Unlocking the Potential of the Women’s Market: The Gender Diversity and Inclusion Imperative

As financial services providers (FSPs) increasingly recognize the potential of the female economy, they are also realizing that serving this market effectively requires fostering gender diversity and inclusion (D&I) in the workplace. Doing so is widely acknowledged to have a number of business benefits, including supporting the delivery of tailored customer value propositions for women as the workforce better mirrors the market, promoting innovation as diversity of experiences yields diversity of thought, and expanding the available talent pipeline with new and different skill sets. In a nutshell: A strong internal commitment to women reinforces the organization’s commitment to creating value for women customers and vice versa.

Despite the growing recognition of the benefits of gender diverse and inclusive organizations, gender gaps persist in financial services workforces – particularly at the top of organizations – with many FSPs having yet to take a concerted, organization-wide approach to gender D&I and the long-term cultural change it requires. This InBrief explores the key benefits and challenges of implementing comprehensive D&I strategies, particularly as they relate to FSPs’ approaches to capturing the Women's Market. It explores the experiences of GBA members in their journeys to become both an employer and a bank of choice for women, and provides key recommendations for FSPs seeking to embark on similar journeys.

The findings and recommendations of this InBrief were meaningfully informed by GBA's Gender Diversity and Inclusion Working Group, which included ongoing contributions from 29 GBA members and partner institutions over a 10-month period spanning 2017 and 2018. FSG, the social change consulting firm, contributed both to the execution of the working group and the InBrief’s research and development.
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**Why Diverse and Inclusive Organizations Can Win in the Women’s Market**

The Women’s Market is a huge opportunity for FSPs. Worldwide, women control an increasing share of wealth, make or influence over 80 percent of purchasing decisions,¹ and are starting businesses at significant rates: 163 million women did so in 2016, in addition to the 111 million already running established businesses.² Yet serious gaps in women’s access to financial services persist, and there are limited quality products and services that satisfy women’s unique financial needs. The latest Findex survey reveals that 35 percent of women worldwide are unbanked,³ and IFC estimates that 80 percent of women-owned small- and medium-sized enterprises (SMEs) with credit needs are un- or under-served.⁴ Globally, 73 percent of women report dissatisfaction with their banking services.⁵

Building a sustainable presence in the Women’s Market requires understanding women’s needs, and developing holistic customer value propositions and delivering tailored solutions to meet them. To do this effectively, FSPs must engage with staff at all levels to ensure they can deliver on a focused strategy. This requires an organization-wide commitment — and proactive approach — to becoming a diverse and inclusive organization.

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**Developing tailored solutions.** Gender-diverse and gender-intelligent teams are better equipped to understand women customers. Research from the Center for Talent Innovation finds that teams are as much as 158 percent more likely to understand their target customers when they have one or more team members who represent the end users. Gender-diverse teams thus can help FSPs to create better solutions for women – and become more customer centric overall.

**Promoting innovation.** Research shows that increasing diversity within teams introduces unique perspectives and experiences that translate into creativity and minimize group-think. This is a key consideration in creating teams that can transcend business as usual and develop the right financial solutions for women. And gender diversity that leads to innovation also translates into business value: A study of U.S. firms found that companies prioritizing innovation had greater financial gains when women were part of the top leadership ranks — an increase of US$42 million in firm value across 14 years.⁶

**Expanding the talent pool.** Women represent a skilled talent pool that many FSPs have not yet fully tapped. Globally, 4 million more women than men are enrolling in post-secondary education each year.⁷ In OECD countries, more women than men are graduating from post-secondary education.⁸

**Diversifying skill sets.** Many women also possess a host of skills needed in the rapidly changing financial services sector. Research from McKinsey & Company on nine key leadership behaviors reveals that female leaders apply five such behaviors more frequently than their male counterparts: people development, expressing expectations and rewarding success, role modeling, inspiration, and participative decision making.⁹ Furthermore, CEOs in a 2018 PwC survey ranked adaptability and collaboration — at which women excel — at a similar level of importance to more traditional financial services skills such as problem solving and risk management.¹⁰

**Increasing brand value.** More and more, consumers and employees put a premium on engaging with companies that are aligned with their values. A European Commission study, for instance, showed 57 percent of companies found that D&I programs have a positive impact on customer satisfaction and 69 percent found they help improve their brand image.¹¹ An organization-wide gender equity approach has important signaling power, suggesting an FSP’s long-term commitment to women as both customers and employees.
The business case is clear: Gender diverse and inclusive organizations are poised to win in the Women’s Market. Performance data from GBA banks shows that, compared with institutions that are just starting in the Women’s Market, those with mature programs on average employ 19 percent more women and have 46 percent more women on their boards. They also have higher shares of female customers, credit portfolio to women and deposits held by women. While a direct causal link between employing more women and being the bank of choice for women cannot be established, there is clearly a strong correlation.

Power Shortage: Women Leaders in Financial Services

Women are largely absent from the leadership ranks of the financial services sector worldwide. While they comprise two-thirds of financial support staff and half of professionals, their numbers decline as they move up the hierarchy, to less than one quarter of all executives. Additionally, at all levels above support staff, women are exiting at higher rates than men. The lack of active recruitment and retention of women at all levels — particularly middle management and up — results in an unequal representation of women and balance of power at FSPs worldwide.14
Leverage Points for Organizational Change

Despite the recognized benefits of D&I, many FSPs have not embedded strategies that promote it or linked D&I efforts with customer-facing initiatives. Becoming a truly diverse and inclusive organization requires a systemic change that can be achieved only through cultural change. Put differently, a gender D&I strategy at odds with a company’s culture will not be effective.

If managers do not understand and acknowledge that there may be systemic biases that disadvantage women employees, then prescriptive D&I policies will face resistance and be less successful. Likewise, if customer-facing employees lack the skills and mindsets for respectful, effective interactions with female clients, Women’s Market programs will not succeed.

Company culture can be one of the biggest barriers to effectively implementing any gender strategy, whether customer- or employee-facing. Not surprisingly, 89 percent of GBA Working Group members cited culture shift as their highest-priority goal. Changing culture requires engaging individuals to shift their attitudes and beliefs about gender. To do this, organizational change that engages multiple leverage points is required. These leverage points can be illustrated through the iceberg model. As shown on page 5, some leverage points are unrecognized, or lie semi-visible or invisible below the tip of the iceberg, representing the roots of an organization’s culture. While the area above the water is more visible and thus more likely to be tackled, it is critical to address the specific leverage points at all levels for real cultural change to occur.

Organizations can be inclusive without being diverse, and diverse without being inclusive.

- A diverse workplace is one where differences are represented in the workforce.
- An inclusive workplace is one where all members of the workforce, which may or may not be diverse, fully participate.
- A diverse and inclusive workforce is one where diverse employees can thrive and fully participate.
Visible leverage points: policies, practices, resource flows

Many FSPs have yet to examine their existing policies and procedures or establish new ones to ensure they support recruitment, retention, promotion and professional development for women. For example, while the majority of GBA Working Group members have paid maternity leave policies, only 44 percent have mentorship programs, 31 percent have executive sponsorship programs, and 25 percent have return to work programs—all of which are important to retaining and developing female leaders. Reward and recognition systems must incentivize and support the desired changes: Performance management, including target setting, must be consistent with the behaviors that people are asked to embrace. In addition, many organizations fail to dedicate sufficient resources to uphold the so-called hard wiring that has been put into place—which can often lead to employees being unaware of or not abiding by the policies and procedures.

Semi-visible leverage points: relationships, social connections, power dynamics between individuals

Gender power dynamics are uneven in the financial services industry in part due to the greater representation of men in leadership and decision-making positions, as well as to societal and cultural expectations of how women should act. A U.S. study on implicit bias revealed that women's perceived competency drops by 35 percent and perceived worth drops by over US$15,000 when employers judge them as “forceful” or “assertive” — traits often exhibited by leaders — compared to a 22 percent drop in perceived competency and a US$6,500 reduction in perceived worth among men viewed the same way. This double standard, combined with the under-representation of women in the leading ranks of financial institutions, tilts the balance of power toward men.

Invisible leverage points: deeply held beliefs or individual mindsets within an organization

Mindsets are the hardest leverage point to change, yet arguably the most critical as they are reflected in institutional norms and culture. Women often are more aware of gender biases that act against them, which can result in differing beliefs between men and women as to what the true problem is. An EY study reveals that 28 percent of women in global financial services agree that organizational bias is a top barrier to women in leadership, versus just 15 percent of men. Gender biases can influence both internal and external priorities for a bank, with implications ranging from hiring and compensation to targeting specific market segments and tailoring customer service to meet segment requirements.

By taking an approach to gender D&I efforts that considers all of these leverage points, FSPs can begin to change mindsets within their organizations and foment transformative culture change to fully reap the benefits of D&I — unlocking the potential of women both internally and externally.
Case Studies in the Gender D&I Journey

GBA members are leaders among banks making strategic investments in gender D&I to become both employers of choice and banks of choice for women. They understand that, beyond the reputational benefits, walking the talk on gender equity is critical to helping them develop and deliver products and services that their female customers need. This section presents brief case studies on several GBA banks that explore how investments in gender D&I can unlock the potential of the Women’s Market and drive tangible business value for banks.

BLC Bank: Robust Targets and Public Commitment

Lebanon-based BLC Bank has over US$5 billion in total assets and serves 102,000 customers. In 2012, the Bank launched its We Initiative, which economically empowers women by providing access to financial services, advisory, training and business education, and access to professional networks. BLC Bank saw its investments in gender D&I and its strategic approach to targeting women customers as a competitive advantage in a market that has more than 65 financial institutions vying to serve a population of just 4 million.

Ensuring management buy-in required culture change. BLC Bank started by establishing gender equity as one of its five corporate values, communicated its commitment publicly and signed on to the United Nations’ Women’s Empowerment Principles. The Bank then established measurable targets for women, including recruitment, representation across staff levels, turnover, remuneration, employee Net Promoter Score® and professional development. Some of these targets are also communicated externally, such as the Bank’s aim to reach gender parity in senior management by 2020. BLC Bank also worked to address invisible leverage points, for example, by incorporating unconscious bias training into its employee induction training and adapting its sales training to include modules on approaching female customers.

Since launching the We Initiative, BLC Bank has raised its percentage of women employees from 47 percent to 52 percent and women in senior management from 36 percent to 45 percent. The We Initiative has contributed to a 28 percent increase in loans disbursed to women and 48 percent increase in women’s deposit volumes from 2012 to 2017. The customer-facing program has served as a powerful signal that BLC Bank is a strong promoter of gender equality, leading to an increase in the Bank’s recognition in the market as a desirable workplace for women.

“We understood from the start that we needed to become the employer of choice for women to become their bank of choice.”

Souheil Younes
Head of the Human Resources Group, BLC Bank
The Royal Bank of Scotland Group (RBS) is one of the largest banks in the United Kingdom. It serves 19 million customers with over US$946 billion in total assets, predominantly under NatWest – RBS’s flagship brand in England and Wales, with 14 million customers. RBS recognized the value of a diverse workforce early on, setting up an internal women’s network more than 10 years ago. The network was pivotal in promoting women’s visibility across the organization and launching the culture change needed to achieve true inclusiveness. Today it has over 9,000 members, including 2,000 male allies who pledge their commitment to taking actions to promote gender equality. The bank also created the Women in Business (WiB) program as a first-of-its-kind initiative in the UK to support women business owners with business expertise, networking opportunities and learning events.

At the end of 2014, RBS publicly declared its ambitious goal of being the industry leader in customer service, trust and advocacy by 2020. In order to reach these objectives, the bank doubled down on its inclusion efforts to enable greater diversity and ensure that it became part of the organization’s DNA. It understood that such efforts would not only support the WiB program, but also improve service for all customers.

Recognizing the importance of culture change, RBS implemented a “compound approach” to gender inclusion, implementing targets at the most senior levels while ensuring new practices that supported the targets were in place. RBS committed to having at least 30 percent women in the bank’s top three leadership levels across all business lines by 2020 (equating to 40 percent on aggregate) and a gender-equal workforce at every level by 2030. RBS’s gender targets are part of Executive Management’s common objectives as well as the business performance scorecards that drive senior leadership pay at the bank. Targets are supported by a “positive action” strategy for each business area tailored to its specific challenges to achieving and maintaining a gender balance. Annually, targets are reviewed and supporting plans are adjusted in order to build traction.

With all the basics in place, the bank’s attention is now turning to “upping the ante,” looking at more innovative and disruptive ways to shift the gender balance. While RBS’s “positive approach” continues, it has evolved to ensure diversity across all business functions. The bank is also working on pioneering ways to reinvent specific roles that in the past have been predominantly held by men to attract and retain more female talent. RBS has expanded the conversation from gender balance to an intersectional approach that embraces individuals’ diverse identities – including gender, ethnic background, LGBTQ, disabilities and beyond.

This new way of thinking has paid off. Today, RBS is on track to achieve its 2020 gender target, with an aggregate 36 percent across the top three leadership levels to date. The bank’s inclusion progress has also improved its success with women customers: As of June 2017, the program had achieved a 36 percent increase in women-owned business accounts and a 26 percent year-on-year gain in lending to women in business.

*Royal Bank of Scotland Group: Taking a Stand for Change — and Making It Happen*

“Quite simply, if we are a more inclusive place to work, great people will want to work here, and more customers will want to bank with us. So for us, inclusion is a business imperative.”

Marjorie Strachan
Global Head of Inclusion, RBS
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Habib Bank Limited (HBL) is the largest private-sector bank in Pakistan, serving more than 10 million customers. HBL has made important investments to improve its gender D&I — investments that have had a significant impact on the bank’s efforts to increase women’s access to and use of financial products.

In 2015, HBL recognized the huge untapped opportunity in the Women’s Market: Only 3 percent of women in Pakistan had bank accounts with a formal financial institution. The bank committed to growing its business by investing in this market and conducted research to explore the barriers both to women’s financial inclusion and HBL’s ability to serve them.

The research generated key insights about gender inequities within the organization, most importantly revealing gender biases among employees who did not support women in the workplace and did not see women as a viable commercial segment. HBL leadership understood that culture change was needed, both to raise awareness of gender biases and misperceptions in the workplace and to grow and better serve the bank’s women customer base.

As a first step, the bank worked with IFC, part of the World Bank Group, to develop and deliver gender intelligence training that reached 8,483 employees across 36 cities. In addition to adjusting mindsets about women in the workforce, the training increased staff awareness of the importance of targeting women as banking clients. In the first 24 months after the training, branches that participated in it saw 7 percent more women-owned deposit accounts and 10 percent more deposit volume from women-owned accounts than branches that were not trained.

Senior leadership also saw improving gender diversity across all levels of the organization as a critical component of its overall efforts to serve women well. As a key step, HBL set an ambitious goal to increase women’s representation in its total workforce from 13 percent in 2015 to 20 percent by 2020. In just 2 years, the bank has made significant progress toward this goal, with women now representing 15 percent of staff—a notable achievement for a country in which gender equality is not yet an established concept.

**CASE STUDY**

“In order to move toward a customer-oriented strategy, our priority has been changing the mindsets of the salesforce. Before this, we sold a lot of individual products rather than listening to the customer and offering products and services that meet her needs.”

Mutjaba Naqvi
Head of Global Branch Business, HBL
Bank al Etihad: Walking the Talk for Women

Bank al Etihad is a Jordan-based financial services firm with US$2.7 billion in assets serving over 120,000 customers, of whom 29 percent are women. Gender diversity is at the bank’s core: Its leader is the only female CEO among Jordanian banks, and women comprise 21 percent of senior leadership and 30 percent of middle management.

But this wasn’t always the case; less than 5 years ago, women accounted for just 20 percent of Bank al Etihad’s management positions and 10 percent of its customer base. The bank saw this as a significant business opportunity and committed both to increasing its own gender D&I and targeting the Women’s Market more strategically. In 2014, it launched Shorouq, a program supporting all segments of Jordanian women with banking solutions and non-financial services. The program has been extremely successful, with 170 percent growth in women customers from program launch to 2017 year end.

As part of Bank al Etihad’s research into the Women’s Market, it found relatively low representation of women in the Jordanian labor force overall, at 32 percent. The research revealed four factors that primarily accounted for women’s under-representation in the workforce and management roles, in particular. The bank used this research to inform its gender D&I strategy.

- **Childcare responsibilities.** Bank al Etihad sought to help employees better balance their home and work obligations by commissioning a childcare center for both women and men with young children — and locating it across the street from the bank’s main office.

- **Lack of transportation.** Recognizing that many women faced challenges in getting to their jobs, the bank made efforts to shift women to branches closer to their homes. A related move was to introduce flexible work hours for employees in positions that do not require rigid schedules.

- **Discrimination in the workforce.** This was a societal problem whose solution required significant mindset adjustments. The bank provided awareness training about gender biases and the benefits of women’s economic empowerment, implemented a shadowing program in which participating women interacted with high-ranking women in the organization, and held events for employees and customers highlighting female entrepreneurs and other professional role models. Bank al Etihad also institutionalized a zero-tolerance sexual harassment policy.

- **The wage gap.** The bank implemented an equal-pay-for-equal-work policy.

In 2017, the bank launched its Shorouq “Comeback” program, designed to help women re-enter the financial services profession following a voluntary career break. The program offers a 3-month internship in which women can rotate through different departments while being trained on additional soft skills. “Comeback” proved so popular that the bank received 1,500 applications for 20 available internships in 2018. More importantly, it helped promote both internally and externally the bank’s message that it wants to be women’s employer of choice and bank of choice.

Bank al Etihad’s women-focused strategy has generated impressive results. Women now account for 43 percent of the workforce, up from 39 percent prior to the launch of Shorouq, and the bank has much greater access to strong female talent. Women represent 56 percent of all job applicants compared to just 43 percent at 2014 year end, underscoring the bank’s attractiveness as an employer to female job seekers.

Arabic for Sunrise, “Shorouq” represents the promise of a new day brimming with productivity and progress.

“"To claim the Women’s Markets externally, you have to have the right program internally. One won’t do well without the other – customers would see right through it.”

Natalie Al Naber
Senior Director of Corporate Communications and Marketing, Bank al Etihad
Westpac: Representing Gender Equality from the Inside Out

Australia-based Westpac Group serves 12 million customers and has a market capitalization of over US$70 billion. Westpac has been a pioneer in recognizing the potential of the female economy over the past 19 years, launching a variety of dedicated solutions to help women succeed and resolving to serve the Women’s Market in a strategic way like no other bank of its size in the world. In parallel, the bank has developed and sustained comprehensive practices to attract and support women employees since the early 1990s.

Westpac takes an inclusion-first approach – styled as “Inclusion & Diversity” (I&D) – which it defines as the extent to which employees feel included and valued by the organization. It sees diversity as focusing on perspectives and capabilities rather than visible characteristics such as gender. Creating an inclusive culture and attracting, growing and retaining unique talent are essential to the bank’s ability both to connect with its diverse customers and engage communities and the market.

In order to create this inclusive culture, Westpac embedded I&D across the entire organization. At the top, the I&D Executive Council is chaired by the CEO and consists of the executive team, all of whom oversee the bank’s efforts and progress toward I&D. The head of I&D sits in human resources and is responsible for setting goals and priorities and strategically aligning efforts across the divisions. The I&D working group of nominated leaders serves as a sounding board to socialize new ideas or approaches. Employee action groups drive conversation to advance specific I&D initiatives (e.g., for women or LGBTQ individuals). And I&D business councils are accountable for I&D across their group-level business units.

Working across the organization, the bank has fulfilled its gender equity imperatives via what it calls a combined hard-wiring (policies and processes) and soft-wiring (culture change) approach. On the hard-wiring side, the bank:

- Was an early adopter of paid parental leave.
- Is a strong advocate of pay equity in Australia.
- Introduced flexible work hours. Currently, 76 percent of women and 72 percent of men take advantage of those options.
- Introduced two dedicated Women’s Development programs, which have seen over 500 employees participate in the past 5 years.
- Set a mandate that all leadership, talent and graduate programs have at least 50 percent women participants, providing even further opportunity for growth and development at the Westpac Group.
- Implemented innovative new programs both to target women to join male-dominated areas such as IT and to recruit women leaders from outside the banking sector to join Westpac’s senior leadership.

Soft-wiring, or creating sustained culture change around gender equality, required raising awareness and working through unconscious biases using techniques like storytelling, profiling and case studies of inspirational women, as well as encouraging industry leadership on gender equity through the bank’s best-in-class Women’s Markets program. Westpac also prioritized efforts to engage men as champions of the gender I&D strategy, which has contributed significantly to the culture shift across the organization.

Westpac’s comprehensive gender diversity agenda is reflected in its workforce composition: Women have consistently represented more than 60 percent of employees, and women in leadership roles increased from 42 percent in 2013 to 52 percent as of year-end 2017 — exceeding their original target of 50 percent. Westpac has been recognized externally for its work in women’s professional development and leadership, receiving a Certificate of Executive Leadership in partnership with AGSM.

The bank’s long-term internal and external focus on Women’s Markets has made it an international example of best practice with the female economy and made its women’s program a major success. As of 2018, the bank’s Women’s Markets offerings served more than 4 million women, lent US$47 billion to women, held US$41 billion in women’s deposits and generated US$650 million in revenues.
Enacting Long-Term Institutional Change

The case studies we have cited show how investing in gender D&I is correlated with success in the Women’s Market. Yet such investments cannot truly be considered effective unless they produce lasting change. The following are critical lessons FSPs can learn from to increase the odds of success:

**Stating an institutional commitment is only the first step.**
The case studies illustrate how many GBA members have elevated gender D&I to a top institutional priority by incorporating it into their corporate strategies or values, making public commitments with specific leadership targets and/or becoming signatories of global initiatives. The banks featured also have enacted policies, shifted practices and/or created incentives that would enable follow-through on their commitments.

But GBA banks are the exception in the financial services industry rather than the norm. Global research indicates that while D&I is a stated value for 88 percent of FSPs, far fewer have invested in efforts related to their objectives. Stating institutional commitment to D&I can be a powerful first step, but it is credible only if FSPs take tangible action and make investments.

**Gender D&I policies must be complemented by efforts to shift mindsets and move culture forward.**
In addition to enacting specific policies and practices, institutions need to invest in efforts to address biases and establish new cultural norms. While standard practices such as pay equity audits and unconscious bias training can provide an important start, truly transformative efforts for women’s advancement must address institutional relationships, mindsets and culture. The case studies help illustrate that these leverage points — which tend to be less visible or measurable — can play a key role in an institution’s journey toward becoming an employer and bank of choice for women.

**Measurement and learning from gender D&I investments should drive long-term strategy.**
To ensure sustainable results, institutions must be able to adapt – leveraging insights from quantitative and qualitative data to refine their approaches. The internal measurement process should begin with the collection and analysis of sex-disaggregated data across key D&I areas such as women’s representation, promotion, recruitment and exits per level, professional development participants, and pay equity, to name a few. Building on this baseline data, institutions can use interviews, surveys and other qualitative inputs to build a complete picture of the workplace experience for men and women and the extent to which those experiences differ. Institutions can then use this data to develop and implement improvement plans and foster accountability among business managers.
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Making the Gender D&I Commitment

Investments in gender D&I efforts across an organization help improve culture, conduct, employee and business performance, and brand value, generating benefits for both male and female employees, customers and investors. Yet despite the compelling business case for a strategic focus on gender D&I, progress in the financial sector is still slow. There is a need — and a tremendous opportunity — for FSPs serious about the Women’s Market to lead the way. The examples from GBA members highlighted in this InBrief can serve as a starting point for discussions on the tangible ways gender D&I investments can help FSPs build the institutional know-how, innovative teams and supportive culture needed to successfully tap into the power of the Women’s Market.

ENDNOTES:
8 OECD.org data.
14 Ibid.
17 Net Promoter®, Net Promoter System®, Net Promoter Score® and NPS® are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.
18 International Finance Corporation, Gender Intelligence for Banks – Moving the Needle on Gender Equality (2017).