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Advancing more women leaders in financial services

A Singapore perspective

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Contents

Building and sustaining gender equity in financial services

Gender equity – that is, when people of all genders have fair access to the opportunities and resources that they need to thrive – is not an initiative or program; it is an outcome of diversity and inclusion actions [1]. But for gender equity to become within reach, gender diversity must first be measured and assessed across geographies, sectors, and organisations.

With this objective in mind, the Deloitte Centre for Financial Services embarked on a global research effort to capture the data needed to determine the answers to a number of questions: Over the past 20 years, how has women's representation in financial services changed? Where has progress been made, where is there still work to be done, and how do we identify these areas? The analysis serves not only to recognise progress made, but also solidify the necessity for concentrated and focused efforts to drive continued growth into the next decade.

In this publication, we present the key findings and baseline analysis of women in leadership roles across financial institutions in Singapore, with the intention of sparking conversations and stimulating ideas on how we can take sustainable actions to increase women's share across leadership roles.

Our discussion will focus on several key metrics: current share and forecast growth of women in financial services over the next decade by leadership role category (see below), and the multiplier effect — that is, whether having women in the C-suite created a ripple effect throughout an organisation, and resulted in more women overall in senior leadership roles.

Three leadership role categories

- **C-suite**: C-titled roles at the corporate leadership level (e.g., chief executive officer, chief financial officer, chief marketing officer).
- **Senior leadership:** Non-C-titled executives (e.g., line-of-business leaders, division chiefs or regional leaders, EVPs, SVPs, or equivalent). Depending on the institution, this may be one to three levels below the C-suite.
- **Next generation:** Manager or equivalent titles below senior leadership.

1. "The equity imperative: The need for business to take bold action now". Deloitte. February 2021.

Understanding the multiplier effect

Meaningful change generally happens at the local and organisational level. To capture this dynamic, analysis of the current share and forecasted growth of women in financial services was conducted for the three defined categories using BoardEx data.

Where there are sufficient women in leadership ranks at the organisational level, a multiplier effect – defined as a positive, quantifiable impact on the number of women in the senior leadership level just below C-suite – can be observed. For example, a multiplier of 2x means that at an organisational level, each woman added to the C-suite could result in two additional women being added to the senior leadership ranks.

> "The multiplier effect illustrates the importance of having diversity at the highest levels of the organisation to drive progress and develop a pipeline of diverse talent. Equally, this also implies that opportunities to ascend, particularly for women in senior leadership roles, are critical for talent retention and the avoidance of a reverse multiplier – that is, the proportional percentage of women that will leave next generation roles, as a result of each woman leaving a senior leadership role."

Seah Gek Choo
SheXO Program Leader
Deloitte Southeast Asia

Progress by the numbers

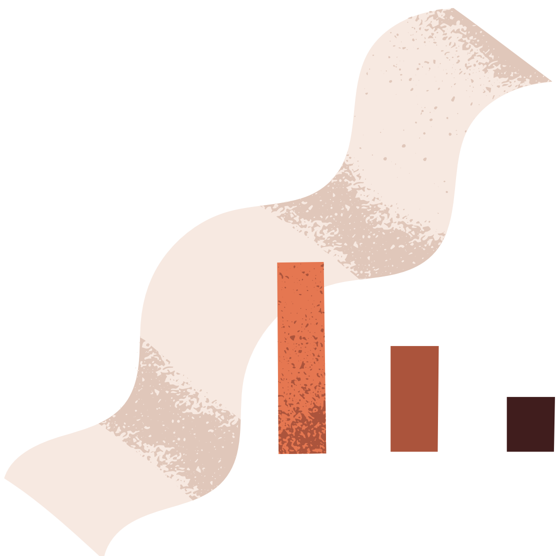
Amongst the different role categories within financial institutions in Singapore, women held 20.8% of C-suite roles, 24.5% of senior leadership roles, and 44.9% of next generation roles in 2021.

While all of Singapore's numbers compare favourably against the regional averages for Asia (see Figure 1), they nevertheless illustrate that more work needs to be done to advance gender equity across the financial services industry, and suggest that firms should review and evaluate how they plan to advance in leadership across their organisations.

Figure 1: Current share of women across role categories in 2021

		Asia average
Percentage of women in C-suite roles	20.8%	14.2%
Percentage of women in senior leadership roles	24.5%	18.5%
Percentage of women in next generation roles	44.9%	23.3%

Source: Deloitte Centre for Financial Services analysis of BoardEx LLC data



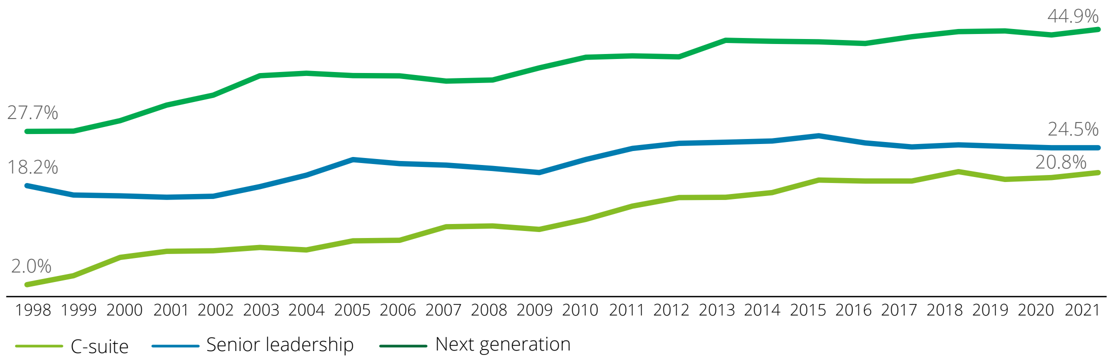
In this section, we take a closer look at the numbers for Singapore – and what they reveal in terms of the progress made, and the way forward.

Phenomenal progress in next generation roles

Singapore's financial services industry has made phenomenal progress in advancing gender diversity over the past two decades, especially in C-suite and next generation roles. The progress observed in next generation roles, in particular, appears to be way ahead of that of its counterparts in the broader Asia region: in 2021, 44.9% of next generation roles in Singapore were held by women (see Figure 2), nearly twice Asia's regional average of 23.3%.

This is a lead that Singapore looks set to maintain not only regionally, but also globally. Indeed, Singapore is the only market in our global analysis forecasted to reach parity in next generation roles by the end of the decade, with a projected 50.4% of women holding these positions in 2030.

Figure 2: Historical share of women across role categories in Singapore



Source: Deloitte Centre for Financial Services analysis of BoardEx LLC data

Relatively slower progress in C-suite and senior leadership roles

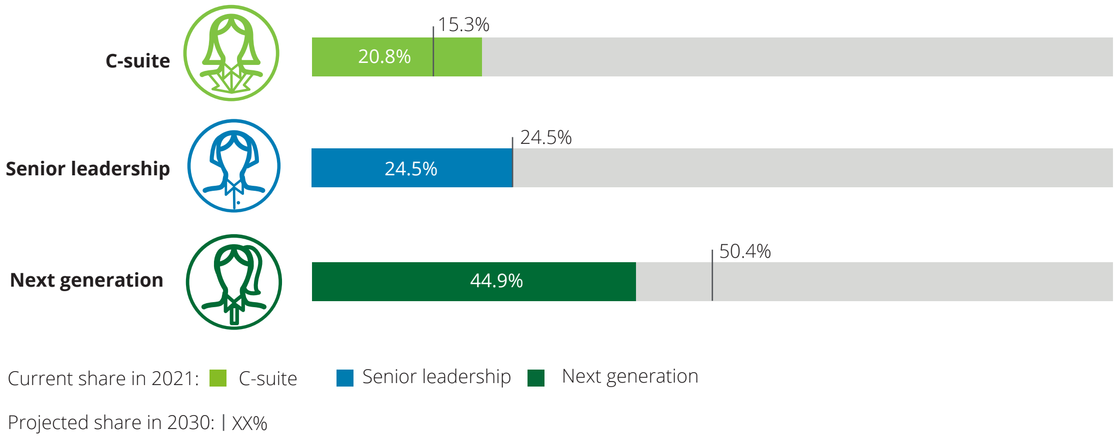
While Singapore is expected to make significant progress in its next generation roles, projected growth appears to be relatively slower at the higher echelons. Specifically, the share of senior leadership roles is expected to remain constant at 24.5% through 2030. Meanwhile, although there has been double-digit growth (18 pps) of the share of women in the C-suite over the last 20 years, our forecasting model – which is weighted towards most recent gains or reductions – also reflects a reduction in the share of women in the C-suite to 15.3% by 2030 (see Figure 3).

Despite this, however, Singapore's projected 2030 numbers for C-suite and senior leadership roles remain close to the regional averages for Asia – forecasted at 15.9% and 20.5% respectively. Still, the decline in share of women in C-suite roles is a matter of concern, because a 15.3% representation implies that Singapore will only be at the halfway mark in its journey towards the 30% threshold for the share of women in C-suite roles, which is often considered to be the tipping point for enacting substantive change across an organisation[2].

2. "Leadership, representation, and gender equity in financial services". Deloitte. 4 November 2021.

Then, there is also the secondary, adverse impact that fewer women in the C-suite could potentially have on boardroom diversity: according to Deloitte research, organisations with women CEOs tend to have nearly double the number of board seats held by women[3]. Our study shows that this phenomenon of greater board diversity also applies at the organisational level when looking at the ratio of C-suite to senior leadership levels in financial institutions.

Figure 3: Current and projected share of women across role categories in Singapore



Source: Deloitte Centre for Financial Services analysis of BoardEx LLC data

It is worth noting, however, that these forecasts are by no means set in stone; indeed, we fully expect the introduction of new government policies to play an important role in reversing this decline. Significant ongoing developments in this area include, for example, the White Paper on Singapore Women's Development presented in Parliament earlier in March 2022 detailing a series of 25 actions across five areas – equal opportunities in the workplace; recognition and support for caregivers; protection against violence and harm; other support measures for women; and mindset shifts[4] – to advance and improve the lives of women in Singapore.

Having received the unanimous support of Members of Parliament[5], the White Paper will see greater whole-of-government support for flexible work arrangements, help for caregivers, and swifter intervention in cases of violence. There will also be new anti-workplace discrimination laws to protect women against employers with unfair hiring, promotion, and retrenchment practices, as well as measures to safeguard the confidentiality of women who come forward and protect them from retaliation[6].

3. "Women in the boardroom: A global perspective – 7th edition". Deloitte. 2022.
4. "White Paper on Singapore Women's Development: Towards a fairer and more inclusive society". Reaching Everyone for Active Citizery @ Home (REACH). 2022.
5. "Parliament backs White Paper to improve equality, opportunities for S'pore women after 9.5-hour debate". The Straits Times. 5 April 2022.
6. "Egg freezing, more flexi-work among policy changes in White Paper on S'pore women". The Straits Times. 28 March 2022.

Banking and capital markets sector possesses most potential for progress

Overall, a multiplier effect could not be determined for Singapore. This is because the math, put simply, didn't add up: while historically the growth of women in the C-suite outpaced those in the senior leadership, there were not enough women in C-suite and senior leadership roles, at the organisational level, to see a ripple effect throughout their organisations.

But a multiplier effect – and a significant one at that – could be observed in Singapore's banking and capital markets sector. Indeed, with a high multiplier of 2.59x, each woman added to the C-suite at an organisational level could result in an additional 2.59 women being added to the senior leadership ranks – a finding which implies immense potential for the banking and capital markets sector to increase gender diversity at senior leadership roles.

Keeping in mind that the multiplier is analysed at the organisational – and not industry or sector – level, this may illustrate a dynamic where the women who rise to C-suite roles are leveraging their positions of power to advocate for women rising through the ranks.

"Historically, a lack of flexible working arrangements has been an impediment for women seeking to progress in the workplace, and for financial institutions seeking to retain them. But this is quickly changing: as one of the leading FinTech powerhouses globally, Singapore's financial services industry has rapidly embraced flexible working hours; technology-enabled remote work; mentoring, allyship, and sponsorship programs; and innovative cultures – all of which have been shown to improve outcomes for women. These evolving mindsets, coupled with new advancement opportunities for women created by new and emerging sectors, such as digital banking, can be expected to significantly increase the overall number of women in Singapore's financial services sector over the next decade."

Thio Tse Gan
Financial Services Industry Leader
Deloitte Southeast Asia

Gender equity as a business imperative

Revealing as the numbers are, they tell only part of the narrative: it is the strategies and initiatives that financial institutions choose to enact that will increase the representation of women in leadership positions, and serve as drivers of sustainable, long-term change.

Actions taken now can alter outcomes over the next few years; conversely, inaction could reverse hard-won gains by 2030. As they consider their next steps for the decade ahead, financial institutions in Singapore will need to develop an understanding of their gender equity goals and progress within the context of three spheres of influence – each with their own vested interests in how organisations address existing gaps in gender equity – that are increasingly advocating for transparency, accountability, and observable progress:

Workforce
According to a recent Deloitte study, only 16% of global financial services respondents say their organisation communicates gender diversity targets, and only 24% feel that their organisation's leadership is gender diverse [7]. To reverse some of these indicators and contribute to higher employee retention rates, financial institutions should regularly communicate internally and externally the importance of gender diversity, the actions they are taking, and the progress they have made. Indeed, one encouraging key finding of the study that transcended geography, industries, and demographics was that when women experienced a truly respectful and inclusive workplace culture, they are more engaged, productive, and loyal to their organisations.

Marketplace
Investors, partners, and suppliers are increasingly focused on enhancing women's representation on boards and in executive leadership, improving transparency in diversity, equity, and inclusion efforts, and designating accountability for gender equity outcomes. One recent study, for example, found a "diversity premium" – defined as a correlation between more gender-diverse leadership and higher returns on capital, among other financial measures [8]. While the challenges in addressing the collective expectations and requirements of a financial institution's stakeholders are no doubt multifaceted, financial institutions would do well to also collaborate with their stakeholders in prioritising gender equity across the marketplace.

Society
Public policy is playing a greater role in setting targets and diversity requirements for public and private institutions around the world. In some locations, legislative actions have resulted in more women in leadership roles; in others, self-imposed targets have achieved similar results. There simply isn't a one-size-fits-all path toward achieving greater gender equity. But financial institutions that work collaboratively with their stakeholders to prioritise and advance gender equity goals can find meaningful ways to influence public policy, shape or reshape cultural norms, and differentiate themselves as equitable organisations.

7. "Women @ Work 2022: A global outlook". Deloitte. 2022.
8. "The diversity premium: More women, higher returns". Institutional Investor. 28 September 2021.

Ultimately, the bottomline for financial institutions seeking to drive meaningful change is that they must improve diversity at the highest levels in order to realise the full power of the multiplier effect across their organisations. For some players, this may represent an acceleration of initiatives that are already underway; for others, a more fundamental shift may be required in their strategic efforts to build a diverse talent pipeline.

But regardless of where they stand today, gender equity in financial services will only be within reach if leadership – both women and men – commit to and act on building and sustaining a diverse workforce, and incorporate these considerations into every facet of the business and at every level of the organisation.

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