

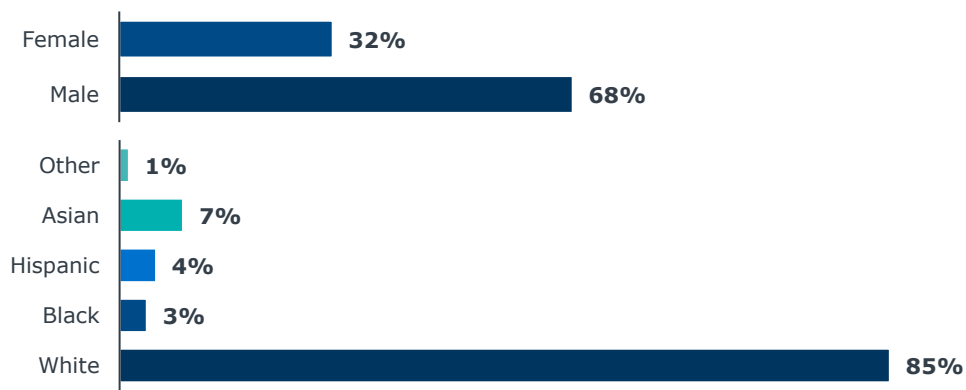
GUIDE

Investing in Diversity: Shaping the Future of Finance

Making Change: From the Top Down

To ensure the satisfaction of all stakeholders, from employees to consumers, the finance industry requires a comprehensive diversity, equity, and inclusion (DEI) overhaul. As the industry rapidly evolves, organizations must continuously adapt to stay ahead in a changing talent landscape. Our research indicates that historically excluded talent (HET) hasn't always been adequately valued in finance, resulting in low retention rates and a scarcity of HET executives. To prioritize DEI, enhance reputation, and drive meaningful change, organizations must adopt a top-down approach, starting with executives.

Gender and Race/Ethnicity Representation of Executive/Senior-Level Management in the Financial Services Industry, 2020

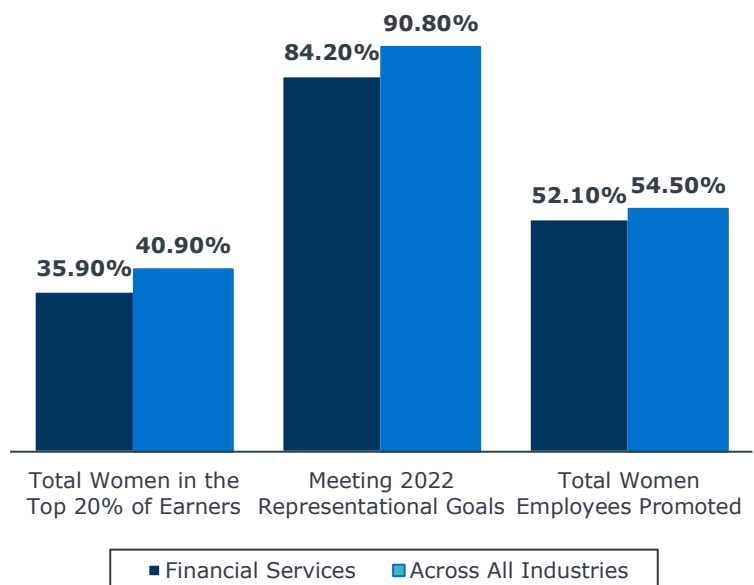


The Effect on Consumers

The impact of a lack of diversity in the finance industry's executive ranks extends to its consumer base. Consumers are less likely to trust banks with a lack of representation among customer-facing employees. Additionally, the long history of historical exclusion in the financial sector makes people of color less likely to bank with a financial institution.

The Difference Across All Industries

Seramount offers an annual Inclusion Index that helps organizations understand trends and opportunities in demographic representation, creates a road map to drive internal change, and identifies DEI solutions to close any gaps. The data that is compiled from the Index has revealed where financial services are failing on the DEI trends compared to all other industries. Most notably, the most differences between industries promoting women, meeting representational goals, and having women as executives.



Source: U.S. Government Accountability Office, Financial Services Industry: Overview of Representation of Minorities and Women and Practices to Promote Diversity. <https://www.gao.gov/products/gao-23-10644>; Aulis Hargett-Robinson, "The push to diversify banking from within the industry," April 2021. <https://abcnews.go.com/Business/push-diversity-banking-industry/story?id=76568426>. Seramount resources and research

The Importance of Investing in Diversity

The transformative events of the 2020 racial reckoning prompted executives and employees in sectors such as finance to reflect on and reassess the importance of DEI within their organizations. A 2020 report from the US House of Representatives revealed significant challenges: executive ranks in typical banks, for example, are 70 percent male and 80 percent white. Meanwhile, workplace demographics are swiftly evolving to embrace and support more diverse talent. Recent research consistently demonstrates the importance of this work: organizations with heightened racial and gender diversity not only generate increased sales revenue and attract additional customers, but also achieve significantly higher profits.

How DEI Affects All Sectors of Finance

Traditional Banking

Employees Aren't Rising in the Ranks



- Many banking employees, especially women, continue to feel the enduring impacts of the pandemic, managing increased responsibilities at home that persistently impact their work-life balance. While employees appreciate DEI efforts, career advancement remains challenging. New sponsorship programs, transparent career pathing, and Employee Resource Groups (ERGs) have begun bridging the gap, effectively boosting retention in major banking institutions.

Investment Banking

Need to Understand the Market



- In the realm of investment banking, it is pivotal for professionals to comprehend the markets they engage with to effectively respond to evolving needs. Whether cultivating awareness of the concerns of historically underserved communities or gaining an understanding of the preferences and needs of disabled patrons, establishing trust within these markets is of paramount importance.

Financial Technology (Fintech)

Technology Needs to be Accessible in All Aspects



- In the tech sector, women are actively pathfinding and seeking to claim space in a largely male-dominated industry. This scenario remains largely unchanged in the fintech industry over the course of the past decade. Prioritizing DEI enables fintech companies to become an employer of choice. Advancing inclusion also advances engagement and productivity, sustaining companies' position at the forefront of innovation with a progressive, forward-thinking approach.

Source: Terry Rediger, "Embracing DEI is simply smart business for banks," November 2020, <https://www.bankers.com/articles/embracing-dei-is-actually-smart-business-for-banks/>; Diversity and Inclusion in Banking and Finance: Why It's So Important, <https://www.diversityandinclusion.com/resources/why-it-is-so-important-to-diversify-your-banking-and-finance-workforce/>; Melissa Beckwith, "How fintech can do a little good in a changing industry," New 2023, <https://www.aib.com.au/news-and-insights/news/2023/01/10/how-fintech-can-do-a-little-good-in-a-changing-industry/>

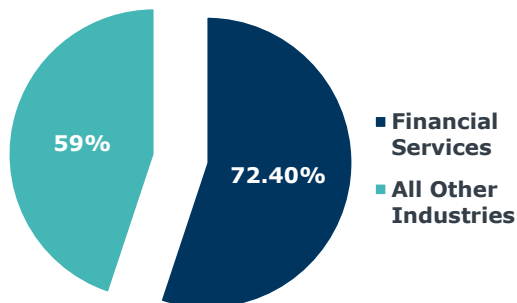
Calculating the Reward

The ROI of diversity initiatives in the Finance industry is undeniable

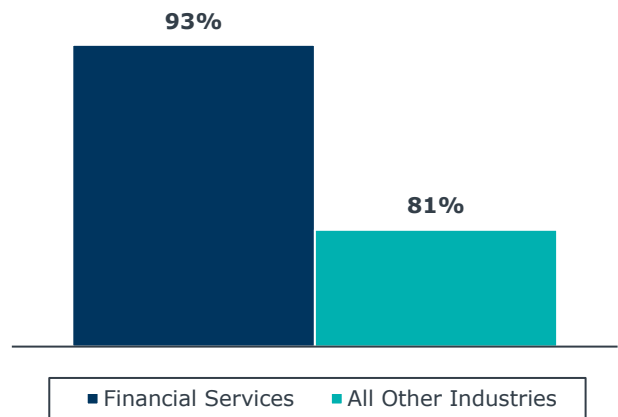
A Step Above

While there is undeniably work that needs to be done across the finance industry, there is proof that certain DEI initiatives are thriving in financial services. According to Seramount's Inclusion Index, when comparing financial services outpace other industries in offering formal sponsorship programs, pay equity analyses, implicit bias audits, and having diversity councils.

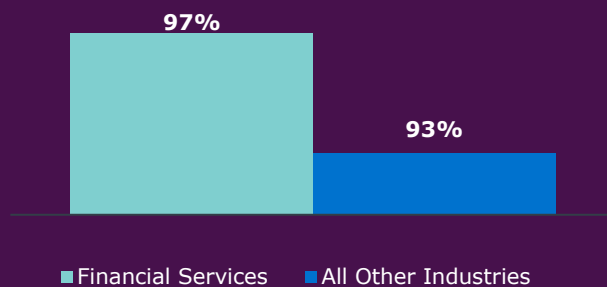
Offer Formal Sponsorship



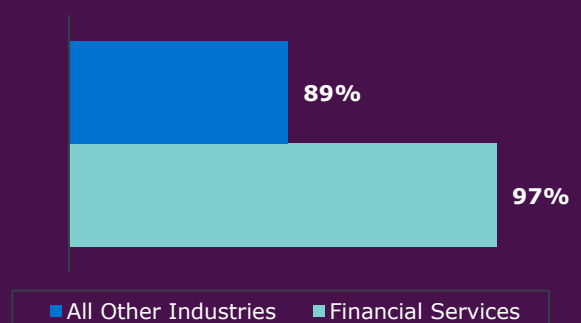
Use Audits to Address Implicit Bias



Do They Conduct Pay Equity Analyses?



Have an Internal DEI Council



Source: Seramount research and resources.



How Can Seramount Help?

DEI Research Partnership Empowering DEI and HR Leaders Through Today's Toughest Workplace Challenges

What Factors Make DEI and Talent Roles So Challenging?

Tense Workplace Dynamics

- ▶ Shifting demographics lead to competing priorities
- ▶ Evolving legal landscape
- ▶ Divided employee sentiment around socio-political issues

Risk Around Every DEI Decision

- ▶ **Risk of Abandoning Commitments:** Pull back can cause disengagement and friction
- ▶ **Risk of Inaction:** Holding steady can be perceived as non-commitment
- ▶ **Risk of Misstep:** Forging ahead might turn positive intentions into unintended consequences

Balancing Two Equally Vital Roles

- ▶ Maneuver Corporate and Cultural Risks
- ▶ Safeguard Non-Negotiable DEI Investments

Three Pillars of Service to Support Leaders and Their Teams



Rigorous Research with a Global Reach

Deploying proven research methodology to identify how to make change happen

- ✓ Resources to educate stakeholders and accelerate impact
- ✓ Custom research to answer your up-at-night questions



Collective Experience of a Peer Community

Convening DEI and Talent leaders to guide and shape our search for breakthrough ideas

- ✓ CDO roundtables and experience labs
- ✓ DEI practitioner roundtables and hot-topic webinars



Commitment to Applying Lessons Learned

Facilitating buy-in for change and customizing implementation of lessons learned

- ✓ Access to expert advisors to increase your capacity
- ✓ Partner intensives bring insights to your broader team

Learn more about how the DEI Research Partnership can propel your strategy forward by scheduling a call with one of our experts.

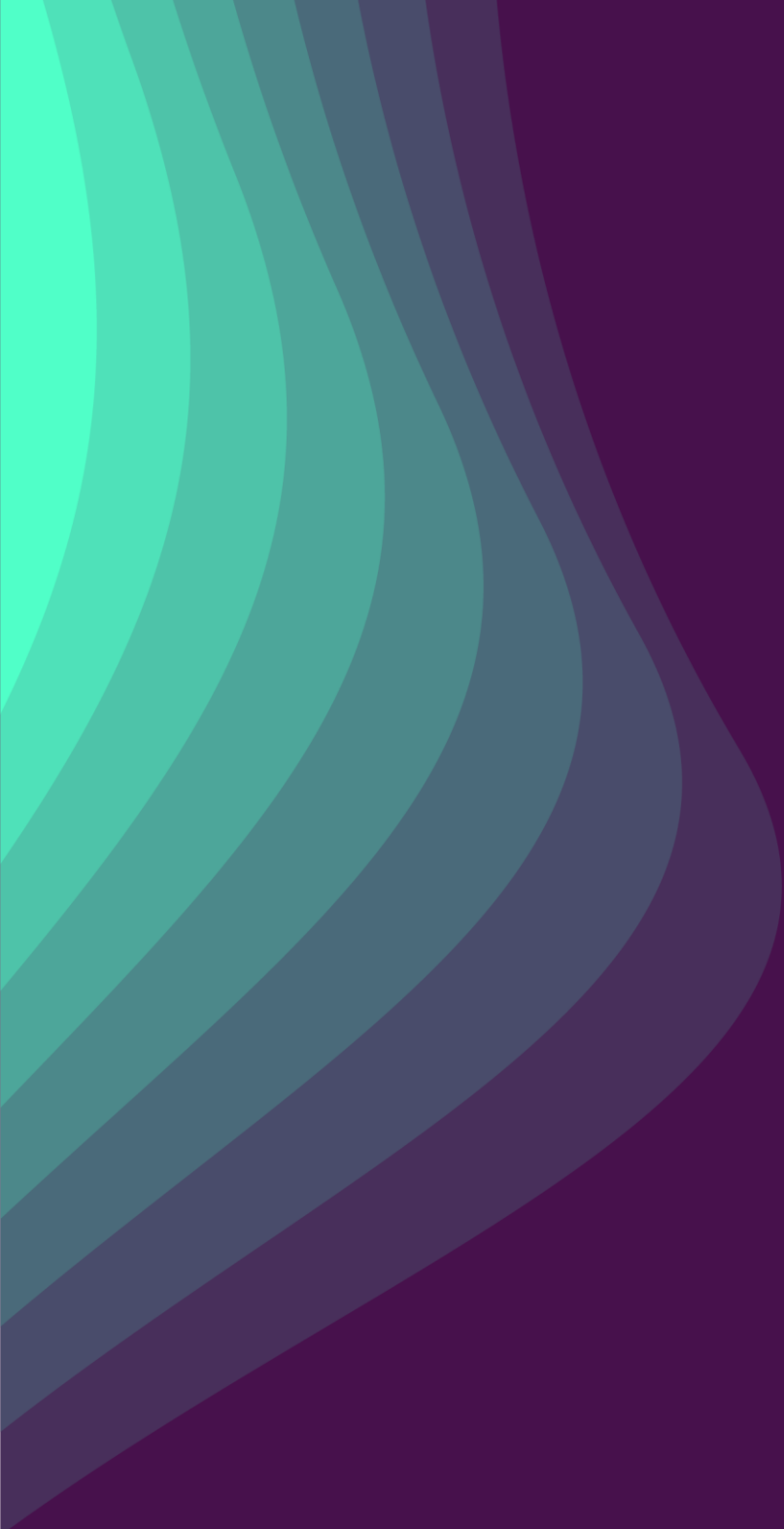
seramount.com/contact-us



BNP PARIBAS

BROWN BROTHERS HARRIMAN





Washington DC | Richmond | Birmingham | Minneapolis

202-747-1000 | seramount.com