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BCG Gender Diversity Study of the European Banking Sector 2021

*A review of the current gender diversity situation in European
banking*

DECEMBER, 2021

Gender Diversity Study of the European Banking Sector 2021

Introduction

A diverse workforce is not only a key enabler to business success but the basis for a successful talent management. Especially banks, which are facing a multitude of challenges, cannot afford to miss out on the strength of a diverse workforce. Social and regulatory requirements amplify the call to action even more

This is why, the [BCG Gender Diversity Study of the European Banking Sector 2021](#) takes a closer look at the current situation of gender diversity within the banking sector. The study covers two dimensions:



The [level of gender diversity in the top leadership](#) at European banks is assessed by the *BCG Gender Diversity Index 2021*, which ranks the 50 largest listed banks in Europe as of December 31, 2020



The [perception of gender diversity initiatives by the workforce](#) of European banks is assessed based on the *BCG Global Diversity and Inclusion Assessment for Leadership (DIAL) Survey 2020*

The BCG study shows, that the European banking sector is still far from gender equality—with respect to both diversity in top leadership and the perception of diversity topics among bank employees

Based on project experience and market observations, BCG identified seven dimensions that are key to advancing gender diversity

Banks cannot afford to miss out on the strength of a diverse workforce—for internal and external reasons

Internal pressure

Innovative strength of a diverse workforce essential to succeed and meet current challenges in FI sector

- Diversity drives performance and resilience through innovation and better decision making
 - +6% net profit margin¹
 - +14% stock performance during crises²
 - +19% innovation³
- Diversity as basis for successful talent management
 - 50% of the potential workforce pool are women
 - Diversity is an increasingly important topic for 69% of global talent, 51% would even exclude companies as employers if they don't match their diversity beliefs⁴

External pressure

Social and regulatory requirements increase the call to action

- National gender quotas for boards have been instituted by almost every country
- 2021: European Central Bank plans new standards for diversity in executive and supervisory boards to ensure effective governance



BCG Gender Diversity Study of the European Banking Sector 2021
takes a closer look at the current gender diversity situation in the banking industry

Overview (I/II): BCG gender diversity study covers two perspectives on gender diversity in European banks



What is the level of gender diversity in the **top leadership** at European Banks?

- **BCG Gender Diversity Index** of the European Banking Sector - ranks the 50 largest listed banks per December 31, 2020. The **top 10 banks** are included in this presentation
- Index comprises data from both executive boards with management function and supervisory boards or their equivalents and evaluates proportional gender representation as well as remuneration in these leadership positions



How are gender diversity initiatives perceived by the **workforce** of European banks?

- **BCG Global Diversity and Inclusion Assessment for Leadership (DIAL) survey 2020** conducted by the BCG Global Diversity, Equity & Inclusion Team, which assesses the perception of diversity topics and initiatives from the **perspective of employees**
- Survey results from 569 employees from the financial sector from 9 European countries

Overview (II/II): Core results of the BCG Gender Diversity Study of the European Banking Sector 2021



What is the level of gender diversity in the **top leadership** of European Banks?

- Executive boards: 50 largest listed banks in Europe overall **still far away from gender equality**. Women representation is still low (19%; 10 banks without any women, only 5 women as CEOs) and a remuneration gap exists (in ~75%¹ of banks, women earn less than men)
- Supervisory boards: While **the share of women in supervisory boards** is significantly **better** (36%, but only 2 women as chairs), most likely driven by the quota regulations in many countries, also here a **remuneration gap** exists (in ~80%¹ of banks, women earn less than men)
- The **three top banks** of the ranking are (1) DNB, (2) Bankinter, and (3) ABN AMRO Bank, which stand out with respect to the best combination of **balanced representation and equal remuneration**
- **Big spread** between all European banks (scores range from top to lowest position: 83 points to 26 points—out of 100 points)



How are gender diversity initiatives perceived by the **workforce** of European banks?

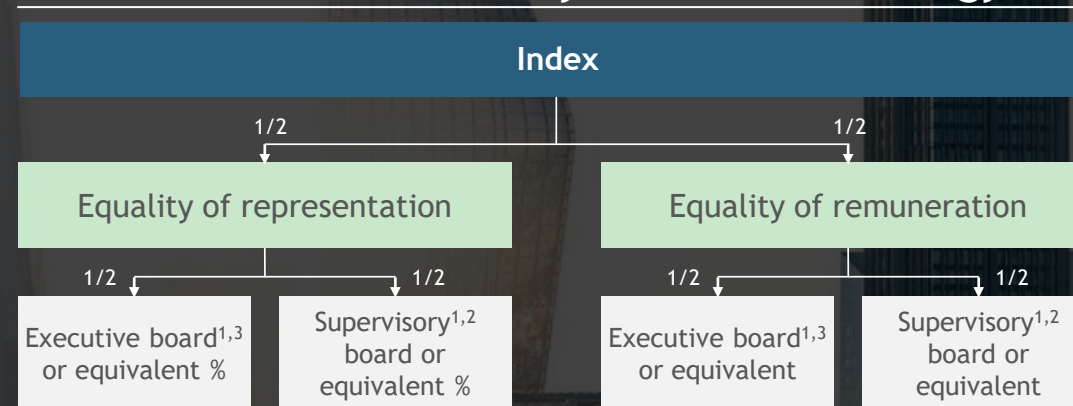
- Only **half** of the employees say that the bank they are working at has invested in **gender diversity programs**, and only **~1/3 of the targeted women** feel that they have **benefited** from those programs
- **Discrimination and career obstacles** are **perceived higher in the financial services industry** compared to other sectors
- **Women perceive** the level of **unconscious bias** and leadership commitment **less positive** than men
- Thus, **without women in leadership positions**, banks might **fail** to understand the importance of certain **diversity initiatives** or might focus on the wrong ones
- On a positive note: Employees in FI consider the **efforts and progress made in diversity** at their companies more **positively** compared to the employees of other sectors—this momentum should be harnessed to address pain points

BCG published various studies in recent years



We apply the established methodology to rank European banks

BCG Gender Diversity Index methodology



Scope of index ranking

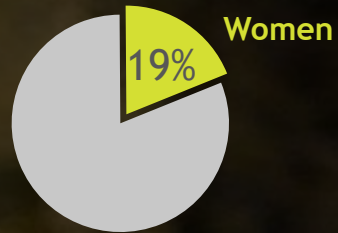
50

- 50 largest listed banks in Europe
- Index based on year-end 2020 data
- Harmonization of board definition and data to enable comparability between one-¹ & two-tier systems. Use of proxies in case of missing information

1. Board of directors split
 2. Excluding executive directors if part of both boards
 3. Top executive board

Aggregated results from the 50 European banks in the BCG Gender Diversity Index

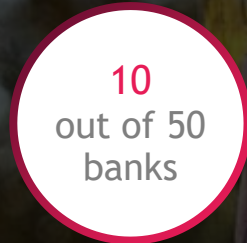
Executive board



Women representation in 50 largest listed banks in Europe



Only 5 women as CEOs in the 50 banks



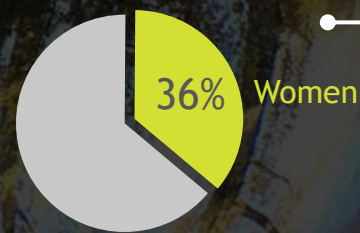
Banks with no women



% of banks in which women earn less than men as executive^{1,2}

Hypothesis: Women overall with less important roles

Supervisory board

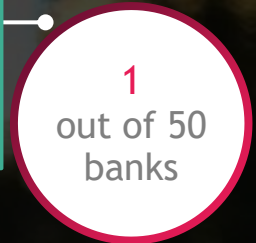


Women representation in 50 largest listed banks in Europe



Only 2 women as chairs / leading independent directors of supervisory boards in the 50 banks

Better results than for ECs, expected to be due to quota regulations in many countries



Banks with no women



% of banks in which women earn less than men as director^{1,3}

Hypothesis: lower earnings driven by
 1) Women in fewer/less important committees
 2) Share of women often boosted by works council delegates

1. Number of banks with at least 1 woman in the board and publicly available remuneration data & > 5% difference between men and women; 2. n = 16; 3. n = 47
 Source: BCG gender diversity index per December 31, 2020

European Gender Diversity Index in FI 2021: Top 10

Ranking	Score 100	Company name	Country	% women ExB / SB	Equality trend 2021
1	83	DNB	Norway		↑
2	81	Bankinter	Spain		↑
3	80	ABN AMRO Bank	Netherlands		↑
4	78	AIB Group	Ireland		↑
5	74	Commerzbank	Germany		↑
6	73	HSBC Group	United Kingdom		↑
7	73	Société Générale	France		↓
8	72	Nordea	Finland		↑
9	70	KBC Group	Belgium		→
10	70	Virgin Money	United Kingdom		→

Legend:

ExB = executive board or equivalent
SB = supervisory board or equivalent

All data available (4 components)

Remuneration data of executive team not publicly available; proxy calculated (average of the three available components)

Woman as
...CEO—ExBo
...chair / lead indep.
director—SB

Change of equality share on executive or supervisory board in 2021—as of mid-November 2021—source: company website

Negative change No change Positive change

Source for index score: Annual reports & remuneration reports 2020, composition of boards as of Dec. 31, 2020

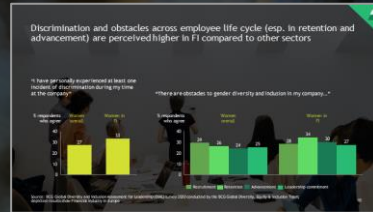
Overview of BCG DIAL survey results to assess perception of diversity initiatives by workforce



Only half of the employees say that the bank they are working at has invested in gender diversity programs. Only ~1/3 of the targeted women feel that they have benefited from these programs



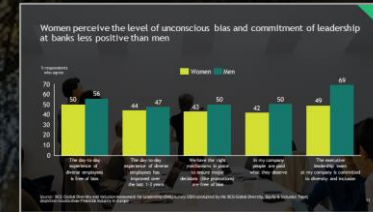
Programs need to be expanded and tailored to the needs of the target group to achieve intended results



Discrimination and obstacles across employee life cycle (esp. in Retention and advancement) are perceived higher in the financial service industry compared to other sectors



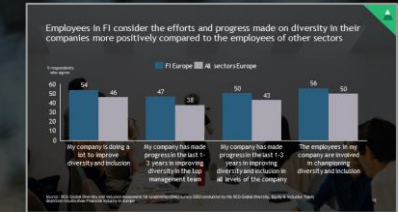
Perception of 'boy's club' puts banking in a weak position in the war for talent and fostering the innovative strength of diverse teams



Women perceive the level of unconscious bias and commitment of leadership in banks less positive than men



Without women in leadership positions, banks might fail to understand the importance of certain initiatives or might focus on the wrong ones



On a positive note: Employees in FI consider the efforts and progress made on diversity in their companies more positively compared to the employees of other sectors



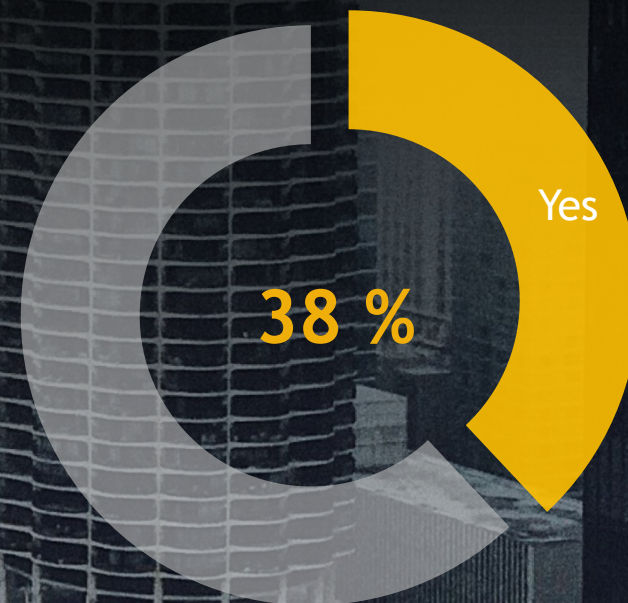
Positive momentum needs to be continued and to be harnessed to address pain points

Only half of the employees say that the bank they are working at has invested in gender diversity programs ...



“My company has a gender diversity program in place”

... and only ~1/3 of the women feel that they have benefited from these programs



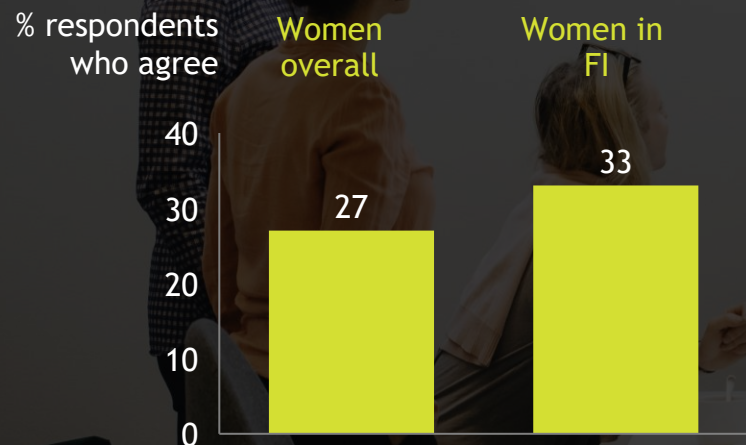
“I have personally benefited from the gender diversity program”

Source: BCG Global Diversity and Inclusion Assessment for Leadership (DIAL) survey 2020 conducted by the BCG Global Diversity, Equity & Inclusion Team; depicted results show Financial Industry in Europe

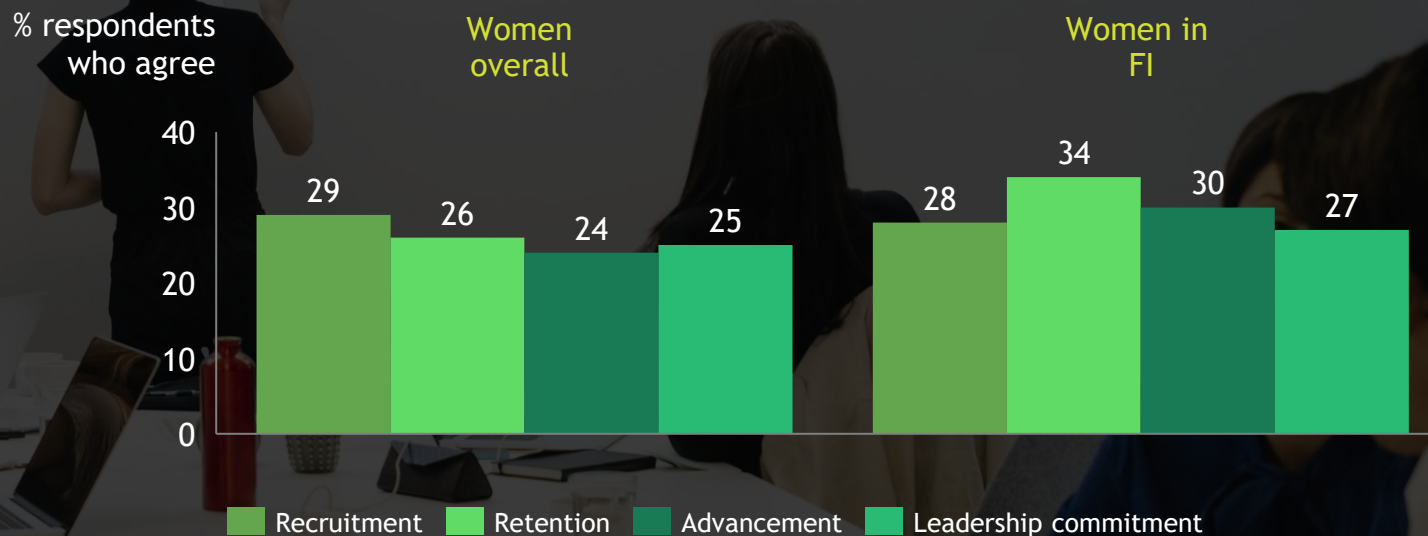


Discrimination and obstacles across employee life cycle (esp. in retention and advancement) are perceived higher in FI compared to other sectors

“I have personally experienced at least one incident of discrimination during my time at the company”

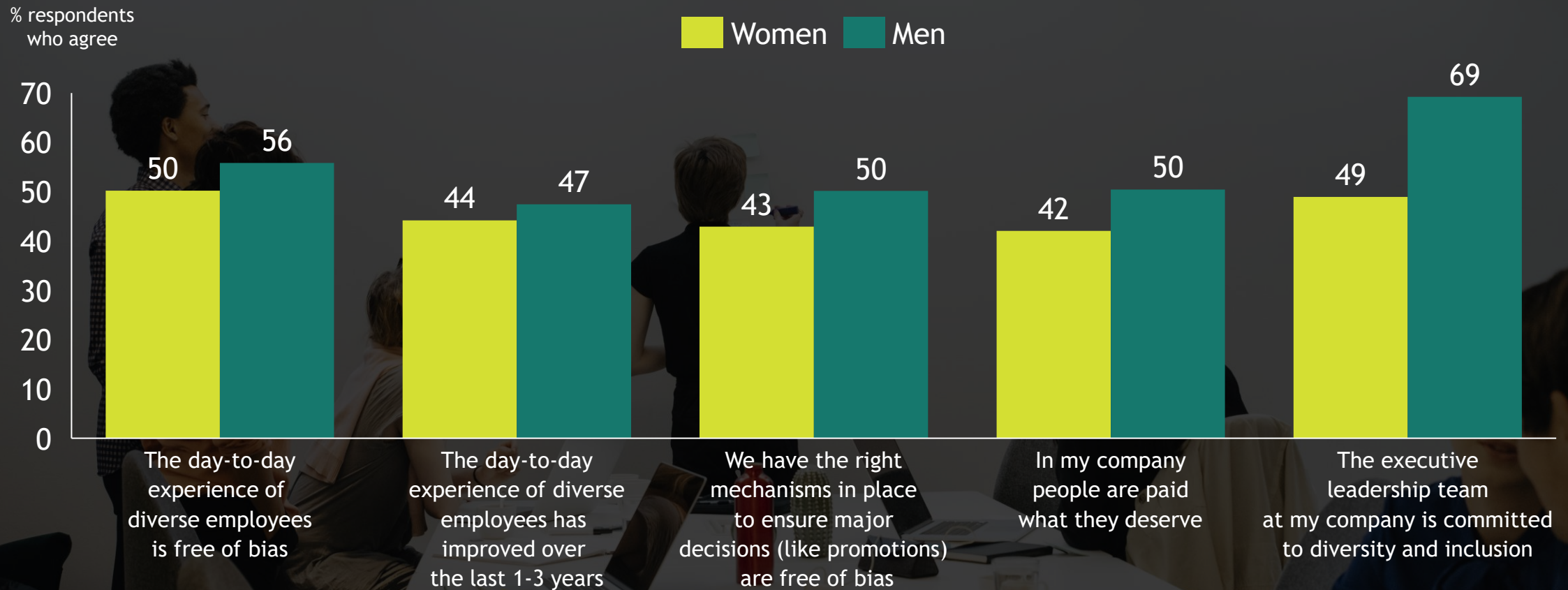


“There are obstacles to gender diversity and inclusion in my company...”



Source: BCG Global Diversity and Inclusion Assessment for Leadership (DIAL) survey 2020 conducted by the BCG Global Diversity, Equity & Inclusion Team; depicted results show Financial Industry in Europe

Women perceive the level of unconscious bias and commitment of leadership at banks less positive than men



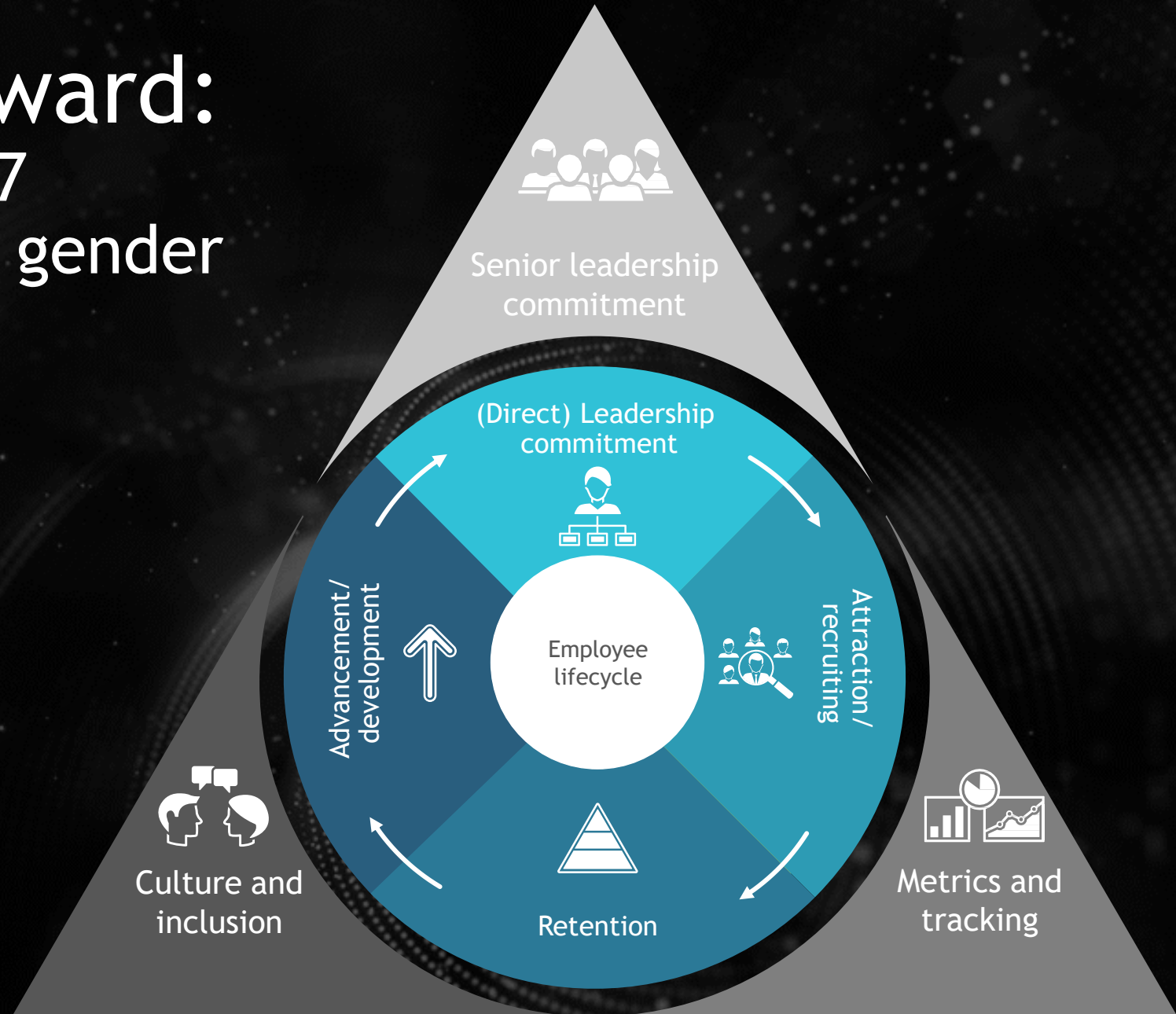
Source: BCG Global Diversity and Inclusion Assessment for Leadership (DIAL) survey 2020 conducted by the BCG Global Diversity, Equity & Inclusion Team; depicted results show Financial Industry in Europe

Employees in FI consider the efforts and progress made on diversity in their companies more positively compared to the employees of other sectors



Source: BCG Global Diversity and Inclusion Assessment for Leadership (DIAL) survey 2020 conducted by the BCG Global Diversity, Equity & Inclusion Team; depicted results show Financial Industry in Europe

The way forward: Initiatives along 7 dimensions drive gender diversity



Best practice examples along the seven dimensions

Senior leadership commitment

- Setting and communication of diversity targets
- Diversity board or dedicated diversity role
- Public commitment, e.g., diversity report, only joining panels with women representation
- (External) engagement, e.g., leadership-participation in networking events, partnerships with women networks

Culture and inclusion

- Antidiscrimination policies, policies that require diversity from suppliers, etc.
- (Mandatory) unconscious bias trainings
- Offering networks/support for women and ensure that the initiatives achieve emotional connection
- Making work more flexible (abolish office presence culture, remote working for all staff, etc.)
- Equal support of men in gender diversity efforts, e.g., paternal leave

Metrics and tracking

- Continuous and transparent tracking of progress towards diversity targets
- Embedding diversity KPIs in leadership performance management (bonus/incentive schemes)
- Integrating diversity questions in employee surveys and use pulse checks



(Direct) leadership commitment

- Visible role models (men and women)
- Allyship/awareness-campaigns
- KPI accountability – embedded in performance management

Attraction/recruiting

- Diversity recruiting strategy
- Bias-free job description
- Unconscious-bias training of interviewers
- Blind screening of candidates
- Diverse interviewer panel

Retention

- Equal & transparent pay initiatives
- “Moments of truth” programs—support during special career/personal events, e.g., return after maternity leave or promotion (specific trainings, family and work offers etc.)

Advancement/development

- Removing bias from evaluation/ promotion decisions (e.g., balanced short list of candidates)
- Formal sponsorship and individualized roadmaps for advancement
- Formal leadership training program

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