

2020 Women in Finance Study

Fintechs and the feminisation
of the financial services

March 2020



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Chaired by both **Cédric O** (Secretary of State for Digital Affairs of the French Republic) and **Ann Cairns** (Executive Vice Chair at Mastercard) and in the presence of Marguerite **Bérard** (Head of French Network at BNP Paribas), **Véronique Nejman** (COO at ING), **Valérie Vitter Mouradian** (Managing Director of Global Banking at HSBC)... and many other personalities, **the Women In Finance** lunch organized by **Altér Event** as part of the **Paris Fintech Forum 2020** in partnership with **PwC France** has brought together major Financial Services players around **the question of the feminization of the FS sector**.

During this meeting, a survey was conducted to understand what **the main issues pertaining to gender equality** were. The study presented below uncovers the analysis of the responses collected.

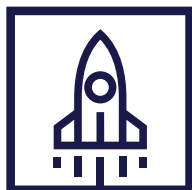
Distribution of respondents by typology of company

Typology of entreprise	%
Fintech	43
Bank	25
Other	15
Insurance	6
Financial Institution	4
Investment Fund	4
not communicated	3

Composed of 72 respondents, the panel is mainly made up of people from iconic start-ups (43% Fintechs including all verticals like regtechs, insurtechs, digital assets...) and directors of international banks (25%).

Panel - Size of entreprise

44%



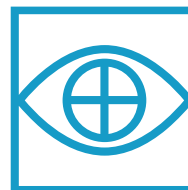
Start-ups

40%



Large groups

19%



Others

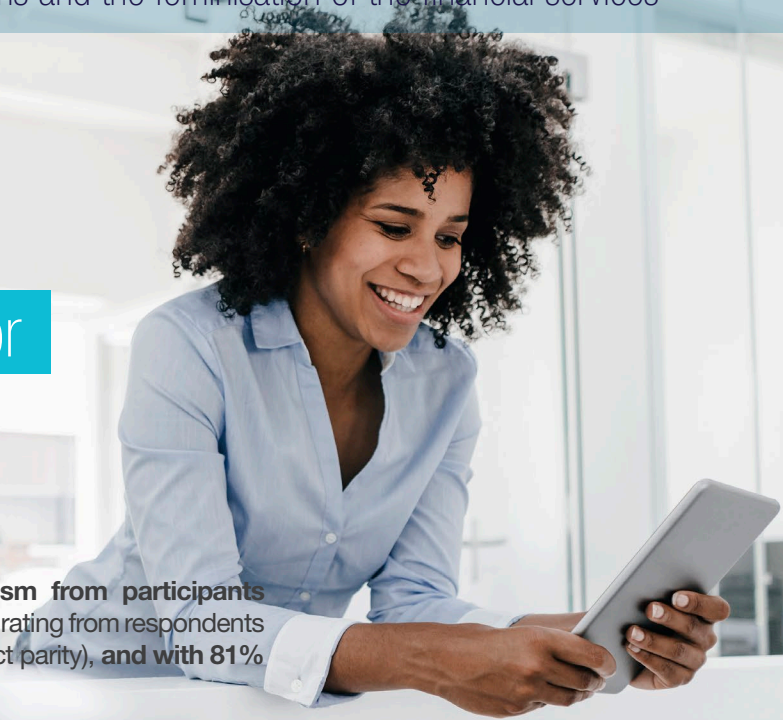
69% of respondents have a C-level role and 46% of respondents are the founder and / or manager of their company. Finally, 79% of the respondents are European and a little more than 4 out of 10 are French.

Distribution of respondents geographically

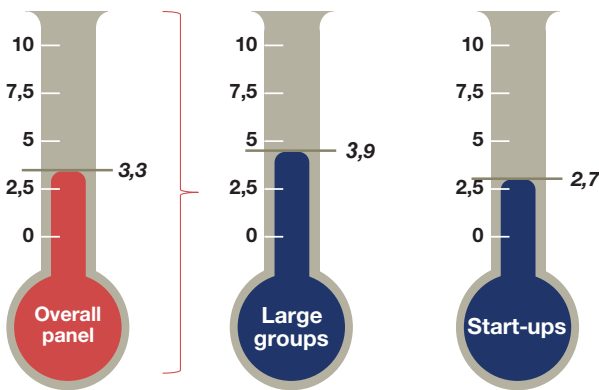
Country	%
France	42%
UK	26%
USA	8%
Australia	4%
Other	4%
Switzerland	3%
Belgium	1%
Denmark	1%
Finland	1%
Germany	1%
India	1%
Monaco	1%
New Zealand	1%
Norway	1%
Peru	1%
Grand Total	72

A striking pessimistic panel concerning the feminization of the Financial Services sector

The first results of the study show a **significant pessimism from participants concerning the feminization of the FS sector** with an average rating from respondents of future gender parity in the industry of **3.3/10** (10 being perfect parity), and with **81% of the panel giving a rating below 5/10**.



Average level of feminisation given by respondents
(0 – low level of feminisation ; 10 – high level of feminisation)



Whereas **57% of all respondents consider that Fintechs will breathe new life** into the industry by promoting gender diversity, the numbers show that Fintech constituents themselves are equally pessimistic, giving an average rating of 2.7/10. A Fintech CEO and co-founder writes: **“there are very few senior female founders running large scale start-ups.”** According to respondents, this gap may be explained in **2 ways**.

For one, Fintechs are having **difficulties recruiting women in tech roles** (digital and tech-oriented job[s]). Although this is common in banks and other traditional financial institutions, it **affects Fintechs distinctly as most of them have business models almost entirely revolving around digital solutions and/or emerging technologies**. A Fintech General Manager claims that “Fintechs seem to have ever less women than traditional finance players, unfortunately due to [their] tech heavy nature”.

“ Fintechs seem to have ever less women than traditional finance actors, unfortunately due to tech heavy nature.
 FinTech General Manager



“ Government intervention should “follow the money”, in particular, the top of the chain. For instance, LPs which fund VCs, including sovereign wealth funds and pension funds should have a clear mandate for diversity when they provide investment mandates to PE and VCs.
 Felicia Meyerowitz Singh, Founder and Chief Executive Officer at AKONIHUB

Second, Fintechs must **gravitate towards an investment ecosystem that is still very masculine** and are thus dependent on the feminization of banks and investment funds. For its members, the over-representation of men generates bias in financing decisions. For instance, by favouring male funders when granting funds, at the expense of female startupperes. Accordingly, a respondent from the study wrote «there are networking associations - but the investors and banking partners remain mainly male.»

Note that the results of the study do not vary significantly by geographical area in terms of trends.

Many benefits expected from the feminization of the sector

The two main benefits mentioned by respondents are:



Taking “unbias decisions” at all levels of the business, a benefit cited by 49% of respondents (this figure climbs up to 60% when excluding Fintechs).



Improving economic performance and profitability of organisations, a benefit cited by 42% of respondents.

60%

Of the start-ups stated that feminization will reduce bias in decisions

The cross-analysis of the results shows that **these two benefits are closely linked**. In fact 37% of people who cited the reduction of bias in decision-making as a benefit of feminization also cited the improvement of economic performance (and 31% conversely).

Main benefits of feminization listed by the panel



Not surprisingly, **27% of respondents say that the feminization of the sector will allow for “better well-being at work”**. Among the reasons given, 1/3 of the respondents emphasize «**a better work-life balance**» which implies the implementation of concrete actions to attune professional constraints to family life. The development of «**a more human managerial culture**» and **less sexual harassment** are also cited.

Furthermore, it appears that **for 26% of participants, the feminization of organisations would impact their organisational culture** in two ways: by **nurturing inclusivity, making diversity an asset** (for 1/5 respondents), and by improving collaboration (for 7% of the panel).

For the panel interviewed, the question of the presence of women in organisations in the FS sector goes beyond gender equality and **points towards developing more diversity within organisations altogether**. Thus, beyond the integration of women into organisations, businesses that have successfully attained parity within their ranks, will also have enabled their organisation to develop a more open culture, accepting different points of view when making decisions, thereby promoting collaboration between its employees and reducing silos.

Listed in 5th position, and for **almost a quarter of the panel, feminization will enable the development of products that respond to a greater number of consumers**. As stated by a Fintech Vice Chairman, «why take insights from only 50% of the world, it doesn’t make any business sense». This benefit is placed in 3rd position by Fintechs (with 35% of them having cited it, compared to 18% for large groups).

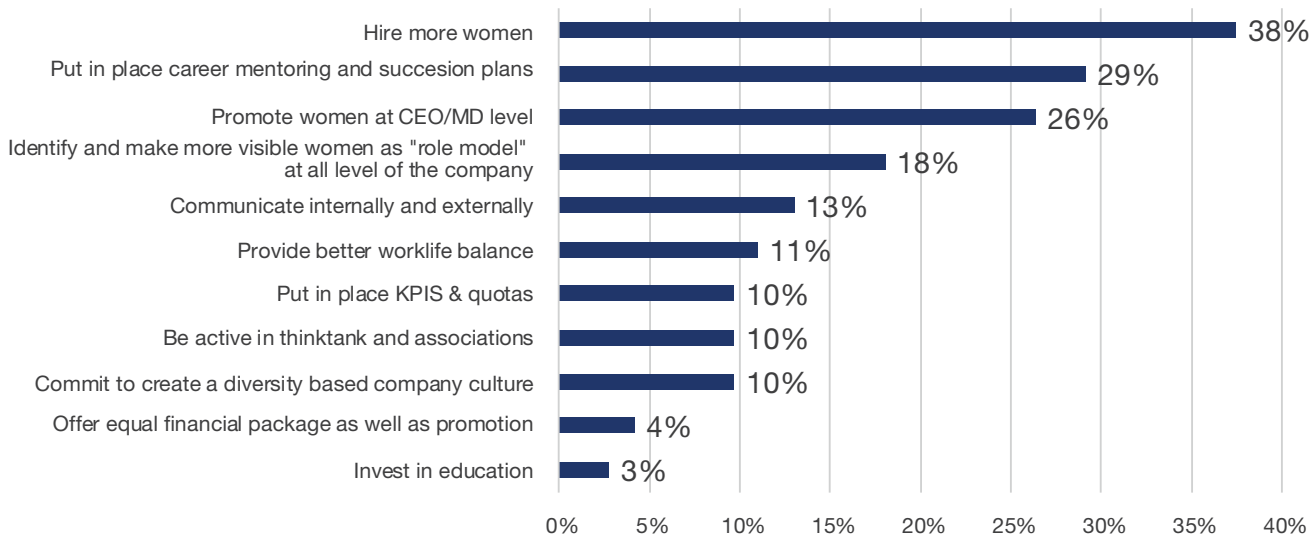


Companies should represent the clients they serve!
Head of EMEA Fintech warehousing

Among other benefits identified, we may name the **fostering of creativity and innovation** (for 14% of respondents) or the development of a «**more sustainable business with a positive impact on society**» (for 11% of respondents).

Recruiting more women and setting up dedicated career support seems to be the two most impactful actions implemented

Most impactful actions put in place in the organization of the respondents



For **38% of the panel questioned**, the action with the most impact within their organisation is **the recruitment of women**. This figure rises to 42% for Fintechs, which can be explained most notably by the smaller size of their teams and therefore the augmented impact the action has on their organisation.




“ When I started the company, gender equality was terrible with 80% men in senior roles. We did things differently, using technology to change the way we work and by taking clear action in our hiring. Today, we are proud to have achieved gender parity. It’s always a challenge since we are growing, yet the business case is clear.

Michelle East, Founder of Certainty Compliance and Advisory Committee The RegTech Association

The second most cited action is **the support of women in their career planning and their appointment to top management positions (cited by 29% of the respondents)**. Indeed, for a third of respondents, actions should not halt at recruitment. On the contrary, they should be based on adapted development plans, the establishment of succession plans at all levels, and the appointment of women at C-level positions. 12.1% of last year’s study respondents said that they could personally set up programs for the promotion of women within their organisation and only 7.7% had said that they could set up mentoring programs. **In 2020, we observe that this type of action is increasingly popular.** Note, however that career programs are more prevalent within large groups than in Fintechs (action cited as present in 36% of large groups compared to 19% of Fintechs).

 The second most cited action is the support of women in their career planning

To promote women in organisations, it appears necessary for **18% of respondents to promote women who will become sources of inspiration** for others and especially for the younger generations. For **13% of respondents**, this promotion of women, as **role model**, will occur through **internal or external communication**, like by giving them speaking time at events or on social networks. For 10% of respondents, communication could be based on **active participation in thinktanks and other associations**. But beware, if today’s ruling generation wishes to resonate with the younger generations, they will have to decipher its codes. This implies understanding **what it means to be a role model for this new generation** whose expectations differ from their predecessors, particularly in terms of work-life balance, as well as societal and environmental impact.

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For **11% of the panel**, the feminization of the sector will be accelerated if businesses offer a **working environment that reconciles personal and professional life. This criterion is even cited in 3rd position by start-ups**: 19% of the latter declare this criterion as having a major impact. 13% of start-ups also declared the “[**implementation of**] a **maternity and childcare program**” as having a positive impact on the feminization of the sector. Although this action is often regarded as self-evident, only 4% of the panel considers that offering equivalent financial packages to men and women (for equivalent work) has a strong impact on feminization.

In France, 105 companies of all industries launched the movement by signing the “**Parental Act**”, a scheme financed altogether by the employer at the birth of a child and granting a month of leave to the second parent (paternity leave does not exceed eleven days in France). Some organisations are going even further, such as **Goldman Sachs**, which announced at the beginning of November the introduction of a 20-week leave for all new parents, regardless of gender. Such actions which confers the same rights to employees and **the same constraints to employers ultimately aim to promote equal treatment for women and men** within organisations.

To uphold total equality of treatment, organisations will have to introduce a **cultural shift. 10% of respondents** consider that in order to accelerate organisational feminization, businesses must set up a favorable breeding ground that **fosters a culture in the organisation that is generally more open to diversity. 7% of large groups even declare that delivering diversity training** will be an accelerator.



“HSBC is very committed to gender diversity challenges with 52% of women at HSBC Worldwide. Having an organization that reflects the outside world and takes another step forward, is very important which is why HSBC France regularly sets internal goals, one of which is to achieve 30% women in leadership positions in 2020. Indeed, several initiatives have been launched, such as hiring and attracting young talent, promoting women in the organization, working through the commercial activities of the bank, research released on female entrepreneurs, organization of events such as the one we did at station F, in 2019 and more broadly by contributing to the evolution of our ecosystem.

Valerie Vitter Mouradian - Managing Director at HSBC

Among the other actions with the most impact mentioned by respondents, we may also highlight **investment in education** (cited by 4% of the panel). Studies show that it is often from a very young age that women acquire the self-confidence that enables them to make their voices heard within organisations. Accordingly, from this age, young women begin to frame a career path and guide their academic curriculum. It is therefore worth broadening our view of how organisations could take part in education. Examples include organisations that have set up their own schools (e.g. Google Academy, Free Academy ...) or organisations advocating in favour of coaching and public speaking in partnership with members of the scholastic ecosystem.



In order to follow-up on the actions taken to accelerate the feminization of organizations, a large majority of respondents have implemented and are monitoring KPIs

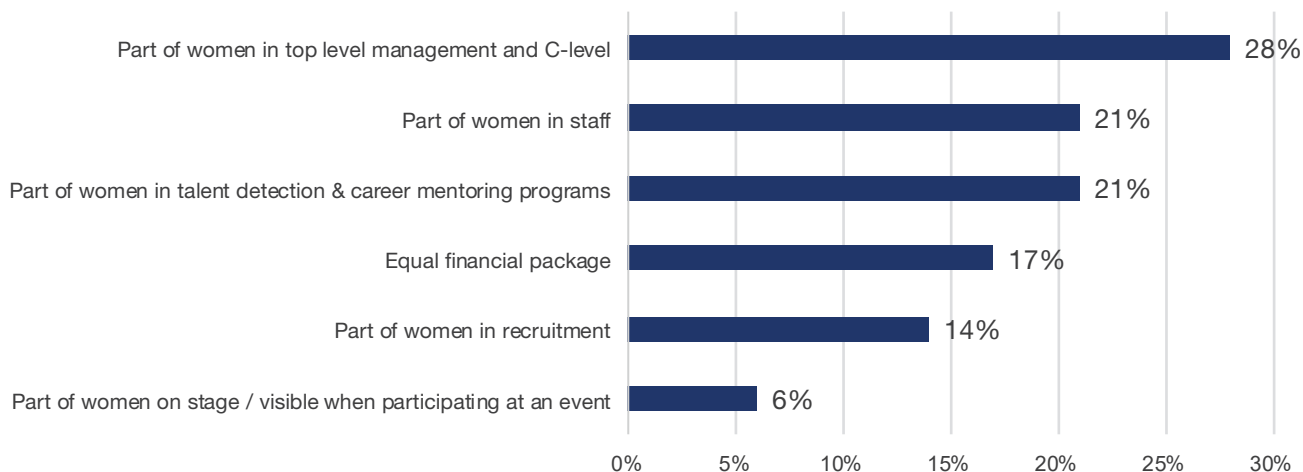
While the panel of respondents is mainly composed of start-ups (which could otherwise suggest that few respondents follow KPIs today), **81% of respondents affirm that they do indeed follow KPIs that monitor feminization. 10% even declare having KPIs as one of the most impactful actions in their organisation.**

We observe that the KPIs cited by the participants are aligned with the actions identified by the respondents. It appears that **the challenge for companies has less to do with identifying an increasing number of KPIs, and more with monitoring the implementation of actions having a strong impact though simple indicators.**

Not surprisingly, the main KPIs followed by respondents are: **the share of women in top management** (KPI monitored by 28% of respondents) **and in staff** (KPI monitored by 21% of the panel). Note that this observation is accentuated by the fact that a majority of respondents were French, a country where the government implemented in 2019 the gender equality index, strongly encouraging businesses to promote gender equality in their governing bodies.

The third most cited KPI in this study is the **share of women in talent detection and career mentoring programs** (21% of respondents).

Main indicators followed by the panel to monitor women recognition



In addition, **40% of large groups monitor equal financial packages** while only 7% of the Fintechs surveyed follow this KPI. This massive gap can be explained by Fintechs' much lower number of employees, which as a result, entails that they presumptively do not need to set up wage adjustment plans.

Finally, it is interesting to note that 6% of CEOs questioned are **particularly sensitive to the proportion of women present in the events in which they participate**, whether internal or external.

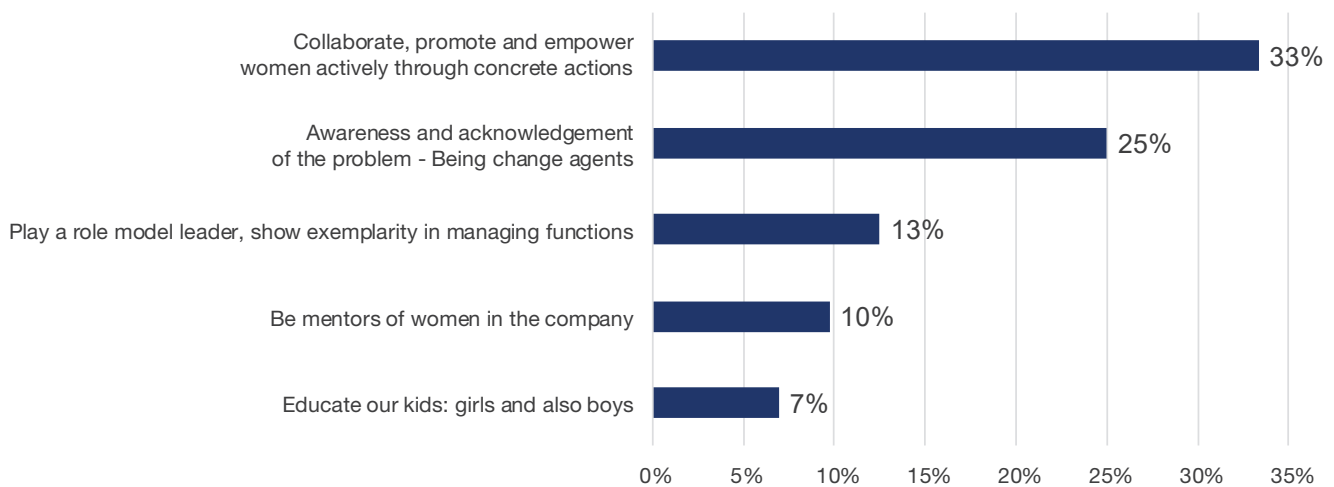


To bring about a global transformation, it will be necessary to embark everyone, especially men

81% of respondents agree that men have an essential role to play in the feminization of the FS sector. For 33% of the panel, their involvement must be focused on the promotion of collaboration with their female counterparts, as well as through tangible daily actions.

81% Of the panel consider that men have an essential role to play in the feminization of the sector

Main role of men in the promotion and support of the finance industry's feminization



As it is men who are predominantly occupying the leading roles in the financial services, it appears that it is they who have the responsibility of instilling the paradigm shift by breathing new life into their organisations. One respondent writes: «We need more senior men to support diversity. As long as [a] majority of the leaders are men, we [will] need to involve [them] much more.» In this way, 13% of the panel considers that men with management functions should strive to become role models when it comes to enforcing gender equality within their organisation. 10% of respondents even suggest that they should mentor women.

“ Nothing will substantially change until this becomes an issue men care about.
 CEO & Founder of a Fintech in Australia

To push feminization of the FS sector further, collective awareness must occur. In fact, feminization, like any major change in culture, will have to involve all employees, whatever their gender, age, background... In that sense, it is essential that male employees take part in this transformation, and it is natural to see that for 25% of the panel, men must become active agents of change. Primarily by bolstering awareness of the need for a more gender diverse workplace.

 “ I think we all need to play a role to move forward. In particular, new generations will be a leading character in the transformation of the global behaviors within companies. That is why reverse mentoring programs, where millennials are coaching baby boomers, are such an effective way to create diversity ambassadors..
 April J. Rudin, CEO and funder of The Rudin Group and digital influencer

More importantly, it seems that this transformation must especially involve the younger generations who are joining the ranks of companies in the sector. Ultimately, they are the ones who, through the implementation of mentoring programs, will change the perception of older generations and thus create a breeding ground for diversity.

Contacts

Pauline Adam-Kalfon

Partner, Financial Services PwC France Consulting

pauline.adam-kalfon@pwc.com

<https://www.linkedin.com/in/paulineadamkalfon/>

Laurent Nizri

Founder & CEO of Paris Fintech Forum

laurent@parisfintechforum.com

<https://www.linkedin.com/in/laurentnizri/>