ACCOUNTING & AUDIT

Gender Diversity in Finance

Over the years, gender diversity in finance has improved, with studies reporting that women made up 40% of the finance workforce in 2019. However, women hold fewer leadership, executive, and board positions than their male counterparts, and the gender ...

Mar. 08, 2022
Finance is a service industry, and financial firms strive to achieve gender diversity to provide clients with a range of talent, abilities, and experience. Increasingly, those clients are women. More women than ever are creating and controlling wealth as entrepreneurs and individual investors, and demographics indicate that those trends will continue. Studies have shown that women think about money differently than men do, so a diverse workforce can better meet clients where they are, creating a competitive advantage for financial firms.

Over the years, gender diversity in finance has improved, with studies reporting that women made up 40% of the finance workforce in 2019. However, women hold fewer leadership, executive, and board positions than their male counterparts, and the gender pay gap has barely budged. Here are some statistics on gender diversity in finance.

**Women in the Finance Sector**

While there are more women in finance than ever before, few of them occupy leadership positions. A 2019 study found that only 6 of the 105 largest financial firms in the U.S. had women as the CEO. Further, women hold just 5% of the senior roles in the venture capital industry, with men dominating leadership roles and executive board positions. Compared to other professions such as law and medicine, finance has been much slower to achieve gender parity in terms of numbers, professional rank, or pay.

Women of color are particularly underrepresented in the finance industry, especially in leadership positions. Women, in general, make up approximately 30% of entry-level positions in finance, with women of color representing just 1% of leadership positions.

**Barriers To Women in Finance**

While the lack of women in finance is a complicated issue, there are a few barriers that can be identified. Here are a few of the challenges women face in finance:

- Business CEOS are typically recruited from three specific leadership positions: leading lines of business, operations, and finance. However, women are underrepresented in all of these areas. If women are not visible in these positions, they are not promoted to leadership positions.
- Finance has one of the highest gender pay gaps of any industry, with women receiving 26% less money than men for performing the same jobs.
• A lack of reasonable maternity benefits is a significant barrier to women succeeding in the world of business, particularly in leadership and executive positions.
• Industry culture: the world of finance is notorious for its long hours, macho culture, and historically homogenous workplaces. That is changing, but slowly.

Overall, the lack of support and fair recruitment of women are significant barriers to women in the finance industry.

Benefits of Professional Certifications

The potential for women (and men) to succeed in the financial sector is growing. Increasingly, a more diverse population of clients is looking for a more diverse range of services and ideas. Technology is a game-changer as well. You can distinguish yourself and your skills with professional certifications and accreditations updated throughout your career.

Pass the CFA Exam

Being a CFA charterholder can make you stand out in the field of finance and increase your likelihood of succeeding in the finance profession. If you want to start studying for the test, UWorld Finance can help. UWorld is an educational company that provides interactive study materials to help you master core content.

======

Rachel obtained both a BA in English and an MBA from Yale University and has earned the Chartered Financial Analyst designation. She is the author of Personal Finance 3e, a college-level text on personal finance, which was shaped by over two decades of teaching finance and economics as a professor (now retired) at Northern Vermont University.

Rachel is a respected editor for financial firms and professionals, academic journals, book authors, and courseware providers. Formerly, she was a content reviewer and writer for Mindojo, Ltd. (Bloomberg Exam Prep). She has worked with such diverse clients as Betterment, Ernst & Young, Bloomberg Exam Prep, Adapt Prep, Harvard Business School, and Oxford University Press, and with academics across the social sciences on journal articles, dissertations, and books.

Sources:
Rachel Siegel, CFA: https://www.linkedin.com/in/rachel-siegel-cfa-60228724/

Accounting & Audit  •  Firm Management  •  Technology  •  News

CPAPA is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2023 Firmworks, LLC. All rights reserved