CHARTING 50 YEARS OF CHANGE FOR WOMEN IN THE UK’S FINANCE SECTOR
I recently wrote about my hatred of making the ‘business case’ for diversity and inclusion (D&I), a now repeated admission that may surprise readers of a report about women in finance.

My aversion – driven by, among other factors, an innate mistrust of structural barriers that require those being excluded having to make the case to be included – is a trait I seem to share with previous leaders at the London Stock Exchange (LSE), but for totally different reasons.

In 1973, after years of resisting the ‘business case’ for women being admitted to membership of the trading floor, and repeatedly rejecting their applications, the powers that be were overcome by market forces – of competition – and women were admitted as part of the LSE’s merger with UK regional exchanges, where women were already commonplace.

The game was up, the preservation of status quo over; women were breaking and entering, crashing through the glass ceiling and onto the trading floor.

Later in this report, Emeritus Professor Ranald Michie, author of The London Stock Exchange: A History, describes this moment as ‘integral to London’s journey to becoming [the] open market’ we enjoy today.

Yet half a century later, our sector has not fully redressed the structural inequity and imbalances that characterised the experience of women – and barred them from professional growth in our sector - fifty years ago.

Today, no ‘business case’ or rationale for D&I is required. Instead, our approach must confront the uncomfortable truth that the enduring structures and processes within organisations – much like the ones that exist in wider society – need to change to produce different outcomes. Change has come, but so much more is required.

For me, the root of the solution is data, and the economic analysis by the Centre for Economics & Business Research behind this report serves to highlight D&I’s data challenge.

While the team’s main analysis spans the period from 1971 to 2022 and is measured by employment and gross value added (GVA), due to the lack of historical data on wages or productivity broken down by gender and industry, we can only present figures for GVA from 1997 onwards.

Today’s D&I targets, progress and future outperformance can only be achieved on the firm foundations of accurate data and an honest reckoning about where we are, and the steps required to surpass our ambitions.

The data strategy to deliver our industry’s D&I trajectory must do two things:

- First, it must enable organisations to accurately describe the current situation it faces regarding diversity in the workplace.
- Second, and perhaps even more importantly, to support those organisations to understand ‘why’ the data is as it is and what steps need to be taken to address both diversity and the level of inclusion.

The economic analysis that follows highlights the outsized impact of national policy and legislative mechanisms on women’s progress in finance, but the accompanying qualitative analysis of the academic literature also reaffirms the uncomfortable truths – the inflexibilities, inequities and resistance to change that our industry is yet to fully address.

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FOREWORD
Julia Hoggett, CEO, London Stock Exchange plc

The key finding for me: that the near three-fold growth in GVA to the UK economy by women in finance over the past 26 years is explained by an increase in women’s ability to participate and, as a result, their wages and productivity – leading to a higher value added per worker – should make every politician working to solve the UK’s productivity puzzle sit up and take note.

The £1.12 trillion ‘gender diversity dividend’ delivered to the UK economy since 1997, by the incredible work of innovative, dynamic and dedicated women across the UK finance sector, should not be overlooked.

Looking ahead, the focus is now exactly where it needs to be in financial services: not on whether D&I is a good thing but grappling with the hard yards of what we still need to change in order to make a difference.

The Women in Finance Charter is a good start, but it is the micro-changes to processes underneath the overarching structure that are and will be critical. It is the work of mentors of the new talent coming into our sector, excited about the future and their progression; it is the managers, leading the way in building culture and trust; it is the leadership of senior management, supported and empowered by their organisations to lead from the front and be the change that so many, including those just entering the floor, need to see.

I am proud to work for an organisation that not only wants to honestly reckon with the history of how we got here, but is relentlessly focused on where we can go next.

“...The £1.12 trillion ‘gender diversity dividend’ delivered to the UK economy since 1997, by the incredible work of innovative, dynamic and dedicated women across the UK finance sector, should not be overlooked.”

Julia Hoggett
CEO
London Stock Exchange plc
This analysis from the Centre for Economics and Business Research (Cebr), on behalf of the London Stock Exchange, considers the contribution of women in the finance sector to the UK economy over the last 50 years. Cebr and the LSE acknowledge the broader definition of gender diversity, however the data available only delineates gender across the categories of men and women.

The finance sector is defined by Section K (Financial and Insurance Activities) and is comprised of the following sub-sectors:

- Financial service activities, except insurance and pension funding (SIC code 64);
- Insurance, reinsurance and pension funding, except compulsory social security (SIC code 65); and
- Activities auxiliary to financial services and insurance activities (SIC code 66).

Our main analysis spans the period from 1971 to 2022 and is measured by employment and gross value added (GVA). Due to lack of historical data on wages or productivity broken down by gender and industry, we can only present figures for GVA from 1997 onwards.

In addition to this core analysis, a review of the academic literature provides contextual information for the role of women in the finance sector during this period, and how structural and social barriers have evolved over time.

Moreover, we present a forecast model for the GVA contribution of women in the finance sector up to 2035, and we consider a range of three scenarios for our forward projection.

Further details on data sources and methodology can be found in the Appendix at the end of the report.
SECTION 1
A NUMBERS GAME? THE SHARE OF WOMEN WORKING IN UK FINANCE

- The share of women working in the finance sector increased from the 1970s to its peak in 1991 but has been decreasing ever since.

- In absolute terms, the peak number of women working in UK finance occurred in 1997, at which point there were approximately 589,000 women working in the UK’s finance sector. 26 years on, in 2022, this number had declined by more than 30 per cent to just over 400,000.

- Women’s contribution to GDP has increased significantly in the 26 years from 1997-2022. In 1997, women contributed approximately £22.6bn to the UK economy, which accounted for around 36 per cent of the total finance sector GVA. Since then, the economic footprint of women in finance in nominal terms has increased nearly threefold, growing to over £64bn by 2022 (35 per cent of the total UK finance sector GVA).

- Over the 26-year period, the GVA by women working in the financial sector, in real, inflation-adjusted terms, constitutes a £1.12 trillion ‘gender diversity dividend’ to the UK economy. Based on the number of households in the UK today, this would equate to an extra £299 per household annually over 26 years, (approximately £7,786 total) per household. 2

SECTION 2
WOMEN’S WORTH? PAY AND PROFESSIONAL GROWTH FOR WOMEN IN UK FINANCE

- Women in the financial sector have continued to earn less than their male counterparts over the five years to 2022, across all occupation levels in financial services. Moreover, despite administrative occupations being disproportionately dominated by women, the weekly earnings of men in these occupations remain higher and are growing at a faster rate.

- Overall, however, women’s wages have more than tripled since 1997 and have grown more than men’s over the same period. Women’s average wages in the finance sector have risen from around £16,000 in 1997, to over £50,000 in 2022. Over the same period, men’s wages have risen from a starting point of £33,500 to over £80,000.

- The growth rate of women in managerial and professional occupations in the financial industry is higher than that of men. Between 2016 and 2021, the number of women in managerial and professional occupations charted an average annual rise of 8.2 per cent, compared to 6.3 per cent for men.

- Since 2016, the difference between the number of men and women employed in managerial and professional occupations has almost consistently fallen.

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2 Calculation undertaken by Edelman Smithfield, using methodology verified by Cebr.
EXECUTIVE SUMMARY

SECTION 3
WOMEN AND THE FUTURE OF UK FINANCE

• Cebr’s modelling indicates that, under the baseline scenario, the GVA contribution of women in the UK finance sector could grow by 75 per cent to reach over £112bn in 2035, from £64bn in 2022. Cebr’s forecast is based on the team’s in house model of the UK economy, updated monthly by Cebr’s Forecasting and Thought Leadership team, and a bespoke model for the GVA contribution by women in the finance sector (based on historical analysis covered in the report).

• The impact of nationwide policy and legislative changes is expected to disproportionately affect the finance sector given the prominence of the sector for both media and policymakers, due to the observed high gender pay gap compared to non-finance sectors.

• Successful initiatives to improve the perception (both self and external) and position of women in the financial industry require measures aimed at lowering the social and institutional barriers for women to seek and apply for promotion opportunity and salary raises.
A NUMBERS GAME? THE SHARE OF WOMEN WORKING IN UK FINANCE

While the admittance of the first six women to membership of the London Stock Exchange in 1973 marked a turning point for the position of women within a landmark City institution, it would be incorrect to extrapolate that women had been largely absent from the UK finance sector prior to this historic moment.

In fact, quite the opposite is true. Even within the UK’s community of stock exchange firms, around 1,600 women were employed by jobbers and brokers in the years leading up to the Second World War – albeit in more traditional roles of typists and telegraphists. ³

While this number dropped to under 600 at the start of the war, by June 1942 the number of women had risen to 1,271, comprising 21 per cent of total personnel across stock exchange firms.

Regional exchanges were decades ahead of the LSE in admitting women as members. The Association of Provincial Stock and Share Brokers (APSSB) – which represented 11 regional stock exchanges in Britain and Ireland – began admitting women as members of its exchanges in 1923. The first woman to become an official member of the APSSB was a stockbroker from Exeter named Doris Ellen Mortimer (The Vote, 1924). The APSSB’s decision to admit Mortimer, and the women who followed her, served to increase pressure on the LSE to open its trading floor to women. ⁴

Ultimately, it was the merger of regional exchanges – already admitting women – with the LSE which forced the hand of London’s resistant membership.

Post-war women in finance

Of course, the Second World War catalysed a profound shift in the role of women in the workplace and in society more broadly, a dynamic reflected in contemporary employment data.

In the years between 1948 and 1970, women’s employment across the UK expanded by 270 per cent across all industries relative to men’s, which rose by 40 per cent over the same period. ⁵

In the finance sector, women employees were nearing parity in terms of share of employment by the early 1970s.

In 1971, just two years before the first women were admitted as members of the LSE, almost half (48 per cent) of workers in the finance sector were women, and in some areas of the market, women exceeded men in share of employment. Data on employment in English clearing banks, for example, show that women represented 60 per cent of the labour force by 1980. ⁶

The share of women working in the finance sector increased from 48 per cent in 1971 to a peak of 57 per cent in 1991. Since then, this figure has decreased steadily over time, notably from 54 per cent in 2005 to its lowest point of 45 per cent in 2021.

Chart 1. Share of employment by men and women in the UK finance sector

<table>
<thead>
<tr>
<th>Year</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>1971</td>
<td>54%</td>
<td>46%</td>
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4. R.C. Michie, p. 484
In absolute terms, the peak number of women working in UK finance occurred in 1997, at which point there were approximately 589,000 women working in the UK’s finance sector.

Twenty-five years on, in 2022, this number had declined by more than 30 per cent to just over 400,000, a trend that can, in part, be attributed to the sharp decline in clerical and administrative roles (still prevalent in 1997) as the structural digitisation of the UK finance sector and economy gathered pace.

Interesting dynamics emerge when employment trends for women and men in finance over the past 50 years are broken down by employment type – namely full- vs. part-time status.

Between 1987-1991 - when the share of women working full time in the finance sector peaked, ahead of the 1997 peak in absolute terms, it is notable that full-time women outnumbered full-time men as a proportion of the workforce.

In the 30 years since, this trend has reversed and diverged significantly.

A gradual decrease in the share of women working full-time from the peak in the late 1980s and early 1990s was accompanied by a corresponding increase in the share of women working part-time, indicative of a long-term and pronounced shift of many women working in finance from full- to part-time employment.

However, from the mid-2000s this inverse relationship ceased, with both part- and full-time employment of women starting to decrease as a percentage of total employment, as many of the clerical roles that had employed women ceased to exist as the economy’s structural digitisation accelerated.

![Chart 2](chart2.png)

**Chart 2**

**Share of employment women vs. men and full- vs part-time status**

- **Men FT**: 51% to 35%
- **Women FT**: 41% to 11%
- **Men PT**: 7% to 2%
- **Women PT**: 1% to 11%

Source: LFS, ASHE, Cebr analysis
The ‘gender diversity dividend’

Despite the decline in the share and number of women working in the finance sector since the 1990s, the gross domestic product (GDP) contribution of women working in finance, as measured by GVA, has been increasing steadily over the entire period. In 1997, women working in the finance sector contributed approximately £22.6bn to the UK economy, accounting for around 36 per cent of the total finance sector GVA.

Since then, the economic footprint of women in finance in nominal terms has increased nearly threefold, growing to over £64bn by 2022 (35 per cent of the total UK finance sector GVA). Over the 26-year period, the GVA by women working in the financial sector, in real, inflation-adjusted terms, constitutes a £1.12 trillion (£1,116,823m) ‘gender diversity dividend’ to the UK economy.

Based on the number of households in the UK today, this would equate to an extra £299 per household annually over 26 years, approximately £7,786 total per household.7

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7. Calculation undertaken by Edelman Smithfield, using methodology verified by Cebr
The growth in GVA is explained in large part by an increase in women’s wages and productivity, leading to a higher value added per worker.

The positive trend in women’s GVA contribution could also theoretically be explained by a greater number of women moving into more senior roles and higher paying jobs.

However, the evidence for this is undermined by the similar growth in GVA for both women and men over the period, not to mention the well-documented underrepresentation of women in senior roles across the sector. According to the five year review of the Women in Finance Charter, in 2021 the average level of female representation has increased from 14 per cent to 22 per cent on executive committees across the UK finance sector and from 23 per cent to 32 per cent on boards since 2016.\(^8\)

While the percentage and number of women in finance has fallen consistently over the past 26 years, women’s productivity and value add to the UK economy has risen consistently through the period. In the following section, we will further analyse women’s pay and professional growth to unpick the trends examined so far.

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In the 26 years between 1997-2022 – a period in which the number of women working in the UK’s finance sector declined by 30 per cent to 400,000, from a peak of 589,000, as the GVA of women working in the sector increased nearly threefold – women’s wages more than tripled. During this period, the growth rate of women’s wages in the finance sector outpaced the growth of men’s pay.

According to data from the Annual Survey of Hours and Earnings (ASHE), women’s average wages in the finance sector have risen from around £16,000 in 1997, to over £50,000 in 2022. Over the same period, men’s wages have risen from a starting point of £33,500 to over £80,000.

In real (inflation-adjusted) terms, the wage growth for women in finance since 1997 has been 77.7 per cent relative to 42.7 per cent for men, (compared to 34.0 per cent for women and 12.7 per cent for men across the whole of the economy).

For the first half of this 26-year timeframe, women’s wages constituted, on average, around 40 pence for each £1 of a man’s salary – with the exception of 1997-98, an outlier in the time series.

The wage growth for women in finance since 1997 has been 77.7 per cent relative to 42.7 per cent for men.
**SECTION 2**

**Legislative support**

This major imbalance began to change after 2010, coinciding with the Equality Act 2010, which legally bound employers to remunerate men and women in the same employment, performing the same work, equally, and in years that followed, legislated companies of a certain size to publish information about differences in pay between men and women.

A turning point came in 2017, with The Equality Act 2010 (Gender Pay Gap Information) Regulations coming into effect on 6 April. From this date, firms with more than 250 employees were mandated to disclose annual gender pay gap statistics.

Since then, the growth in wages for women has increased significantly, while remaining relatively flat for men. In the five years of mandatory reporting, the average Gender Pay Gap across UK financial services has contracted from 34 per cent in 2017 to 26.6 per cent in 2022 (relative to a contraction from 17 per cent to 12.9 per cent across the UK economy as a whole).

The chart (below) shows the evolution of average wages year-on-year for men and women indexed to their respective 1997 levels. The chart clearly illustrates the rapid increase in women’s wages since 2017 – and notably since 2021 – relative to the growth of men’s pay which has remained relatively flat since 2010.

Overall, however, the growth rate in wages for men and women has been of a comparable level over the 26-year period, despite the lower baseline in 1997 for women.

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**Chart 5.**
**Evolution of mean annual earnings relative to 1997 level**

- **Men**
- **Women**

Source: ASHE, Cebr analysis

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**Since 2017, the growth in wages for women has increased significantly, while remaining relatively flat for men.**

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9. 1997 is the base year at 100, and every year after that represents the growth in wages relative to 1997.
Clerical work and occupational segregation

Underpinning trends in wage growth over time are the changing roles, promotion pathways and professional opportunities that frame careers for men and women working in the finance sector.

Cebr’s analysis provides further context to the occupational segregation that continued to determine women’s roles in the finance sector in the late 20th century, and how persistent barriers to women have broken down over time.

Writing on continuity and change in women’s banking since the Second World War, Rosemary Crompton describes employment in the UK’s major clearing banks during the 1950s as the “apparent epitome of the bureaucratic career”.

While women in banks have not historically had the same career opportunities as men, for reasons ranging from deliberate discriminatory practices to career breaks taken for childcare, between 1948-1970 banks and financial institutions became major employers of women.

Despite the increasing number of women working in UK financial institutions and services, trends of occupational segregation persisted into the 1970s and 1980s, with men and women predominantly covering very different roles within the financial industry. Technical services, engineer, security and managerial positions remained largely dominated by men, while tellers, secretary and part-time roles were mostly held by women.

By the 1980s, among employees with the same level and years of experience, 44 per cent of men were in the most senior clerical grades and 29 per cent had advanced to senior roles; meanwhile, just 9 per cent and 0.2 per cent of women had achieved the same progression respectively.

Collinson’s research taking place in 1987 looked at the profile of the workforces of major banks in the UK; at the Midland Bank, 56% of the staff were women, yet 60% were in clerical roles and only 1.8% were in managerial roles. In the same year at Lloyds Bank only 43 of 3,100 managers were women.

A range of factors specific to the financial industry prevalent through the 1970s-80s contributed to the occupational segregation shown in the data, including but not limited to:

- The practice of internal advertising of vacancies which led to a lack of formality, accountability and consistency, perpetuating practices of sex discrimination.
- Widespread failure to grant equal study leave to men and women. During the 1970s women employed in the financial sector had on average lower education levels than men yet were rarely granted the study leave required to obtain professional qualifications which would have enabled them to progress into higher-earning roles. As a consequence, for many years the overwhelming majority of trainees in management development programmes were men.
- Counterproductive policies which granted career break and maternity leave only to women in managerial roles. This led to women in lower roles being unable to advance their career. These schemes ended up excluding a large majority of women in the industry and being offered to the staff who would benefit the least from them.

All of these factors contributed to clerical roles becoming a gender-segregated occupation, populated by young women with more limited career prospects.

Legislation driving change

Since 1975, a series of UK Public General Acts have significantly impacted both the number of women employed in the financial services industry and their career prospects. The development of maternity rights and policies, which continue to evolve today through initiatives such as shared parental leave, legislated under the Work and Families Act in 2006, has been a core part of a much broader structural shift in policy settings.

The recommendations of the 2009 Equality and Human Rights Commission report on Sex Discrimination and the Gender Pay Gap,14 sought to address the “marked and persistent sex discrimination” permeating the UK’s financial services sector.

The commission determined that: commitment from leadership to drive forward gender equality as a defined business objective; increased transparency to mitigate gender bias; and better support for staff with caring responsibilities, were the three core drivers behind the structural changes required across the sector.

In 2016, the Women in Finance Charter15 - a commitment by HM Treasury and signatory firms to collectively build a more balanced, fairer industry through action on senior representation, leadership, targets and transparency - delivered a government-backed initiative which now counts over 400 firms and more than one million employees as voluntary signatories to the Charter commitments.

A 2021 policy paper16 marking the Charter’s five-year review reflected that “the notion of setting diversity targets is so ubiquitous now that it is hard to remember just how big an ask it was five years ago.” As the Charter has gained momentum, and the number of signatories continues to increase, discussions have evolved from whether to set a target, to the level of ambition that the target supports.

Women on the rise in senior roles

ASHE data on the number of jobs within financial services by Standard Occupational Classification (SOC) codes and their respective earnings, available from 2016, show that the growth rate of women in managerial and professional occupations in the financial industry is higher than that of men.

It is important to note that gender diversity remains extremely low among FCA-approved individuals – roles typically associated with asset, risk or capital management - with women making up just 17 per cent this group. Despite several regime shifts, this 2019 figure is remarkably unchanged since 2005. There is a slightly higher share of women in approved roles at larger firms (~23 per cent) compared to smaller ones (~17 per cent).\(^{18}\)

Between 2016 and 2021, the number of women in managerial and professional occupations charted an average annual rise of 8.2 per cent, compared to 6.3 per cent for men.

Since 2016, the difference between the number of men and women employed in managerial and professional occupations has almost consistently fallen.

### The Standard Occupational Classification (SOC) of the UK government classifies occupations into broad job types and title. The Annual Survey of Hours and Earnings presents data on the number of jobs within a specific industry by each occupation SOC codes and their respective earnings. Cebr used this data to analyse the trends for men and women working in different roles within the financial industry, based on four categories used in the methodology of Lagaras et al.\(^{17}\)

#### Category 1: Managerial and professional occupations (SOC codes 1 and 2)

#### Category 2: Associate professional occupations (SOC code 3)

#### Category 3: Administrative occupations (SOC code 4)

#### Category 4: Customer service & elementary occupations (SOC codes 5-9)

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That said, men still represent the majority of workers in full-time managerial and professional positions, fluctuating between 70 per cent and 67 per cent over the years between 2016 and 2021. Women constitute the majority of the part-time workers in these categories, fluctuating between 76 per cent and 83 per cent.

As a share of the total number of men working in part-time positions, the share of men employed part-time in managerial and professional roles is higher than for women, indicating that when men work part-time, they are more likely than women to be employed in higher-ranking and, presumably, better paid roles. This is an important factor in explaining the consistent gap in part-time earnings between men and women.

**Percentage of men and women employed in part-time and full-time roles as a share of total number of managerial and professional roles**

<table>
<thead>
<tr>
<th>Year</th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>30%</td>
<td>70%</td>
</tr>
<tr>
<td>2021</td>
<td>32%</td>
<td>68%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>80%</td>
<td>20%</td>
</tr>
<tr>
<td>2021</td>
<td>76%</td>
<td>24%</td>
</tr>
</tbody>
</table>

Source: ASHE and Cebr analysis

**Percentage of men and women employed in part-time and full-time managerial and professional roles as a share of total number of jobs**

<table>
<thead>
<tr>
<th>Year</th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>31%</td>
<td>51%</td>
</tr>
<tr>
<td>2021</td>
<td>46%</td>
<td>64%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>16%</td>
<td>29%</td>
</tr>
<tr>
<td>2021</td>
<td>23%</td>
<td>39%</td>
</tr>
</tbody>
</table>

Source: ASHE and Cebr analysis
Women in the financial sector have continued to earn less than men over the five years to 2022, across all occupation levels in financial services. Moreover, despite administrative occupations being disproportionately dominated by women, the weekly earnings of men in these occupations remain higher and are growing at a faster rate.

The share of women employed full-time and part-time in administrative roles as a share of the total number of women working in full-time and part-time positions respectively is consistently higher than for men. In the five years from 2016 – 2021, women’s full-time share ranges between 19 per cent and 27 per cent while men’s share ranges between 10 per cent and 12 per cent. Similarly, women’s part-time share ranges between 40 per cent and 50 per cent while men’s shares ranges between 17 per cent and 42 per cent but always remains lower than for women, evidencing that women are generally more likely to be employed in administrative positions than men.

However, wage growth trends indicate progress towards greater equity in weekly earnings; women’s pay in managerial and professional occupations in the finance sector has been growing at a faster rate than men’s; despite a slowdown in 2021, the growth rate of senior women’s pay remains ahead of male peers.

A sudden drop in the number of associate positions for both men and women in 2021 has narrowed the gender employment gap

Between 2016-2020, the number of financial sector workers employed in associate positions was increasing for both men and women, albeit at a higher rate for men which was contributing to widening the employment gap. When including the year 2021, the growth rate from 2016 is negative.

This drop is most likely associated with pressures due to the COVID-19 pandemic, and the subsequent great resignation of workers voluntarily leaving their jobs during or after the pandemic seeking lifestyle and career changes, but it has created an opportunity to further level the playing field between men and women in the middle of their careers.

Following the significant drop in associate roles in 2021, the employment gap between the employment levels of men and women in associate professional occupations has narrowed, creating the context for more equitable future career progression.
The 1960s and 1970s was a period of great change. The London Stock Exchange was under pressure trying to preserve a closed shop. Outsiders, including women, prevented a threat to the way the Exchange operated.

Existing members feared they’d lose business if women were admitted as members, as clients would prefer to work with women.

In general, the City of London didn’t offer attractive career prospects at that time. Graduates were more interested in traditional professions than stock broking. In finance, it was more important that you spoke like your clients, or shared their interests, rather than having any particular qualifications. Stockbroking was something you drifted into. They’d roll up at the office at 10am, do a spot of work, go for lunch at noon, return to their desks at 3pm, and head home by 5pm. It was a nice life that stockbrokers understandably wanted to preserve; they didn’t want colleagues with technical knowledge, they didn’t want to integrate with US markets, they didn’t want to work with women.

The trading floor of the London Stock Exchange really was a glass ceiling. Women were literally not allowed onto the trading floor, which meant they couldn’t rise through the brokerage business.

Of course, later, the Big Bang changed everything. The introduction of electronic trading meant that trading could be done via screens and telephones. People thought that some trading would still take place on the trading floor, but really overnight, all of the stockbrokers’ physical business dried up. People could suddenly trade stocks just sat in their office. The business became gender neutral, essentially. Nowadays, the power rests with the person who programmes the computers.

The admittance of women was integral to London’s journey to becoming an open market. The thread begins in the late 1950s with the sudden predominance of dollars over pounds, runs through the early 1970s to the admittance of women, through the late 1970s and the appointment of Margaret Thatcher as the UK’s first woman prime minister, through the financial reforms of the 1980s, to the present day.

Any protectionism, new rules or regulations, or decline in openness, represents a threat to London’s global position. Over the past fifty years, we see that nothing is guaranteed. Restricting people’s access to the City of London would restrict economic performance. During my career, the City of London has come to be seen as a land of opportunity. Once, bright women didn’t see the City as the place for them. But later, the City became a mecca for the students I taught. That’s a result of the shifting attitudes of society and financial institutions. Now, the question is more, how do we get other underrepresented groups to see the same?
WIBF – and stakeholders across the sector – must continue to overcome ‘opportunity chasms’ for women, by breaking down attitudinal barriers.

Since its establishment in 1980, Women in Banking and Finance (WIBF) has played a crucial role in advocating for gender equality and creating opportunities for women employed by financial services.

As a social enterprise, we measure our progress through the impact we have on women working in the UK financial services industry, our progress against UN SDG’s 5, 8 and 10 and on the success of our initiatives and whether these continue to be sought out by our 1,500 individual members and circa 75 corporate members. In fact, we were among the fastest-growing social enterprises in the UK in 2022, having grown by 100% since the end of 2021.

One key factor that differentiates leading firms in their support of women is the presence of comprehensive diversity, equity and inclusion strategies. Leading companies recognize that diversity is not only the right thing to do, but essential to business success. These strategies include specific targets and actions to support the advancement of women, driven from the top and integrated into the business strategy, and regularly monitored and reported on.

The lack of flexible working options is the primary reason why our industry is losing a significant number of women in the “missing middle,” according to our ACT Research programme. Companies that offer part-time working, job sharing, and remote working options help women balance their work and personal responsibilities. Additionally, support for employees returning from parental leave, including phased return-to-work arrangements and mentoring, makes a significant difference.

Leading companies invest in training and development programs specifically tailored to women’s needs, such as leadership development, career coaching, and networking opportunities. These programs are designed to help women build skills, confidence, and networks to progress in their careers. Mentorship and sponsorship programs are a further critical component of companies that support women’s progress. Formal programs provide women with access to senior leaders who can offer guidance, support, and advocacy.

Pay equity is also vital, with leading companies having policies and practices in place to ensure that women are paid equitably for the same work as their male counterparts. Commenting on WIBF’s research in 2021, Andy Haldane, then chief economist of the Bank of England, observed that the pay gaps that exist in financial services are not a result of a lack of aspiration, but due to “opportunity chasms”. It is these opportunity chasms that the work of WIBF – and stakeholders across the sector – must continue to overcome by breaking down attitudinal barriers to opportunities for women.

WIBF’s mission is to promote competitiveness, enhance productivity, and tackle inequality head-on, all while championing the voices of women across the UK. In 2023, we continue to focus on driving change through the use of research-informed action – and particularly The GOOD FINANCE Framework, a tool developed in partnership with the London School of Economics (LSE), and The Wisdom Council to help financial institutions and other organizations improve their gender diversity and inclusion efforts. The framework is designed around three core pillars – Culture, Career Development and External Engagement – to provide a set of best practices and guidelines that can be used to create a more inclusive workplace culture, promote diversity, and support the professional development of women in finance.
SECTION 3
WOMEN AND THE FUTURE OF UK FINANCE

The future opportunity: economic contribution by women in the finance sector

As government, policymakers and industry leaders look to the future of UK finance, it is important to consider the positive economic contribution of women in the sector to the UK’s future growth ambitions.

The Chancellor’s wide-ranging plan of reform for financial services regulation - under The Edinburgh Reforms - has a clear focus on the UK’s international competitiveness. The sheer breadth of the announcement is significant in and of itself, incorporating some 30 reforms which stretch across the financial services sector and impact everyone - from individual consumers to large financial institutions such as the London Stock Exchange.

While a wide range of carefully considered long-term reforms is precisely what is required to ensure the UK remains one of the most open and attractive markets in the world, Britain can be the global leader in advancing diversity across the sector, in turn supporting continued strong growth in productivity for the UK economy.

EY Financial Services European Boardroom Monitor data shows that UK finance firms are already leading European peers across a range of gender diversity metrics. 58 per cent of UK finance board appointments over the last year were women, relative to 50 per cent across European firms, evidencing the UK’s accelerated drive for a more equal gender balance behind the most recent board appointees. Over the past two years, 56 per cent of board appointees at UK finance firms have been women.

Based on Cebr’s in house model of the UK economy, updated monthly by Cebr’s Forecasting and Thought Leadership team, and a bespoke model for the GVA contribution by women in the finance sector (based on historical analysis covered in this report), Cebr forecasts that:

Under a baseline scenario, the GVA contribution of women in the finance sector will grow by 75 per cent to exceed £112bn in 2035. For the lower and upper scenarios, the equivalent figures are £95bn or £147bn, respectively. The growth levels seen for the lower and upper scenarios are 48 per cent and 129 per cent, respectively.

Cebr’s model includes three scenarios:

- “baseline”: employment share and wage share remain constant and only productivity and prices increase
- “upper”: employment share remains the same but wages increase for women relative to men following the trend from the last decade (i.e. gender pay gap is reduced)
- “lower”: wage share remains the same (i.e. gender pay gap remains the same) but employment share continues the recent trend where the share of women working in finance decreases compared to men.
Overcoming barriers

Achieving the ‘upper’ scenario, forecast to deliver an additional £35bn GVA, in excess of the baseline scenario, for the UK economy by 2035, will require collective action.

Maintaining increases in wages for women relative to men, continuing the trend over the last decade and further narrowing the gender pay gap, will require cultural, social and perceptual shifts, beyond ongoing support of legislative, policy and industry frameworks.

Recent academic literature deems that choosing a career in the financial sector, characterised by longer than average hours and a lack of flexibility – even in a post-pandemic era of increased home-working – is more impactful for women than for men, at both a financial and personal level.

Specifically, career interruptions and weekly hours worked have been found to be determining factors in the difference between men and women’s pay, with having children a key component of this divergence.  

In 2004, Granleese conducted a survey of 220 middle managers in a UK bank which found that 56% of female managers had no children compared to 14% of male managers, to draw the conclusion that it is more difficult for women with children to break the glass ceiling, compared to men or women without children.

Within the literature, the lack of flexibility typical of the financial sector is also deemed to be a factor deterring women from entering the sector altogether. Understanding the importance of this is particularly relevant to the financial sector, as payoffs and promotions disproportionately go to those who work long hours.

A significant proportion of the different factors (or sorting mechanisms) determining the entry of men and women in the finance sector used to be explained by the gender education gap. However, this is no longer the case as recent trends show that the gender gap in postgraduate enrolments has disappeared and women are increasingly choosing educational paths related to the financial sector. This is indicative of the structural characteristics that affect whether talented women sort into the financial sector or not.

References:
23. Lagaras et al., Women in the Financial Sector (December 27, 2022).
Building diverse workplace culture

The financial and personal impacts faced by women in the financial sector can be mitigated through firms’ internal policies; women with or planning to have children tend to choose firms in the financial sector with higher childcare benefits compared to men. 24

However, the changes to employment trends of women in the financial industry over the past years have been most affected by nationwide changes in policy and legislation discussed earlier in the report, which are expected to disproportionately affect the finance sector given its prominence for both media and policymakers, and higher gender pay gap relative to other areas of the economy.

However, entrenched social obstacles and perceptual factors – which still slow down women’s progression and earnings in the financial sector – cannot be tackled by legislative and policy frameworks alone.

Many networking practices and opportunities remain predominantly oriented towards men and often exclude women. Ogden et al. contend that a large proportion of promotions and job advancements arise through networking opportunities; women’s relative absence from networking opportunities therefore prevent a high proportion from moving up to higher-earning roles.

Core to the principals of the Women in Finance Charter, senior management must act as a source of positive influence and culture change to tackle the perception – and confidence – of women in finance. 25

Successful initiatives to improve the perception (both self and external) and position of women in the UK’s finance sector require measures aimed at lowering the social and institutional barriers for women to seek and apply for promotion opportunity and salary raises.

The impact of mentoring

- Women are more likely to apply for a promotion when they have a mentor to support them and serve as a role model. 26

Culture matters

- There is a strong association between female talent and firms that have a more female-friendly culture, including through higher participation of women in management. The contribution of this factor is shown to be higher in finance than in other industries. 27 The role of female managers is key in changing perceptual factors within the industry. In fact, evidence suggests that there is a multiplier effect of 2 to 4 times the number of women added to senior leadership levels for each woman added to C-suite roles. 28

Warranted promotion

- Following a promotion, women perform better in terms of salary progression which suggests that the promotion was indeed given to them based on merit and not due to positive discrimination. 2

24. Lagaras et al., Women in the Financial Sector (December 27, 2022)
27. Lagarases et al., Women in the Financial Sector (December 27, 2022).
Cebr’s baseline forecast, that the GVA contribution of women in the finance sector could grow by 75 per cent to exceed £112bn in 2035, quantifies the growth opportunity presented by a diverse finance sector driving the UK economy forward.

The conditions of the baseline scenario, namely that women’s employment and wage share remain constant, and only productivity and prices increase, must be seen as the minimum of what the sector can achieve.

Achieving the ‘upper’ scenario, forecast to deliver an additional £35bn GVA in excess of the baseline scenario for the UK economy by 2035, is contingent on further narrowing of the gender pay gap.

Maintaining increases in wages for women relative to men, continuing the trend over the last decade and further narrowing the gender pay gap, will require cultural, social and perceptual shifts, in addition to ongoing support of legislative, sector and firm-wide frameworks.

Cebr’s findings that structural advancement of diversity is best achieved when reinforced by a legislative framework is a critical reminder of the importance of prioritising diversity targets in building long-term strategies, both for the finance sector and beyond.

In the wake of the Covid-19 pandemic, with flexible working practices now more widely accepted across the UK’s finance sector, there is a risk of complacency; that the sector concludes the disproportionate impacts of inflexible working practices on women are over.

Cebr’s findings around inequities in part-time working are particularly illuminating in this regard. The data bears out the fact that, even in more flexible roles, men still over-index relative to women, both in terms of the share of part-time roles and pay. Senior roles can – and are – being fulfilled part-time, currently by a higher proportion of men, which is an important factor in explaining the consistent gap in part-time earnings between men and women.

Looking ahead to the next 25, 50 and 100 years, women in the UK’s finance sector are positioned for growth.

The next frontier for policymakers must now be childcare, specifically on reducing the gender specificity of family/childcare policies, e.g., shared parental leave, etc. Social and perceptual shifts in the view of childcare as not just being for women are critical. Further consideration of policy support for women entering the menopause, already implemented by individual firms across the sector, is also warranted.

The scale of the ‘gender diversity dividend’ delivered by women in the UK finance sector – already £1.12 trillion over the 26 years to 2022 – could continue to compound over time. But only if the professional growth of women continues to be safeguarded and enabled by government, sector, firm-wide and societal support.
LSEG’S COMMITMENT TO DIVERSITY

- London Stock Exchange Group (LSEG) has been a proud signatory of the Women in Finance Charter since 2016.

- As of December 2022, LSEG met its gender target of 40% female representation at Senior Leadership level.

- Board gender diversity is above 40%.

- Each quarter, we take active strides to track our performance against our goals through regular reporting on gender diversity at all levels in the organisation.

- Our continued focus on driving gender equity is underpinned by four core D&I priorities; Creating a culture that fosters belonging; Building a diverse leadership team; Accelerating progression of underrepresented talent; and Shaping inclusion across our industry.
Employment, wages and GVA: sources and methodology

The data used for employment times series was obtained from a series of employment surveys that have been discontinued and replaced by the Annual Survey of Hours and Earnings (ASHE), which is also one of the inputs into this analysis.

Specifically, for the period between 1971 and 1981 (not inclusive), the data was gathered from the Census of Employment (SIC 68); for 1981-1991 (not inclusive), the data came from the Census of Employment; for 1991-1997 (not inclusive), the data was sourced from the Annual Employment Survey; from 1997-2022, the data is from ASHE. All of this data was available for both males and females at the part-time and full-time level.

Given that the period assessed goes back 50 years, we should note that the Standard Industrial Classification (SIC) codes considered were updated several times, and include: SIC 68, SIC 80, SIC 92, SIC 07.

To account for these industry classifications updates we had to reconcile the different categories to make sure they were fully compatible. Once the data was gathered and compiled, we were able to calculate the employment trends for males and females working in the finance sector over time.

For wages, we based our analysis on a combination of data from the Labour Force Survey (LFS) and ASHE; this involved reconciling the employment data with the mean gross earnings and scaling up for the total number of males and females employed within the finance sector.

Our analysis for the GVA contribution is based on the employment and wages figures calculated earlier, and is combined with data from the Supply-Use Tables published by the Office for National Statistics on the GVA for the finance sector since 1997.

Employment trends by occupation for men and women using ASHE SOC data

The data used for this analysis was obtained from the Annual Survey of Hours and Earnings over the years 2016 to 2021. The data presents earnings and hours worked by industry and occupation. We used the data from the financial and insurance sector.

Occupation categories are defined using the Standard Occupational Classification (SOC) one-digit and two-digit occupation codes. We focused exclusively on the one-digit codes:

- Managers directors and senior officials – SOC code 1
- Professional occupations – SOC code 2
- Associate professional occupations –SOC code 3
- Administrative and secretarial occupations – SOC code 4
- Skill trade occupations – SOC code 5
- Caring, leisure and other service occupations – SOC code 6
- Sales and customer service occupations – SOC code 7
- Process, plant and machine operatives – SOC code 8
- Elementary occupations – SOC code 9
For the sake of our analyses we combined some of these occupations together in general categories in order to obtain more comprehensive trends:

- Category 1: Managerial and professional occupations (SOC codes 1 and 2)
- Category 2: Associate professional occupations (SOC code 3)
- Category 3: Administrative occupations (SOC code 4)
- Category 4: Customer service and elementary occupations (SOC codes 5-9)

The first part of our analysis was to map out general employment trends for men and women. Using the total number of jobs for each occupation we compared trends in the relative number of jobs for men and women over the years and obtained the respective growth rates. From the same data on the number of jobs, we were able to obtain shares of people employed in each occupational category.

Data was also available for the number of jobs in part time and full time roles. Using this we could obtain the total number of men and women in part time and full time roles across all occupations and for each individual category. We then calculated the share of men and female from the total in each category and from the total across all occupation. This allowed to gain insights not only in the part-time and full-time trends within each positions but also on what type of roles men and women in part-time and full-time roles are most likely to take on.

Lastly, we analysed data on the mean and median gross weekly earnings for men and women. We used both mean and median to see if there were any stark differences between the two suggesting that a small number of outliers might be skewing the numbers. This was not the case so we only conducted our analysis on mean earnings. The first thing we did was map out general trends in earnings. The more interesting analysis was, however, to compare earnings relative to 2016 and female earnings relative to men.

**In house Cebr macro model assumptions**

The Cebr macro model forecast of the UK economy takes into account expectations about a number of economic indicators, including:

- Economic growth;
- Inflation;
- Labour market conditions;
- Consumer market conditions;
- Trade policies;
- Brexit;
- Covid; and
- Technological advancements and innovation.

On top of providing a forecast for UK GDP, the model also includes a sectoral breakdown, and it is this sectoral breakdown which forms the fundamentals upon which we base our bespoke forecast model for the contribution of women in the finance sector. This report used the January 2023 update.