

Speech: TISA Conference: Economic Secretary speech

These are interesting times – but I remain a Westminster optimist.

And I appreciate that this may now be an oxymoron!

However I am delighted that my principled colleague Amber Rudd is with you today and back with us in government.

The politics of politics aside, what I have unwavering faith in – remains financial services.

As City Minister, an evangelist for the industry, and with a passion for social change...

...I know that the values of the free market, wealth creation, and of unbridled aspiration are the bedrock of your industry.

And I think that these values will continue to strengthen this United Kingdom.

Your industry is spread across the country...

... a powerhouse of prosperity...

...that leaves no region or person untouched.

I have faith that the breadth of its impact means that financial services can be a driver of change.

And I am clearly not alone as I look out to this room.

Like you, it is my priority to ensure that financial services is there for hard-working people at every stage of their lives.

I want to applaud the work done by TISA in championing the savings industry – a pillar of financial resilience for the people of this country.

But I want to bring your attention to the focus of my remarks this evening...

...and I appreciate that you may not want to hear this from an Oxbridge educated, white male Conservative politician.

But championing women in finance is a core part of my mandate...

...and something I am committed to, as a Minister, an MP, and as a man.

As much as government interventions have been a trigger for change...

...there is only so much it can do.

Progress will be really made when the conversation no longer has to be had...

...when a diverse workforce is so inherent in corporate culture that it is taken as a given...

...and gender balance is seen as nothing less than a minimum standard of every organisation.

This step-change must happen in my generation...

...but to shift the behavioural patterns that underlie issues in the workplace...

...requires urgent attention, time and enduring commitment of employers.

There is a long history of grading people on a gendered curve.

A combination of ingrained habits...

... advertising, modern history, the place of the home and the family.

There are networks which seem unbreakable...

...and habits which look unshakeable.

Culture, mind-sets, and stubborn behaviour continue to entrench outdated modes of thinking.

And for these reasons I am a strong believer that the cultural and psychological shift called for in the British workforce...

...has to come from inside an organisation...

...from the top down, and the bottom up.

Now more than ever, it is incumbent on the executives and thought leaders in the sector to make the case for a real structural shift.

The business case for diversity

We need women in senior leadership for many reasons. It is simply the right thing to do and to expect.

And it is a hallmark of a civilised society.

Both men and women – should have the potential to accelerate whichever career they choose, if that is the choice they make.

To exclude anyone from leadership in any sector based on any reason – is unacceptable.

But more than anything, a strong commercial case for real diversity.

Diversity of thought leads to better outcomes...

... a happier workforce...

...reflects shareholder values...

...and is increasingly attractive to investors.

The Government Equalities Office has published research which shows that equalising women's productivity and employment to the same levels as men could add £600 billion to the UK economy.

And equalising work participation rates could add 10% to the size of the UK economy by 2013.

McKinsey, the management consultancy, has released research showing that companies ranking in the top 25% for gender diversity...

...were 21 per cent more likely to see higher than average performance than those in the bottom quartile (the figure for ethnic diversity was even higher).

Then there is the research conducted by Columbia Threadneedle Investments which shows that mixed-gender teams in asset management were the best long-run performers.

And that female fund managers produce more consistent, less volatile, performances than their male counterparts.

So continuing to entrench a monoculture in firms is damaging to everyone.

Diversity challenges group think, it strengthens an organisation from within – and, it gives you competitive advantage.

Women in Finance Charter

But despite the business case for diversity, Jayne-Anne Ghadia's [the former CEO of Virgin Money] review into the representation of women in senior managerial roles in the financial services industry was revealing.

One of the key findings from the report was that women make up just 14% of Executive Committees...

...25% of the firms included in the review had no women at all on their Executive Committee...

...and 17% had no women on their Board.

The Treasury decided to take action and in 2016 launched the Women in Finance Charter.

And I'm pleased to say that the Charter has been an enormous success – I am delighted with the impact it has had...

...both in terms of driving the debate...

...and in giving firms a framework to set targets, and then develop and implement a plan.

Today we celebrate another 33 signatories to our Women in Finance charter, meaning those companies pledging to do something about this has reached the 300 milestone.

This takes us to 300 financial services firms have signed the Charter who together employ over 780,000 people...

...close to 60% of the sector.

It includes everyone from global banks to FinTech firms with just a few employees.

We have also inspired other countries, like Brazil and China, to take action on improving gender balance, through their own Women in Finance Charters.

The Financial Reporting Council's review of board diversity reporting, published in September 2018, found that Charter signatories had a higher diversity reporting score than other FTSE 350 companies.

The Charter has forced the financial services sector to reconsider its culture, and firms who have signed up have reported to us that they are already putting in place new workplace policies on recruitment, flexible working and bonuses to ensure they achieve their targets.

A two-pronged vision for the sector

We still have a long way to go but it is this government's aspiration to see a gender balance...

...at all levels...

...across all firms...

...up and down the country.

The figures bear out the fact that, though great progress has been made, gender imbalance hasn't yet been eradicated.

Words alone will not buck decades of indifference.

We need deeds and I am calling on men working in financial services today to help confront this gender equality problem.

It is 2018 – corporate attitudes have to change and simply, you must embrace gender equality. Which leads me to my two-pronged vision which I would like you to take away this morning.

The first part of this vision is the role of the Male Change Agent, led by the Women's Business Council and overseen by the Government Equalities office.

I want to encourage more male leaders to champion a diverse workforce within financial services.

Because we need a united and collective front to push the envelope...

...set the agenda...

...and start making change.

I will be hosting a roundtable with industry this year to discuss exactly this...

...and consider the importance of male role models within the gender equality space.

Practical ways to achieve this will be raised...

...such as encouraging male diversity champions...

...and changing behaviours on the issue of paternity or shared parental level.

We will sit down and thrash this out once and for all. We will hear from female business leaders about how they struggled with backwards attitudes and what is needed to overcome this.

We will discuss the importance of male role models within the gender equality space and practical ways to achieve this, such as encouraging male diversity champions and changing behaviours on the issue of paternity or shared parental level.

What I hope comes out of this is a translation of male agency...

...into something that can shift the spotlight from Role Models to Real People.

From key individuals to holistic change of culture.

Because the firms you represent are the top of the iceberg, and by that measure – we are only seeing the tip of the problem.

No one doubts that diverse representation at the pointy end of business is desperately needed...

...and it is something we are going to keep fighting for.

But I want us to start driving the conversation into a trickier place.

Gender equality should not just be confined to boardrooms or those in business class.

It needs to be a championed cause throughout the country...

...and across the workforce.

Having a stake in this debate cannot just be the domain of executives or

those that have had the luxury of higher education...

...and by that measure, the tools to be engaged in this discussion, at this level.

We need to think about the family run business that is a major employer in a rural area...

...with no time, money, or appetite to contribute to the debate.

Or the microbusiness without the resources or structures to accommodate a working mother.

As we know, financial services as an industry is a broad church...

...and its congregation is spread far and wide.

I think these are the environments where thought and policy should be directed now.

And the Women in Finance Charter is doing an exceptional job at spearheading change...

...particularly from the top down.

But we now need to shine a spotlight on the Charter's call to focus on all levels of organisations.

Particular mid-to-senior management, where the gender gap often dramatically widens...

...and where retention and advancement really become difficult.

Across all businesses, and across all paygrades – we need to think how we can smooth the career path of working women.

We can start by harnessing male agency, and the collective voice of male leaders across the board.

We must push the debate into every corner of the country...

...and get every firm on board.

I hope this approach may be the starting point for a tougher discussion...

...but it is a tough discussion that we need to have...

...and it is an issue worthy of no less than national attention.

Thank you very much.