



WHERE ARE ALL THE WOMEN?

By Maura Cunningham, Founder & Executive Director
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Financial institutions are creating diversity initiatives, implementing training programs and discussing cultural changes to design a more welcoming environment for women, yet women are still sorely underrepresented in the industry. Women only account for 23 percent of Certified Financial Plannersⁱ, 18 percent of the Chartered Financial Analyst (CFA) Institute's membersⁱⁱ, 17 percent of senior leaders in U.S. investment bankingⁱⁱⁱ and less than 10 percent of U.S. hedge fund managers^{iv}.

The problem is multilayered, but an urgent crisis lies at its core: Not enough girls are pursuing careers in finance. The problem is more about culture than competence. Girls' interest in math starts to wane at age 9; throughout middle and high school, anxiety about math builds and confidence levels drop^v.

To truly affect the pipeline of talent, we need to lift the veil on finance with girls to help them understand that a career in the sector is within their reach and can be exciting and rewarding. The solutions need not be complicated. There are simple steps that every one of us can take:

BE VOCAL

The misperception that girls aren't as good at math as boys has been left unchallenged by parents and teachers for far too long. It is perpetuated by the fact that finance is such a male-dominated industry. Help

spread the facts, and challenge what is happening in your child's classroom. Ask how teachers are combating girls' hesitations around math.

Research shows that girls and boys are equally competent in math^{vi}. Numerous studies also demonstrate that women are powerful investors who deliver higher returns^{vii}. In fact, women are critical to enabling the financial industry's growth. An InvestmentNews study found that advisory firms with a higher percentage of women tend to grow faster and embrace a more holistic approach to financial planning^{viii}.

"Even in 2019, the financial prowess of women is largely untapped," said Meredith Jones, founder of MJ Alternative Investment Research and the author of a book about the higher returns generated by female money managers. "By encouraging more young women to pursue careers in investments, everyone from Wall Street to Main Street can benefit from the potential economic boost. Whether it's in the form of increased investment returns for investors, reduced volatility in the markets, job creation through improved funding of women-founded and women-run businesses, or greater investments into families and communities, there is ample evidence to show that women and investing are a powerful catalyst for wealth creation globally."

To change the dynamic, what girls really need is greater encouragement and support around math starting at a young age. By the time they reach college, many girls have already opted out of a finance career path.

BE VISIBLE

Role models have an enormous influence on girls' career paths. Having a parent in a STEM field – especially a mother in STEM – tends to have a greater effect on girls' decisions to pursue a STEM career than it does on boys^{ix}.

Most girls lack this kind of role model. They don't know what a finance career looks like in the real world, or how it might align with their interests and strengths. A Microsoft study found that girls' perceptions change dramatically after hearing brief descriptions of real-world accomplishments by those in STEM professions.

Each of us must find ways to increase our visibility among the next generation of girls. Agree to talk at a high-school career day. Better yet, look for programs such as **Rock The Street, Wall Street** that connect high-school girls with mentors or teach them about finance and investing. When girls have an opportunity to talk with women actively working in finance, it can potentially change their vision for the future.

“Creating a more diverse workforce is more than just a business priority; it's imperative that we have employees who reflect the world around us,” said Judy Ricketts, managing director and head of investor services for TD Ameritrade. “We need to do a better job of opening girls' eyes to the career opportunities that exist in finance, in addition to educating them about the basics of financial wellness.”

BE VALIANT

In an industry where women are often still few in number and siloed, creating a sense of unity and camaraderie among women can be challenging. Many financial institutions are implementing women's initiatives that not only aim to advance women on the inside but are working to support women and girls in their communities. Fight to establish a respectable budget for your firm's diversity and inclusion efforts to help turn up its volume among senior executives. Then rally co-workers to participate in activities that directly support broader organizational goals, such as creating a more diverse workforce for the future.


If you have an Employee Resource Group for women, consider looking for skills-based volunteer work that

enables employees to help improve financial literacy among women and girls in the community. Your firm may be surprised by the number of women who are eager to find a way to channel their talent in a way that positively impacts the community. An organic side benefit often unfolds from participating in feel-good activities outside of the firm: It creates stronger connections between women within the firm who may find new avenues to help lift one another up.

EARLY INTERACTIONS MATTER

Finance and investing aren't part of most school curriculums. Even more alarming, 88 percent of teachers report that they don't feel qualified to teach financial literacy^x. Imagine if schools had English teachers who could barely speak the language. We can't let this cycle continue. If the finance industry wants to create a strong pipeline of talented women for the future, it's time to step up and influence change in your own community.

When female finance professionals teach high-school girls about financial concepts, it has a tremendous impact. Girls' financial literacy scores improve an average of 97 percent after going through our program, and 67 percent report being “very” or “extremely” likely to explore a finance and economics major or minor.

Diversity initiatives and training programs are important, but more women won't populate the industry until we put more energy into “priming the pipeline” with girls at the high-school level, if not earlier. 

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Sources:

ⁱ CFP Board demographic data, 1/31/19

ⁱⁱ CFA Institute, Women in Investment Management Initiative: [Improving Investor Outcomes Through Diversity](#), p. 2

ⁱⁱⁱ Catalyst, [U.S. Women's Representation in Financial Services Senior Leadership Roles](#)

^{iv} Morningstar, [Fund Managers By Gender](#), 3/8/18

^v Ganley and Lubienski, Elsevier, “[Mathematics Confidence, Interest, and Performance: Examining Gender Patterns and Reciprocal Relations](#),” *ScienceDirect*, Volume 47, April 2016

^{vi} Hutchison, Lyons and Ansari; Wiley; “[More Similar Than Different: Gender Differences in Children's Basic Numerical Skills Are the Exception Not the Rule](#),” *Child Development*, Volume 90, Issue 1; 2/27/18

^{vii} Barclays, “[Are Women Better Investors?](#)” 3/1/18

^{viii} InvestmentNews Research and Advisor Group, “[Defining the 'Female Effect' on Advice](#),” 5/8/18

^{ix} Adams, Barber, Odean; CFA Institute; “[STEM Parents and Women in Finance](#),” *Financial Analysts Journal*, Volume 74, Issue 2; 12/5/17

^x Way and Holden, Association for Financial Counseling and Planning Education, “[2009 Outstanding AFCPE Conference Paper: Teachers' Background and Capacity to Teach Personal Finance: Results of a National Study](#),” *Journal of Financial Counseling and Planning*, Volume 20, Issue 2, 2009