FINANCIAL SERVICES INDUSTRY


What GAO Found

Overall representation of minorities in first-, mid-, and senior-level management positions in the financial services industry increased from about 17 percent to 21 percent from 2007 through 2015. However, as shown in the figure below representation varied by race/ethnicity group and management level.

Specifically, representation of African-Americans at various management levels decreased while representation of other minorities increased during this period. Overall representation of women was generally unchanged during this period. Representation of women among first- and mid-level managers remained around 48 percent and senior-level managers remained about 29 percent from 2007 through 2015.

Representation of Specific Races/Ethnicities in Various Management Levels in the Financial Services Industry, 2007 and 2015

Note: The “Other” category includes Native Hawaiian or Pacific Islander, Native American or Alaska Native, and "two or more races."

Potential employees for the financial services industry, including those that could become managers, come from external and internal pools. For example, the external pool includes those with undergraduate or graduate degrees, such as a Master of Business Administration. In 2015, about 33 percent of the external pool included minorities and around 60 percent were women. The internal talent pool for potential managers in financial services includes those already in professional positions. In 2015, nearly 28 percent of professional positions in financial services were held by minorities and just over 51 percent were held by women.

Research, financial services firm representatives, and financial industry stakeholders described challenges to recruiting and retaining members of racial/ethnic minority groups and women and practices that could help address these challenges, including recruiting from a wider variety of schools. Firm representatives said that it is important for firms to assess firm-level data on diversity and inclusiveness. However, firm representatives and other stakeholders differed in their views on whether firm-level diversity data should be made public. For example, one stakeholder stated that sharing diversity data publicly would create incentives for improvement. However, a firm representative said that for firms that are not diverse, making employee diversity data public could make improvement of workforce diversity more difficult for them.