



Diversity in financial services

CBI remains concerned

March 2018

On 7 February 2018, the Central Bank of Ireland ("**CBI**") published a demographic analysis of applications for senior positions in the financial services industry (so-called Pre-Approval Controlled Functions, or "PCFs" i.e. roles for which the prior written approval of the CBI is required before they can be taken up).

The demographic analysis was broken down by gender, age and country of birth.

The CBI noted that the data illustrated a concern about gender diversity that it intends to continue to address. The Deputy Governor of the CBI, Ed Sibley, stated:

"There is strong evidence that diversity, in all its forms, can mitigate the risk of groupthink, improve decision-making, increase the effectiveness of internal challenge and enhance the culture within firms. In my own experience, a lack of diversity at senior management and board level in organisations is a leading indicator of elevated behaviour and culture risks, and consequently prudential and conduct risks.

Therefore, it is disappointing to see that there has not been an improvement in the overall proportion of women filling the most senior roles in financial firms in Ireland over the past year. The Central Bank will, therefore, continue to prioritise driving meaningful change in the levels of diversity at senior levels in regulated financial services firms."

The data

The data provided in the CBI's analysis shows that only 22% of applicants for PCF roles in 2017 were female.

There are 48 different types of PCF role. During 2017:

- For Board-level roles, 18% of the applicants were female.
- For senior management roles, female applicant percentages for control functions: Head of Compliance (38%), Chief Risk Officer (29%), Head of Internal Audit (34%) were generally far higher than for front line/revenue-generating roles e.g. there were 0% female applicants for the roles of Head of Investment, Head of Trading, Chief Investment Officer, Head of Treasury and Sole Trader – although 27% of applicants for Head of Retail Sales and 20% of applicants for Branch manager of branches in other EEA countries were female. Also, 33% of applicants for Chief Operating officer were female.

Overall, these figures were not materially different for the period 2012-2016 (also included in the CBI's analysis).

With regard to geographic diversity, 58% of applicants for PCF roles in 2017 were born in Ireland and 18% in the UK; a further 11% were born in 'rest of Europe' and 7% in the US.

The CBI has stated that it is committed to publishing its analysis on an annual basis "as part of its continued focus on the importance of diversity in regulated firms."

How Eversheds Sutherland can help

Eversheds Sutherland is a leading global law firm.

Our Financial Regulation, Governance and Compliance ("**FRGC**") team, which includes a former Deputy Head of the Enforcement Division of the CBI and another former senior official from the CBI Enforcement Division, can assist firms to:

- have in place effective and robust governance and Fitness & Probity policies and procedures
- have in place an effective culture which supports high standards of behaviour, through the Eversheds Sutherland Culture Review service for financial services firms (see our separate brochure on this)
- deal with any conduct risk/behaviour issues (including potential regulatory breaches) that may arise.

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