



HM Treasury

New Charter to link City bonuses to the appointment of senior women

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Leading financial services firms will sign up to a new government Charter designed to improve gender diversity in senior positions in the sector.

The Charter is being launched today and sets out how to implement the recommendations of Empowering Productivity: harnessing the talents of women in financial services, the review undertaken by Jayne–Anne Gadhia, the Chief Executive of Virgin Money.

The Gadhia Review recommends that financial service firms connect parts of the remuneration packages of their executive teams to gender balance targets. It also recommends that firms set internal targets for gender diversity in their senior management, publish progress reports annually against these targets, and appoint an executive solely responsible for gender, diversity, and inclusion.

The government strongly believes these recommendations will be key to driving change in the senior levels of the male–dominated financial services industry and has launched a new Women in Finance Charter today committing to take on board these recommendations.

Jayne–Anne Gadhia will be the first bank chief to sign the Charter on behalf of Virgin Money. She will be joined by representatives of four of the sector's largest employers, Lloyds Banking Group, Barclays, HSBC and the Royal Bank of Scotland who will pledge their commitment to improve gender diversity in their firms. Columbia Threadneedle will be the first Asset Management firm to sign up on the day, while Capital Credit Union will be leading the charge for mutuals. The Treasury will publish a list of the firms who have signed up to the Charter after three months.

Harriett Baldwin, the Economic Secretary to the Treasury, said:

“Achieving gender balance at all levels across financial services firms is a personal priority of mine which is why I asked Jayne–Anne to carry out this incredibly important review into women in finance in the Productivity Plan.

“I am delighted to accept her recommendations in full. It is fantastic that a number of leading banks have already committed to sign up to our new Women in Finance Charter and I encourage all firms across the sector to follow suit. Removing the barriers which prevent women from fully realising their potential in the labour market is a crucial part of improving the UK’s long–term economic performance.

“Financial services can lead the way as the sector with the highest pay in the UK and the widest gender pay gap. The widespread adoption of the review’s recommendations will help make a genuine difference to gender diversity in financial services. This is just one part of the government’s broader ambition to tackle gender inequality in the workplace.”

The Gadhia review looked at the issue of unequal gender representation in financial services and found that in UK Financial Services female representation was around 23% on Boards, but only 14% on Executive Committees.

Jayne–Anne Gadhia, the Chief Executive of Virgin Money, said:

“The objective of the review was to understand what more could be done to get more women into senior leadership positions. To achieve this, we had an open, transparent and democratic debate, and involved as many firms and individuals as possible to hear all the relevant voices and win broad and widespread support.

“Our research showed that in 2015, women made up only 14% of Executive Committees in the financial services sector. Too few women get to the top and this is not just about childcare. Women are leaving because the culture isn’t right. It’s very encouraging that a number of major financial services companies have already agreed to implement our recommendations. As a result, the issue will now be addressed in a way the City recognises. Make it public, measure it and report on it. What gets published gets done.

“The social and economic benefits are clear and I look forward to more financial services companies signing up to the Charter in due course.”

The Charter will be unveiled on Tuesday, alongside the publication of the Gadhia Review by Jayne–Anne Gadhia and Harriett Baldwin, the Economic Secretary, at a launch event hosted by the Bank of England.

NOTES TO EDITORS:

A range of organisations from Credit Suisse to McKinsey say companies with more women in top executive positions generally perform better. In the course of the Review almost 3,200 people from across the UK responded to a public survey into what would enable women to progress in the financial services sector. The results were further tested in interviews and roundtables with financial professionals.

The extensive consultation highlighted a number of best practice targets that will help financial services companies to get more women into senior management positions. Those include investment in supportive line managers, creating the right culture, providing technology which supports flexible working, ensuring there are transparent pay structures, increasing the number of female role models, implementing good flexible working policies, supporting working parents, offering mentoring schemes and active sponsorship, and providing opportunities for women to gain commercial experience.