

Why GAO Did This Study

The U.S. workforce force has become increasingly diverse and is projected to become even more diverse in the coming decades. As a result, many private sector organizations have recognized the importance of recruiting and retaining minorities and women for key positions to improve their business or organizational performance and help them better meet the needs of a diverse customer base. The financial services industry is a major source of employment in the United States and affects the economic well-being of its customers. However, questions remain about diversity in the financial services industry, which provides services that help families build wealth and are essential to economic growth.

GAO was asked to analyze diversity trends in the financial services industry, particularly in management positions. This report examines (1) trends in management-level diversity in the financial services industry from 2007 through 2015, (2) trends in diversity among potential talent pools, and (3) challenges financial services firms identified in trying to increase workforce diversity and practices firms used to address them.

GAO analyzed data from the Equal Employment Opportunity Commission (EEOC) and the Department of Education. The most recent available data were from 2015. GAO also reviewed studies on workforce diversity and interviewed representatives from financial services firms and organizations that advocate for the financial services industry, women, or minorities. EEOC provided technical comments on a draft of this report that GAO incorporated as appropriate.

View [GAO-18-64](#). For more information, contact Daniel Garcia-Diaz at (202) 512-8678 or GarciaDiazD@gao.gov.

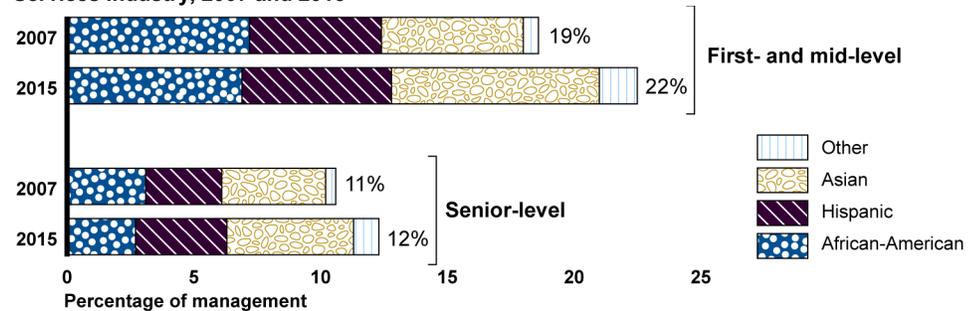
FINANCIAL SERVICES INDUSTRY

Trends in Management Representation of Minorities and Women and Diversity Practices, 2007–2015

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



Source: GAO analysis of Equal Employment Opportunity Commission data. | GAO-18-64

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.