura Noonan, Emma Jacobs and Ben McLannahan, *Beyond Banking: filling the recruitment abyss*, The Financial Times, 11 November 2015 and Derek Loosvelt, *Why Millennials Refuse to Work for Big Banks*, Vault, 11 April 2016 and *Banks? No, thanks!*, The Economist, 11 October 2014

most frequently occurs, where stigma is strongest and most damaging, and who or what influences culture is essential to removing cultural blocks that prevent D&I offerings from being effective

Set an ambition and communicate it

Once the current state is understood, organizations must formulate what they are trying to achieve: that is, what success looks like for them. Here are some questions leaders should ask themselves:

- Why do we want to increase our diversity? What are the benefits? What are the costs?
- What are we aiming for? Where do we want to position ourselves against competitors – as best practice or middle of the pack?
- How quickly do we want to get there?

How this ambition is expressed and measured is also a key consideration. Is it best to set a quantitative target or a qualitative intention?

Communicating ambition will help drive change across an organization. This communication should be underpinned by an organization-wide understanding of why the goal has been set and the benefits of meeting it. Leaders' communication, both formal and informal, is a key influencer. Accountability can also be heightened through public disclosures, such as announcing the goal, reporting on progress in annual reports, and wider releases of gender representation and pay data.

"Having concrete and actionable targets is the only way to move the dial towards gender equality."
Laura Dottori-Attanasio, Senior Executive Vice President and CRO, CIBC

B. BOLDER STRUCTURAL SOLUTIONS

Achieving gender balance is partly a matter of the firm's culture, which will be discussed in the next subsection. But it can also be advanced by concrete measures and structural solutions. These will be most effective when they target the diagnosed problem points and address the mid-career conflict women face. While adequate structural solutions will vary by organization, the data and interviews provide an indication of several steps most organizations will need to take:

Set an ExCo talent pipeline strategy

Meaningful change requires greater female presence on ExCos. Political attention is beginning to shift in this direction. For example, the Netherlands has legislated to improve ExCo representation, and the British Government has commissioned an independent review into increasing the number of female executives at Britain's 350 biggest public companies.

Having women in the ExCo tomorrow requires having women on the level below today. There are no short-cuts, if an organization fails to build the mid-level pipeline then it will not see the senior pipeline develop. And this talent pipeline cannot be restricted to roles that have traditionally attracted women, such as marketing, human resources, and compliance. The data shows that these are beginning to become saturated solutions to the problem. Women held 30 percent to 40 percent of senior support and compliance roles in 2013, and still do in 2016. The space for growth is in senior P&L roles, of which only 5 percent to15 percent are held by women.

"To help more women reach management positions, we need to build up more comprehensive and varied career paths rather than single-function paths (HR, Communications or Legal), which do not transition easily to management functions. Boosting our female talent pool is essential for our success."
Marguerite Bérard-Andrieu, Management Board Member, BPCE Group

Delivering on the ExCo talent pipeline strategy will require careful monitoring of recruiting, promotion, retention, and succession planning.

"Women are too often only considered for positions where they would be replacing another woman. We need women to fill roles they in the past traditionally haven't"
Mary Ellen Iskenderian, President and CEO, Women's World Banking

"We go out specifically to hire people who are different to the teams we have. If we have a team of all white males, we won't hire another white male. There is an element of social engineering in this but what diversity brings you is worth the engineering"
Nicky Newton-King, CEO, Johannesburg Stock Exchange

DEVELOPING WOMEN LEADERS IN THE UNITED STATES MILITARY[20]

How are financial services and the military similar when it comes to creating women leaders?

In financial services, it takes 20-25 years to create a senior leader with the necessary skills. It's no different in the military. We have had few women Generals and Flag Officers because it takes 25-30 years to obtain the requisite depth, breath and level of experience. Don't forget that it was barely 40 years ago that the US military academies like West Point, Annapolis and the Air Force Academy started accepting women. To maintain a strong pipeline of female leaders, organizations need to have a clear understanding of the natural timescale for leadership, and plan ahead.

What lessons can financial services learn from the military for improving gender balance?

Making all roles available to women is key. Up until a few years ago, key career fields and combat roles were not open to women, thereby limiting their advancement. Now all specialties (infantry, submarine, fighter aircraft, special operations, etc.) and therefore command leadership of those same units, including combat roles, are open, and offer key avenues to our highest military leadership positions. The military recognized that, like the path up a tough climbing wall, its future leaders needed equal opportunity to grasp the necessary "golden hand-holds" to rise up the ranks. These take the form of getting someone qualified in special skills, combat ready, educated at the prestigious military strategy schools, operationally deployed and ultimately selected for operational command. Financial services has different "golden hand-holds", but they are equally critical to the leadership ascent.

How does the military think about retention?

Because we must promote from within our own ranks (there is no external source), we must make an early and conscious commitment to access diversely and train to retain. If we aren't accessing or retaining a specific skill or type of individual, we examine cause and effect. For example, several years back, leaders noticed a significant reduction in the number of women cadets volunteering for fighter pilot training, a coveted role and likely the most direct path to senior Air Force leadership. Why? Deeper examination showed that during this same time period, the Air Force had begun to demand a 10-year commitment from cadets versus the six or seven previously required, with an unintended consequence. While not prohibited, pregnancy limits operations and precludes deployment for an extended period. Whether via leadership insinuation, indirect policy or aggressive peer pressure, women certainly weren't encouraged to become pregnant while flying fighters, or any combat aircraft. In that context, we were implicitly asking 23 year-old women to not get pregnant till they were 33 years old, and creating a very different lifetime decision matrix for a woman than her male comrade-in-arms, which could ultimately change diversity and demographics for our service, for decades.

20 Interview with Suzanne (Zan) Vautrinot, Major General (retired) in the United States Air Force and Board Member at Wells Fargo

More thoughtful and courageous approaches to flexible working and family support

Most financial services companies have flexible working and family support programs in place. Nonetheless, from our survey of 850 financial services professionals, it is evident that employers could do more. In designing a second round of initiatives, employers need to thoughtfully and carefully address the shortcomings of their current programs. Getting this right is vital for helping women overcome the mid-career conflict and retaining them. This alone will not get women to the top, but will help to prevent women from leaving before they have the chance. Structural initiatives should aim to:

- Address the gap with flexible work (especially for mid-level or senior roles) and remove the stigma around using flexible work options
- Get men and women to make equal use of parental leave
- Find solutions to the returnship challenge and avoid a different view women post-maternity.

And three signs of success should be sought for such initiatives:

Employees know about them. Something as simple as awareness can be the biggest barrier to utilizing a well-designed initiative. New employees joining the firm should be informed during induction; managers should remind employees or be proactive in identifying those that would benefit; and the initiative should be marketed internally, for example, with leader announcements. Visibility and awareness are key, not only to those that may want to use the program relatively soon, but also to those that plan ahead longer term and assess the costs and benefits of staying with their employer.

Employees use them and there is no stigma attached to it. An initiative such as flexible working can serve its purpose only if it is used by a broad group of employees at all career levels. It is important to assess how many employees are utilizing the initiative. Are there cultural barriers to its utilization? Does the initiative attract the target audience? Is the initiative equally used by junior, middle management, and senior colleagues? Are there groups of employees that do not use the initiatives?

They contribute to a stronger pipeline. An initiative is truly successful when it adds women to the talent pipeline. Firms must keep track of the results of their initiatives. Have fewer women left after becoming pregnant? Are we onboarding more returnees? Are we losing out to competitors in recruiting the best returnees?

We have discussed standard initiatives, such as flexible working and parental leave. But there is plenty of room for imagination when it comes to structural initiatives. Token initiatives won't suffice. Creativity and an intention to go beyond expectations are required to deliver initiatives that are tailored to the organization and achieve the above. Some interesting examples that emerged in interviews, include: bringing returning mothers back as a group intake, rather than individually (to foster community and collegial support); assigning buddies to returning parents; "in-touch" days to keep connected to staff on extended leave; on-site child care, with cost-free use for new parents; extended leave for birth, adoption, foster care, or legal guardianship; and financial incentives to encourage men to take parental leave.

"Women tend to 'opt out' if they are not able to envision how they can balance family commitments with their career. What is more important is the ability to come back. It's about having the right infrastructures and policies in place. This serves women but it also means organizations get to retain their talent"
Teo Mui Eng, Chief Financial Officer, Singapore and ASEAN, Citi

Close the pay and progression gap

Lower pay for women is a major factor in the different trade-off faced by men and women when making decisions about their careers. A first step is for organizations is to conduct a pay equity analysis to understand whether there are any gaps, as laid out in the article on pay equity on p. 80. Systematically addressing pay gaps will normally require compensation processes to be made more objective and transparent, and thereby less vulnerable to unconscious bias – something our survey data shows that both men and women value. Making compensation more predictable will in itself help to increase the expected value of women's careers.

Organizations must be prepared to be transparent on pay. In January 2016, the Obama administration proposed a new rule requiring US companies with more than 100 employees to submit salary data by race, gender, and ethnicity. A month later, Prime Minister David Cameron announced that UK companies with over 250 employees will have to disclose how much they are paying in salaries and bonuses to their male and female staff from early 2017. Organizations should aim to be ahead of the curve in releasing this data.

"In trying to achieve gender balance, equal pay must be one of the key measures of success"
Alessa Quane, Executive Vice President and Chief Risk Officer, AIG

As with pay, promotion must become a more objective and transparent process if women are to feel they are not disadvantaged by bias. Another useful expedient is to require a least one credible female candidate to be included on the shortlist for every senior job. Women should be encouraged to put themselves forward for senior positions, ideally by an assigned sponsor.

"Trying to protect women is the wrong approach. It is key to provide challenge and sponsorship and to set high goals."
Daniela Weber-Rey, Until May 2016 Chief Governance Officer of Deutsche Bank AG

"We want sufficient diversity in our recruitment and promotion decisions – on both sides of the table. We make sure that there are always women on the shortlist. Equally, we make sure there are women on the panels making the decision"
Dorothee van Vredenburch, Chief Change & Organisation and Member of the Management Board, NN Group

"I think there is some really practical help that you can give people – tactics and ways of reflecting on yourself that enable you to develop resilience. I remember being told by a sponsor 'if you want sympathy, get a dog' and I disliked him for it, but it was quite an eye opening comment"
Sarah Bates, Chairman, St James's Place

C. MORE PROFOUND UNDERLYING CULTURAL CHANGE

Changes to promote gender balance are futile or even divisive when an organization's culture does not support them. Changing cultures is harder that introducing policies but, over time, it can be achieved. Importantly, cultural changes should not focus exclusively on gender inclusion. On the contrary, an inclusive culture across multiple dimensions will foster an environment in which people from different backgrounds, with different personalities and styles of leadership will prosper (see the article on how we are building an inclusive culture at Oliver Wyman on p. 84 as well as the article on leadership diversity on p. 62).

Below are three factors important to building an inclusive culture that supports gender balance.

Put practice ahead of theory

Getting culture right is a matter of actual practices, not official policies. This will often mean decentralizing management of the programmes. For example, flexible work policies set at the top level are helpful to ensure firm-wide acceptance. However, an overly formalised approach can be restrictive or unsuitable on a case-by-case basis. Policies should act more as a guide or doctrine, with the practicalities of implementation managed at the more interpersonal lower levels: for example, by a team manager.

"What really matters with flexible working policies is what happens in practice, not what HR and other departments have on paper, but how this works in the long term"
Director, European supervisory body

"After you have kids and you want to return to work, it's about getting the support from your colleagues and managers, and getting the flexibility to be able to work from wherever you are. It needs to be accepted that you will log in and log out"
Pia Marions, CFO, Folksam

These managers will need support to be effective. Managers need to be trained to successfully manage flex work staff, ensure they have equitable opportunities based on the quality of their work output, and actively advocate on their behalf.

"In order to make flexible work programs work, senior managers have to not only set examples themselves, but they also have to teach line managers how to evolve their management approach in a flexible working environment"
David Cole, CFO, Swiss Re

Training is also key to avoiding unconscious bias. There may be some people who do not need such training, but not many. And those who think they don't are often surprised by what they discover about their own habits of mind when forced to examine themselves. We recommend that financial services firms make unconscious bias training compulsory for management, or provide incentives to participate in the training where needed.

"I went through mandatory unconscious bias training (we wouldn't get our bonus unless we had done it), and it blew my socks off. I also observed a number of men who went in moaning, coming out saying 'that was the most useful training I have ever done'"
Eva Lindholm, Group Managing Director, UBS and Board Member TfL

Making female and male role models visible and telling stories also helps to underpin a culture – stories about senior men taking full paternity leave, about women being promoted after returning from maternity leave, about the CEO who drops his children at school every day. These stories can be told informally by team managers and formally through internal newsletters.

21 *Balancing paid work, unpaid work and leisure*, OECD, 7 March 2014

Support men to support women

Despite dramatic cultural changes over recent decades, women still perform more unpaid work (such as child care, household work, and grocery shopping) than men. An OECD study found that across OECD countries, on average women worked 8.1 hours per day, more than men at 7.8. However, women spent 4.5 hours (55 percent) on unpaid work, compared to men at 2.3 hours (30 percent).[21] For women to devote more of their energies to their careers, men will have to devote more to unpaid work. And, as the survey data shows, men want flexible work and family support just as much as women. Programs that make it easier to combine a career with family life must apply to men as much as women, for the sakes of both groups.

"Many men are also suffering from a high-pressure environment at work, have self-doubts, and are unhappy about their work-life balance. They just do not show it in the same way as women"
Nina Klingspor, CFO, Allianz Global Corporate & Specialty

Initiatives aimed at increasing the role of women in financial services have been focussed on women, and taken by women. This is good for increasing awareness among women, and creates a sense of community. However, it means men are missing out. It also risks a backlash from men perceiving special treatment for women. It risks men feeling that they are subsidizing women, or that they receive less support. And, so long as men are excluded from such initiatives, this may be true.

Men should not only be allowed to take advantage of parental leave and flexible work options but should be encouraged to. This will help women at home and de-stigmatize these options at work. The survey shows that women are not asking for men to have more paternity leave but simply want men to be encouraged to take what is already being offered to them. The men who take parental leave or flexible work will set an example for their colleagues, both male and female, showing that it is not a "mommy track" to career oblivion.

Of course, the required changes in attitude depend on cultural forces beyond the control of individual companies or industries.

But firms can do their bit, not only through the measures discussed but in more subtle ways. A senior male leader can help set the tone by taking the afternoon off to go to the Christmas play, arriving late after dropping his kids at school, turning his phone off at weekends, or taking full paternity leave.

"The role of women in the home and family needs to evolve for them to increase their presence at work"
Maria Mercedes Cuellar, President, FELABAN

"Traditionally, it has been viewed that mothers carry the domestic burden and therefore take maternity related career breaks. We now live in a world where an increasing number of employers recognise that a six or 12 month leave for a new born should not be exclusive to women, as there are lots of men out there who want the choice and opportunity to be the primary carer"
Audra Paton, Independent Risk Director, ICE Clear Europe

"This is about equality for men too. They have the right to go home early to see their kids, the right to take them to the doctor, the right to go to the Christmas play. But they are not expected to. They have the right to have a bad year at work and not be considered a "loser" that is not able to support his family. It is a rough deal for them too"
Ana Fernanda Maiguashca, Co-Director, Central Bank of Colombia

Seek enlightened leadership

We spoke to over 100 enlightened leaders during our interviews. But financial services needs more. Organizations should identify areas where such leaders are lacking and where training or a change of the guard is needed.

What makes an enlightened leader? Many things, of course. But there are some common traits that make leaders stand out as prominent advocates for achieving gender balance.

Enlightened leaders set the tone. They seek gender balance not just because it is the "right thing to do" but because of the business benefits. They actively build a more supportive culture, question bias and ensure gender balance is a priority for their organization. They take "risks" that push them out of their comfort zone, such as hiring people that are different to them. They take on the responsibilities of a sponsor, and nurture the leaders that will replace them. They challenge the status quo, not just verbally, but in action.

An enlightened leader does not have to be in the C-suite, though it helps if they are. Enlightened leaders are needed at all levels, from CEO to team leader, to foster a culture that supports gender balance.

"Our success in achieving gender balance is a result of having enlightened leaders in place. They have asked the important questions, and acted. Where do we need to change? What sort of skills do we need? How do we add diverse perspectives? Have we got sufficiently diverse thinking from different sectors, experiences, ages and genders?"
Graeme Brookes, Director: Governance, Risk and Compliance, Johannesburg Stock Exchange (JSE)

"We as leaders have a responsibility to push the right mindset down through the organisation. If we see behaviour which goes against our culture, we should have zero tolerance for it. And we should ensure people know this is not just for fun; this is part of our DNA"
Christine van Rijsseghem, CRO, KBC Group

"Leaders need to watch out for diverse talent and ensure opportunities come their way"
Stephanie von Friedeburg, World Bank Group Chief Information Officer and Vice President, Information and Technology Solutions

"I believe flexible working is important in order to attract and retain different talent –and as senior leaders, we must role model this behaviour if we want to normalise it across the organisation"
Francesca McDonagh, Head of Retail Banking and Wealth Management, UK and Europe, HSBC

"Culture matters, but it is transient and it is something that is built by the leadership and by demonstrated action"
Nicky Newton-King, CEO, Johannesburg Stock Exchange

CONCLUSION

In our previous report, we lamented that "the pace of change is not fast enough". It still isn't. In fact, as noted above, progress seems to have slowed in some geographies. This new trend needs to be reversed. The effort to improve gender balance in financial services needs to find a second wind.

And it can. In this report we have identified the critical point in many women's careers: the mid-career conflict, where the costs and benefits of a career in financial services seem to be out of balance for many. There are plenty of concrete actions that firms can take to improve the cost-benefit for women in financial services, many of them described above. And the deep cultural transformations required have hardly begun.

As we have noted, firms in lagging countries can learn from countries where gender balance has made more progress. But even within individual markets, some firms are doing much better than others and overall progress would be promoted by more sharing of insights and success stories. Industry bodies devoted to the issue are the obvious mechanism.

"There needs to be more conversation across organizations in the industry so we can learn from each other and see what worked and what didn't. We almost need an open source code that everyone can see"

Julie Winkler, Senior Managing Director, Research, Product Development and Index Services, CME Group

The rest of this report contains a selection of articles on particular topics regarding gender balance in financial services. Some have a national focus, some are sectoral, and one is generational. Others focus on specific aspects of gender balance. We end with an article by Scott McDonald, President and CEO of Oliver Wyman. It concerns the evolution of our thinking about diversity and inclusion, and what we hope will be our own second wind for achieving gender balance.