Women Working Worldwide

Gender pay gap in financial services in the UK

RESEARCH PAPER: DECEMBER 2024

I. Introduction

Gender inequality is often discussed in the context of disadvantaged groups and emerging economies. Yet, gender-related injustice is a global problem widespread in developed states and prosperous industries. One of the key indicators of inequality in societies and organisations is the gender pay gap, the difference in earnings between male and female employees. The disparity in earnings may be influenced by the dissimilarity in age, education, occupation and sector, however, up to half of the gender pay gap cannot be explained by reasons other than gender.

In the United Kingdom, the financial services sector is the most unequal industry in terms of disparity in earnings between women and men. The official statistics show that in finance female professionals in full-time employment on average are paid roughly 23 per cent less than males[1]. In practice, the hourly gender pay gap and the bonus gender pay gap at some financial institutions proved to be higher, which is exposed in the gender pay gap reports of industry participants and assessments of independent analytics. As calculated for this study, in 2023 an average median hourly pay gap across seven market-leading UK-based banks exceeded 30 per cent while an average median bonus pay gap was more than 45 per cent. The main reason for such imbalance named by researchers and the banks is the underrepresentation of female talents in managerial positions. While women's participation in finance is higher than on the average across the British economy and quite close to parity, female professionals predominantly occupy the lower levels in organisational hierarchies and remain the minority at the top ranks in the sector. This situation is reflected in the exceptional gender pay gap figures and hints at the presence of discriminatory barriers to female career progression in financial services firms.

This research aims to raise awareness of the problem of the gender pay gap in financial services in the UK, consider discriminatory barriers that precondition the difference in earnings between women and men with similar qualifications and experience and review the actions that can be adopted by organisations to decrease the influence of biased decision-making on women's career trajectories and support female employees in fulfilling their leadership potential.

The paper consists of the following parts: this introduction, an overview of the gender pay gap issue globally and in the country, reasons for its existence, a review of financial services from the perspective of gender-related imbalance in wage distribution, the benefits of the gender-balanced structures, the actions for the promotion of gender parity at the corporate level and the conclusion.

II. The overview of the gender pay gap

Gender inequality is a global problem manifesting itself in many ways including the disparity in earnings between male and female employees. Injustice in wages is commonly observed and quantified by the gender pay gap, a parameter calculated as the difference between the median earnings of men and women relative to the median earnings of men[2]. The gender pay gap reflects gender bias in wage determination and wage structures, as well as gender differences in the hours devoted to paid employment and their distribution across sectors and occupations[3]. This indicator captures situations where women as a population group have lower income than men and mirrors gender-related imbalance across all jobs in an economy, an industry or an organisation, but not the difference in wages between men and women doing the same job. In sum, the gender pay gap estimates the level of inequality in earnings for female employees in societies, sectors and organisations.

---

[1] The gender pay gap, research by Brigid Francis-Devine, House of Commons Library, 2024. Available at: https://researchbriefings.files.parliament.uk/documents/SN07068/SN07068.pdf

[2] OECD, Gender wage gap (indicator), 2023. Available at: https://data.oecd.org/earnwage/gender-wage-gap.htm

[3] International Labour Organisation, 2022. Pay transparency legislation: Implications for employers' and workers' organizations. Available at: https://www.ilo.org/travail/info/publications/WCMS_849209/lang--en/index.htm

The gender-linked disparity in earnings is widespread and represents a significant issue in many countries, including the UK. It may be surprising to learn that in 2023 the vast majority of British employers – approximately 80 per cent – on average paid men more than women[4]. According to the Office for National Statistics (ONS), in April 2023 the gender pay gap for full-time employees in the country was 7.7 per cent[5], meaning that an average female worker was paid £92.3 for every £100 paid to an average male worker. Progress towards equality in earnings for females and males as population groups has been a challenge for British society.

The problem of the gender pay gap is being addressed on the global, public and private levels. Multilateral development organisations such as the United Nations, the World Economic Forum and the International Labour Organisation navigate women's rights protection, monitor existing disparities and various gender gaps, including the wage distribution imbalance, track the pace of change and publish the respective data.

The main directions for the promotion of gender equality and empowerment of women and girls were set by the United Nations in the 2030 Agenda for Sustainable Development, a plan of action for people, planet and prosperity in areas of critical importance for humanity and the world[6]. Being part of the 2030 Agenda for Sustainable Development, Sustainable Development Goal 5 calls to end all forms of discrimination against women and girls and highlights the importance of female leadership at all levels of decision-making in political, economic and public life[7]. The United Nations stresses that the eradication of gender inequality is an issue of critical importance for the achievement of prosperity in developing and developed states.

The World Economic Forum annually publishes the Global Gender Gap Index, the assessment of gender inequalities globally and by country. According to the Global Gender Gap Report 2023, in the reporting year, the average global gender gap was 31.4 per cent, and it would take approximately 131 years to close it[8]. This means that in 2023 access to almost a third of resources was less available for women than for men and over a century would be required to achieve gender parity with the current pace of change. Importantly, the gender gap in economic participation and opportunity was higher – 39.9 per cent, which revealed that women globally remained significantly less economically included than men. In the report the UK was ranked 15th out of 146 states, as the country's Gender Gap Index was 0.792, meaning that the average gender gap was equal to 20.8 per cent. The Economic Participation and Opportunity Subindex in the country, ranked 43rd out of 146, was 0.731 with 26.9 per cent of the respective gender gap implying that roughly a quarter fewer economic opportunities were available for British females than for British males.

The gender imbalance in labour markets is monitored by the International Labour Organisation which reported that in 2018 the global gender pay gap was around 20 per cent[9]. It has been the latest available estimate for the worldwide gender disparity in wages published by the source. This piece of information suggests that before the COVID-19 pandemic working women earned on average a fifth less than working men. The International Labour Organisation noted that disruption in the collection of data due to the COVID-19 crisis affected their econometric models[10],

[4] Financial Times, 2023. Available at: https://www.ft.com/content/062e80a3-af13-4aef-9e11-942abc40f8dc

[5] Gender pay gap in the UK: 2023, Office for National Statistics, 2023. Available at: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/genderpaygapintheuk/2023

[6] United Nations, 2024. https://sdgs.un.org/2030agenda

[7] United Nations, 2024. Available at: https://sdgs.un.org/goals/goal5#targets_and_indicators

[8] World Economic Forum, 2023. Available at: https://www3.weforum.org/docs/WEF_GGGR_2023.pdf

[9] International Labour Organisation, 2018. Global Wage Report 2018/19. Available at: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_650553.pdf

[10] International Labour Organisation, 2022. Available at: https://ilostat.ilo.org/covid-19-and-the-sustainable-development-goals-reversing-progress-towards-decent-work-for-all/

so it is for now unclear how the pandemic influenced the average gender pay gap across the globe.

On the state level, the UK government has been engaging in the gender pay gap issue for several years. In 2017 new legislation was introduced obliging all companies with more than 250 employees to annually report on the differences in earnings between women and men[11]. Hence, large British employers calculate their mean and median gender pay gap and submit the results on the government website where the information is made available to the public[12]. This law increased transparency in the distribution of wages between male and female workers and provided a chance to assess the gender-related wage disparity in various organisations and sectors in the country.

The Bank of England argues that publishing pay gap figures prompts companies to examine gender imbalances, justify the underachievement of their targets for the gender pay gap reduction and explain how and when they will be met[13]. In the same working paper, the regulator recommends extending the gender pay gap reporting to entities with 30 employees and more, since the current legislation covers only around 40 per cent of the UK working population in the private sector. If adopted, this legislative initiative may contribute to a better understanding of the gender-linked disparity in earnings in the country.

In 2024 the UK Government published on its website a Statutory guidance that provides employers with some methodological information on the understanding of the gender pay gap, actions that can contribute to the gender pay narrowing and the creation of an action plan aiming to reduce the gender pay gap in an organisation[14]. A review of the suggested measures for the promotion of gender parity is presented in Section VI of this study. Importantly, the actions observed in the Statutory guidance or the introduction of action plans for gender pay gap reduction are non-obligatory for British employers and have a recommendatory nature.

The underrepresentation of females in higher ranks of organisational hierarchies is one of the main causes of the gender pay gap, as discussed in Section III below. Therefore, it is worth mentioning that several voluntary initiatives to bring more women into leadership positions were established by the British governmental bodies together with the business community.

One of the initiatives is the Women in Finance Charter, a pledge for gender balance across financial services launched by HM Treasury in 2016, which currently has over 400 signatories[15]. According to the HM Treasury Women in Finance Charter Annual Review 2023, average female representation in senior management for the signatory group has risen to 35 per cent in the reporting year, 1 per cent higher than in the previous year[16]. This data may reflect some positive changes in the industry.

Another initiative, FTSE Women Leaders Review, is run by private-sector enthusiasts with the support of the UK Government. According to their 2024 report, the 350 largest companies by market capitalisation on the London Stock Exchange, known as the ‘FTSE 350’ list, increased representation of women taking seats in the companies’ executive boards beyond the 40 per cent

---

[11] The UK Government, 2023. Available at: https://www.gov.uk/guidance/the-gender-pay-gap-information-employers-must-report

[12] The UK Government, 2024. Available at: https://gender-pay-gap.service.gov.uk/viewing/search-results?t=1&search=&orderBy=relevance

[13] Bank of England Staff Working Paper No. 877, 2020. Available at: https://www.bankofengland.co.uk/-/media/boe/files/working-paper/2020/understanding-pay-gaps.pdf

[14] The UK Government, 2024. Available at: https://www.gov.uk/government/publications/gender-pay-gap-reporting-guidance-for-employers/closing-your-gender-pay-gap#actions-to-close-the-gap

[15] Women in Finance Charter, 2024. Available at: https://www.gov.uk/government/publications/women-in-finance-charter

[16] HM Treasury Women in Finance Charter Annual Review, 2024. Available at: https://assets.publishing.service.gov.uk/media/65fb084d9316f5001164c432/HMT_WIFC_Review_2023.pdf

target almost two years ahead of the December 2025 deadline[17]. The figure does not mean that each of the FTSE 350 listed firms had 40 per cent of women on boards, rather than a total number of female leaders across the group achieved 42.1 per cent in 2023. In fact, by 2024 nine companies on the list still had all-male executive committees. However, the number of such firms had been reduced from 54 organisations in 2017, which presumes substantial progress in the advancement of female professionals to management.

Women in Finance Charter and FTSE Women Leaders Review represent the calls for inclusive management that bring public attention to the gender inequality issue and put pressure on businesses to move towards gender balance in the higher ranks of corporate hierarchies.

It can be observed that the British governing institutions are trying to tackle the gender imbalance in earnings by raising employers' awareness of the issue through the introduction of obligatory reporting, publishing methodological materials on the gender pay gap narrowing and supporting the voluntary associations which promote female leadership.

There are, however, no legally binding requirements for British employers to publish action plans and gender targets or address gender inequalities directly, like, for example, a law on quotas for female members on boards adopted in Belgium, France and Norway. Besides, as per the Bank of England estimates discussed above, the reporting law covers a rather narrow segment, less than half, of the British economy[18]. It seems that the state has left the initiative for a change to large employers and expects the organisations to decide for themselves how (or if) to treat the gender wage imbalance.

In addition, voluntary initiatives to bring more females to leadership positions do not always deliver the desired results in the gender pay gap narrowing. The persistence of the gender pay gaps might point to the formal approach of organisations to public commitments to increase female representation in management. For example, in 2020 and 2021 in the UK more women than men were appointed to board seats, however many of the new appointments were for non-executive roles, with far fewer female top executives[19]. Taking into account that executive and C-level positions are associated with higher financial rewards, the lack of women in these kinds of roles can lead to a situation in which the distribution of remuneration remains unequal which is reflected in the gender pay gap figures.

A question can be raised if the UK transparency legislation and the state-backed voluntary initiatives bring palpable results in the gender pay gap reduction. There are some assessments on the matter, presented by a media outlet, a private firm and the International Labour Organisation.

According to the analysis of the Guardian, in 2023 the median gender pay gap in Great Britain remained at the same level as in 2017-18 when the gender pay gap reporting law was introduced[20].

PwC, the prominent global audit and financial services firm, revealed in their Women in Work 2024 report that the UK has consistently lagged behind the average pace of OECD countries in the gender pay gap reduction[21]. Based on the company's calculations, the gender pay gap in the country in fact increased from 14.3 per cent in 2021 to 14.5 per cent in 2022. Between 2021 and 2022 the UK also experienced the largest fall from 13th to 17th place in ranking on PwC's Women

[17] FTSE Women Leaders Review, 2024. Available at: https://ftsewomenleaders.com/wp-content/uploads/2024/04/ftse-women-leaders-report-final-april-2024.pdf

[18] Bank of England Staff Working Paper No. 877, 2020. Available at: https://www.bankofengland.co.uk/-/media/boe/files/working-paper/2020/understanding-pay-gaps.pdf

[19] Financial Times, 2021. Available at: https://www.ft.com/content/c7f234b8-2c8c-49cf-8ea9-05c223553f3f

[20] Guardian, 2023. Available at: https://www.theguardian.com/world/2023/apr/05/women-paid-less-than-men-four-out-of-five-employers-uk-gender-pay-gap

[21] PwC, 2024. Available at: https://www.pwc.co.uk/economic-services/assets/women-in-work-24.pdf

in Work Index which measures progress towards gender equality across 33 OECD states based on five indicators: the female labour force participation rate, the participation rate gap, the female unemployment rate, the female full-time employment rate and the gender pay gap. The authors noted that during the considered period the UK improved all indicators except for the gender pay gap, which seems to contribute to the result. In addition, the fall in ranking suggests that the UK had been outpaced by other OECD countries in progress towards gender equality.

In the overview of pay transparency legislation in various countries, the International Labour Organisation pointed out that in the UK no sanctions for non-compliance with the gender pay gap disclosure obligation apply to violating employers and more time is required to evaluate the effectiveness of the law[22].

Perhaps, evident results of the transparency regulation, governmental methodological support and public pledge interventions will emerge later, but the current pace of change seems rather low. While disclosure of the gender-disaggregated distribution of wages is essential, further regulatory influence on employers from the state is expected, including the extension of the transparency obligations to smaller companies, the introduction of compulsory action plans for narrowing the gender pay gap for all employers and penalties for non-compliance with the respective law.

In sum, the disparity in earnings is a societal problem across the world and in the UK. Multilateral development organisations, governmental bodies, voluntary associations and representatives of the private sector advance the gender parity agenda, insist on increasing the transparency in earnings distribution and advocate for justice in wages. However, more actions on the state level are expected to achieve visible progress on the gender pay gap reduction. The current regulatory framework seems to leave it to the employers to decide how to tackle the gender-related imbalance in the workplace. For now, solving the issue of unequal wage distribution appears to be the responsibility of organisations themselves.

III. The reasons for the gender pay gap

Various reasons precondition the existence of the gender pay gap. The International Labour Organisation names the underrepresentation of females in leadership positions, working hours, time out of the workforce, education, feminized jobs and unexplained parts of the gender pay gap as the main causes[23]. The unexplained part of the gender pay gap seems to address the portion of the gender pay gap that cannot be explained by any of the other mentioned reasons. The earnings of female workers in full-time and part-time employment and across multiple sectors of economies may be affected by one or a combination of these causes, which is reflected in the gender pay gap figures.

The Bank of England Staff Working Paper specifies that half of the gender pay gap in the country can be accounted for the differences in age, education, occupation and sector, while the other half remains unaccounted for[24]. The document outlines that existing pay biases can be amplified and exaggerated by the effects of the nature of the employment contract, educational qualifications and the presence of children under the age of 2, which tend to intensify further the pay disadvantage for women.

Both the International Labour Organisation and the Bank of England notice the unexplained or unaccounted portion of the gender pay gap that cannot be justified by differences in education,

---

[22] International Labour Organisation, 2022. Pay transparency legislation: Implications for employers' and workers' organizations. Available at: https://www.ilo.org/travail/info/publications/WCMS_849209/lang--en/index.htm
[23] International Labour Organisation, 2020. Understanding the gender pay gap. Available at: https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---act_emp/documents/publication/wcms_735949.pdf
[24] Bank of England Staff Working Paper No. 877, 2020. Available at: https://www.bankofengland.co.uk/-/media/boe/files/working-paper/2020/understanding-pay-gaps.pdf

experience and working hours between women and men. The British regulator observes that the unaccounted portion is as much as half of the gender pay gap figure. There is, therefore, a question of what reasons lay behind the unaccounted 50 per cent of the gender pay gap between male and female employees in full-time employment with similar education, skill set and experience.

A growing body of research scrutinises the reasons and implications of the unaccounted portion of the gender pay gap. For instance, in the Women in Work 2024 report PwC registered that, on average, for every 1 pound earned by a man in the UK, a woman earns 90p despite similar personal and professional backgrounds[25]. The authors argue that the portion of the gender-related imbalance in earnings, which cannot be explained by the difference in education, experience and other wage-determining characteristics, is driven by the impact of gender biases and structural inequalities.

Another study was presented by the Organisation for Economic Co-operation and Development. The authors compared the earnings of female and male workers with similar qualifications and labour market experience and concluded that in most OECD countries hourly pay of women continues to be lower than those of men[26]. The research shows that in the OECD countries 40 per cent of the gender pay gap is a consequence of social norms and gender-based discrimination attributed to the 'sticky floor', while the 'glass ceiling' related to the 'motherhood penalty' accounts for around 60 per cent of the gender pay gap. Moreover, in Northern and Western European countries, including the UK, the outcomes of the 'motherhood penalty' may account for up to 75 per cent of the gender pay gap.

Let us have a closer look at the structural discriminatory barriers in organisations, known as the 'glass ceiling', 'sticky floor' and 'motherhood/child penalty' that are named by researchers as the reasons for the gender pay gap in earnings between female and male professionals with similar qualifications and experience, the unaccounted half of the gender pay gap.

When women workers get into employment, they can face a situation that is often referred to as a 'sticky floor', a discriminatory employment pattern that keeps workers, mainly women, in the lower ranks of the job scale, with low mobility and invisible barriers to career advancement[27]. 'Sticky floor' traps women in low-paying positions of the organisational hierarchy for a long period[28]. This means that potentially more time and effort are required for a female employee to get the first promotion and begin to earn more money, so they stay on a lower income for longer.

Later in employment, women may be affected by the 'glass ceiling'. This term defines the sometimes invisible barrier to success that many women come up against in their careers[29]. The phenomenon is commonly observable in the situation of competition for higher and top-level roles in organisations when suitably qualified women do not get promoted due to gender biases of managers responsible for promotion and lose the higher positions and, accordingly, higher wages to their male colleagues.

Researchers are convinced that the existence of a 'sticky floor' and 'glass ceiling' is preconditioned by conscious and unconscious biases in decision-making at a workplace. For

---

[25] PwC, 2024. Available at: https://www.pwc.co.uk/economic-services/assets/women-in-work-24.pdf

[26] The OECD Economics Department Working Papers No. 1668, 2021. 'Sticky floors or glass ceilings? The role of human capital, working time flexibility and discrimination in the gender wage gap'. Available at: https://www.oecd-ilibrary.org/content/paper/02ef3235-en.

[27] European Institute for Gender Equality, 2024. Available at: https://eige.europa.eu/publications-resources/thesaurus/terms/1374?language_content_entity=en

[28] Shabsough, T., Semerci, A. B. & Ergeneli, A., 2021. 'Women's entrepreneurial intention: The role of sticky floor perception and social networking'. The International Journal of Entrepreneurship and Innovation, 22 (1), pp. 45-55

[29] BBC, 2017. 'Why I invented the glass ceiling phrase'. Available at: https://www.bbc.co.uk/news/world-42026266#:~:text=The%20term%20%22glass%20ceiling%22%20refers,still%20as%20relevant%20as%20ever

instance, for a joint study of Yale, the University of Minnesota and MIT promotion records of nearly 30,000 workers of a North American retail chain were scrutinised and it was discovered that women were 14 per cent less likely to be promoted at the company each year[30]. The authors concluded that the major factor preventing women from being promoted was the consistent biased judgment that women had lower leadership potential than men. Due to the persistence of this stereotype, female workers may experience discrimination, insufficiency of equal professional opportunities and postponed career progression attributed to 'sticky floor' and 'glass ceiling'. As a result, a limited number of women get managerial positions and achieve higher levels of organisational hierarchies, forming an underrepresented minority in management.

Ann Francke, Chief Executive of the Chartered Management Institute in London, argues that the existence of the 'sticky floor' and 'glass ceiling' results in the formation of a 'glass pyramid' in organisations, where the 'shape' of women's presence in hierarchies looks like a pyramid with many more female workers at the bottom in junior roles and fewer at the top in senior roles[31]. She stresses that commonly women get promoted less frequently than men, which predetermines the 'glass pyramid' reproduction and names the lack of women in senior positions across all sectors as the main reason for the gender pay gap.

Biased decision-making and discriminatory barriers – 'sticky floor' and 'glass ceiling' – hinder female employers from getting to managerial positions and correspondingly increasing their income. As a result, they, as a population group, earn less than men across economies, sectors and organisations. The underrepresentation of women in management conditions unequal wage allocation and is reflected in the gender pay gap figures.

Life events and family-related choices may also affect the chances of female professionals to obtain fair compensation for their labour and progress in their careers. The 'motherhood/child penalty' is a discriminatory pattern manifesting in the documented wage decrease that women who are mothers take[32]. Such situations might be caused by the personal circumstances of female workers whose earnings drop as a result of maternity leave and/or change in working hours due to unequal childcare responsibilities. However, employees, who became mothers, but chose to remain in full-time employment, often face biased decision-making in promotion, which results in their postponed career progression and reduced income.

A study issued by Fawcett, a British charity campaigning for gender equality, together with Totaljobs, a UK-based recruitment solutions provider, demonstrates that 79 per cent of working mothers in the country face barriers trying to advance their careers[33]. According to the paper, a third of employers wrongly believe that pregnant women and mothers are less interested in career progression than their childless and male counterparts. This gender bias prevents managers from considering female staff with children for skills development and promotion. As a result, mothers with two kids earn 26 per cent less than childless women[34], which adds up to the gender pay gap figures.

Working women may suffer from a combination of discriminatory effects. For instance, female professionals may initially be affected by the 'sticky floor' and then suppressed by the 'glass ceiling', which can be reinforced by the 'motherhood/child penalty', if they decide to become working mothers. Overall, biased decision-making in promotion and wage allocation affects the

---

[30] Yale Insights, 2021. Available at: https://insights.som.yale.edu/insights/women-arent-promoted-because-managers-underestimate-their-potential

[31] Francke, A., 2019. Create a gender-balanced workplace. Penguin UK.

[32] Pepping, A. & Maniam, B.,2020. 'The motherhood penalty' Journal of Business and Behavioral Sciences, 32 (2), pp. 110-125.

[33] Fawcett and Totaljobs, 2023. Available at: https://www.fawcettsociety.org.uk/paths-to-parenthood-uplifting-new-mothers-at-work

[34] Fawcett , 2023. Available at https://www.fawcettsociety.org.uk/the-ethnicity-motherhood-pay-penalty

chances for female professionals to take managerial positions, fulfil their leadership potential and earn higher wages.

The influence of the discussed discriminatory barriers is visible in global statistics. In 2021 the United Nations reported that while women comprised approximately 39 per cent of the global labour force in 2019, only 28.2 per cent of managerial positions were held by female employees[35]. This data implies that globally women are less included in paid employment than men and when they get paid jobs, they predominantly have to work in lower-wage and undervalued positions and have fewer chances to get promoted to higher levels of organisational hierarchies and receive higher remunerations.

Aside from bringing fair career opportunities to female employees, the achievement of gender parity in the workplace is a matter of social justice. The gender pay gap also reflects the unjust gender-related distribution of wealth in societies. Often it means that women experience lower living standards during careers and in retirement, financial dependence and an inability to make independent choices and financial decisions. In 2022, the World Economic Forum and the insurance advisor Willis Towers Watson analysed wealth equity in 39 countries and concluded that women have significant disadvantages in wealth accumulation throughout their working life[36]. The researchers name the gender pay gaps, unequal career progression trajectories, gender gaps in financial literacy and life events as the most salient factors contributing to this gender-based wealth inequity. It seems clear that discriminatory barriers and unequal promotion opportunities dramatically influence women's lives and their chances for financial well-being during and after employment. Hence, the elimination of biased decision-making in organisations and the promotion of female talents in all aspects of the working environment is expected to bring tangible life improvements for employed women.

The gender pay gap is caused by various reasons including age, education, experience and working patterns. However, a substantial portion of the difference in wages, the unaccounted half, stems from the discriminatory barriers deterring women with similar qualifications and expertise as their male colleagues from career progression and the subsequent underrepresentation of women in higher ranks of organisational hierarchies. These barriers – 'sticky floor', 'glass ceiling' and 'motherhood/child penalty' – are manifestations of biased decision-making in promotion, unequal wage allocation and structural inequalities in organisations that lead to limited professional and personal opportunities for female employees. The elimination of the discussed discriminatory barriers is required for the reduction of the gender pay gap and, effectively, for the chances for women to receive fair compensation and to make independent financial choices.

IV. The problem of the gender pay gap in financial services in the UK

Finance in the UK is a high-performing and vital industry. A report 'Financial Services: contribution to the UK Economy', published by a research and information service of the UK Parliament, the House of Commons Library, states that in 2021 financial and insurance services brought £173.6 billion to the UK economy, becoming the fifth largest sector in terms of overall economic output[37]. According to the same paper, in the first quarter of 2021 there were 1.1 million financial services jobs in the UK, 3 per cent of all jobs in the country. Evidently, the British financial sector is a prosperous one accommodating a noticeable portion of the working population of the country.

However, from the perspective of the gender pay gap the industry looks less impressive due to a startling imbalance in wages between female and male employees. The report 'The gender pay

[35] United Nations. The sustainable development goals report 2021. Available at: https://unstats.un.org/sdgs/report/2021/The-Sustainable-Development-Goals-Report-2021.pdf

[36] World Economic Forum, Global gender gap report 2022. Available at: https://www3.weforum.org/docs/WEF_GGGR_2022.pdf

[37] 'Financial services: contribution to the UK economy' research by Georgina Hutton, House of Commons Library, 2022. Available at: https://researchbriefings.files.parliament.uk/documents/SN06193/SN06193.pdf

gap' published by the House of Commons Library in 2024 based on the ONS data for 2023 provides the following insight[38]:

- In April 2023 the median gender pay gap in finance and insurance activities in the UK was 22.7 per cent for full-time employees, almost 3 times higher than the 7.7 per cent median gender pay gap in the same year for all full-time employees in the country and the largest among all sectors,
- In 2023 full-time female employees represented 43 per cent of the financial services and insurance sector workforce, which was higher than the average ratio of 39 per cent of females in full-time employment and was quite close to parity.

These figures suggest that the profitable financial services industry employs a substantial number of female talents, close to half, and underpays them.

The eye-catching gender pay gap in finance attracts the attention of media outlets that produce independent assessments on the matter using the official statistics and data disclosed by the companies in accordance with the UK gender pay gap transparency legislation. Some examples of evaluations are considered below.

Bloomberg, a private company that specialises in financial analytics and news, observed that according to their estimates in 2022 the gender pay gap in financial services in the UK constituted around 26 per cent and was 2 times higher than across the British workforce[39].

A British public service broadcaster BBC emphasised that in 2022, banking and finance in the UK were the worst industries in terms of unequal wage distribution with the average gender pay gap of 22.1 per cent which had narrowed by only 0.4 per cent since 2017[40].

A business newspaper the Financial Times announced a 22 per cent gender pay gap in finance in the UK in 2023 and published a graph for the period between 2017 and 2022 showing that in these years the indicator was fluctuating around the same level without a clear decreasing trend[41]. In 2024 the Financial Times noted that bankers, together with lawyers, have had some of the widest pay gaps with the City of London continuing to show the largest disparity of any region where women on average were paid 80p for every pound paid to a man[42].

The figures presented by the media outlets vary depending on the employers' sample, however, their estimates of the gender pay gap in finance are close to or more than the 22.7 per cent of the median gender pay gap for the industry reported by the document published by House of Commons Library and discussed above. Overall, the sector not only demonstrates outstanding inequality, but it also appears to be resilient to change.

Banking, being the centrepiece of the financial services scene in the country, stands out with even higher gender-related inequality in earnings for the involved professionals. For three consecutive years, the news outlet Reuters has assessed the mean gender pay gap in banking based on publicly available gender pay gap reports of 21 major UK-based financial institutions. In 2022, after scrutinising the banks' data for the preceding year, the media concluded that these reputable employers had paid female professionals on average 32.1 per cent less than their male colleagues[43]. In 2023 Reuters noted that though the banks in the sample had reduced the gender

---

[38] 'The gender pay gap' research by Brigid Francis-Devine, House of Commons Library, 2024. Available at: https://researchbriefings.files.parliament.uk/documents/SN07068/SN07068.pdf
[39] Bloomberg, 2023. Available at: https://www.bloomberg.com/graphics/2023-uk-gender-pay-gap-finance-and-banks/?leadSource=uverify%20wall
[40] BBC, 2022. Available at: https://www.bbc.com/news/business-65179430
[41] Financial Times, 2023. Available at: https://www.ft.com/content/062e80a3-af13-4aef-9e11-942abc40f8dc
[42] Financial Times, 2024. Available at: https://www.ft.com/content/18f88265-7497-4a72-a4e9-22a829cefec6
[43] Reuters, 2022. Available at: https://www.reuters.com/business/sustainable-business/most-banks-narrow-uk-gender-pay-gaps-ubs-deutsche-bank-go-into-reverse-2022-04-04/

pay gap to 30.1 per cent on average in the reporting year, four market-leading industry players – HSBC, Goldman Sachs, Morgan Stanley and Standard Chartered – had widened their mean gender pay gaps in 2022[44]. In 2024 the media announced an average mean gender pay gap of 28.8 per cent across the sample, which demonstrated some progress towards gender balance in the group[45]. Yet, Goldman Sachs for the second year had continued to widen their mean gender pay gap to 54 per cent in 2023. According to the source, the reason for the extraordinary disparity repeatedly named by the banks has been the underrepresentation of females in senior roles. Thus, in the 2024 article, Reuters cited an HSBC representative who revealed that more than half of the bank's staff were women, 62 per cent of whom occupied junior roles. Based on these data, banking in the UK emerges as a particularly unequal subsector, and while the average gender pay gap across the Reuters' sample tends to decrease from 32.1 per cent in 2021 to 28.8 per cent in 2023, some major banks show tremendous figures of pay disparity, occasionally widening their gender pay gaps.

An industry participant also scrutinised the problem of the gender pay gap in finance. In 2022 PwC issued a report 'Gender Pay Gap and Diversity in the Financial Services'[46]. According to the study, in 2020 the financial services industry in the UK had the highest, 26.6 per cent, gender pay gap of all sectors and the pace of change between 2017 and 2020 was too slow. Besides, banking as well as building societies were outlined as subsectors with the highest mean gender pay gap. In general, PwC's conclusions correspond with those of media analytics.

The discussed assessments show varying figures for gender inequality in earnings in the financial services industry in the UK depending on the employers' sample. Yet, all the estimates have been excessively higher than the national average gender pay gap of 7.7 per cent. All sources converge on the deep gender-related wage inequality in finance in general and in the banking subsector in particular, while some admitted modest progress towards gender pay parity achieved since 2017 when the pay transparency law was introduced.

The paper published by the House of Commons Library, the articles of the media outlets and the PwC report expose the average figures in finance and banking. It, however, appears useful to dig into the latest gender pay gap disclosures of some market-leading financial institutions and observe the level of wage differences there.

For this study, the 2023 gender pay gap reports of seven major UK-based banking organisations were considered: Barclays[47], Goldman Sachs International[48], HSBC[49], JPMorgan Chase & Co[50], Lloyds Banking Group[51], NatWest Group[52] and Standard Chartered[53]. The figures of the mean

---

[44] Reuters, 2023. Available at: https://www.reuters.com/business/sustainable-business/hsbc-goldman-gender-pay-gaps-widen-uk-finance-makes-slow-progress-2023-04-04/

[45] Reuters, 2024. Available at: https://www.reuters.com/business/women-uk-finance-earn-third-less-than-male-colleagues-data-shows-2024-04-05/

[46] PricewaterhouseCoopers, 2022. Available at: https://www.pwc.co.uk/human-resource-services/assets/pdfs/gender-pay-in-financial-services.pdf

[47] Barclays, 2024. Available at: https://home.barclays/content/dam/home-barclays/documents/investor-relations/reports-and-events/annual-reports/2023/UK%20Pay%20Gap%20Disclosure%202023.pdf

[48] Goldman Sachs, 2024. Available at: https://www.goldmansachs.com/our-firm/people-and-culture/gender-pay-gap/index-2023.html

[49]HSBC, 2024. Available at: https://www.hsbc.com/-/files/hsbc/investors/hsbc-results/2023/annual/pdfs/hsbc-holdings-plc/240221-2023-uk-gender-pay-gap-disclosures.pdf?download=1

[50] JP Morgan, 2024. Available at: https://www.jpmorgan.com/content/dam/jpm/global/disclosures/us/jpmc-uk-gender-pay-gap-report-2023.pdf

[51] Lloyds, 2024. Available at: https://www.lloydsbankinggroup.com/assets/pdfs/who-we-are/responsible-business/downloads/2023/lbg-gender-ethnicity-pay-gap-report-2023.pdf

[52] NatWest, 2024. Available at: https://www.natwestgroup.com/content/dam/natwestgroup_com/natwestgroup/pdf/NatWest-Group-Pay-Gap-Report-2023.pdf

[53] Standard Chartered, 2024. Available at: https://av.sc.com/corp-en/nr/content/docs/diversity-fair-pay-report.pdf

hourly pay gap, the median hourly pay gap, the mean bonus gap and the median bonus gap disclosed by the banks are presented in Table 1 below. Besides, the sample's average meanings of the indicators were calculated and included in Table 1.

Bank	Mean hourly pay gap	Median hourly pay gap	Mean bonus gap	Median bonus gap
Barclays	33.6%	33.3%	66.0%	57.6%
Goldman Sachs International	54.0%	28.5%	67.4%	57.8%
HSBC	43.2%	48.3%	59.7%	50.5%
JPMorgan Chase & Co	26.1%	18.6%	52.6%	38.3%
Lloyds Banking Group	26.7%	32.8%	54.9%	59.4%
NatWest Group	30.4%	30.0%	36.6%	18.4%
Standard Chartered	22.0%	23.0%	44.0%	38.0%
Average	33.71%	30.64%	54.46%	45.71%

Table 1. The gender pay gaps in market-leading banks in the UK in 2023

All financial institutions included in Table 1 are the top employers in the industry. Let us consider their gender pay gap data closely.

The highest mean hourly pay gap of 54 per cent across the sample was reported by Goldman Sachs International, while the median hourly pay gap at the same bank was substantially lower, 28.5 per cent[54]. No comments on the reasons for the difference between the mean and median hourly pay gap figures were published. This employer shows the data as a single entity without presenting average indicators for the group of related firms.

All other financial institutions in the sample calculate and present the average gender pay gap for the groups of interrelated companies and individually for the entities within groups. Scrutinising the banking groups' reports it could be discovered that the results of some firms deviated from the groups' average. For instance, while the J.P. Morgan Chase & Co. Group reported 26.1 per cent of the mean and 18.6 per cent the median hourly pay gap, one of the group's entities, J.P. Morgan Securities Plc, disclosed 47 per cent for the former indicator and 44.4 per cent for the latter[55]. Another example is Barclays Plc (Head Office), as the entity showed 61.8 per cent of the median pay gap which almost doubled 33.3 per cent of the same indicator for the Barclays Group as a whole[56]. These details indicate that in particular firms the wage distribution imbalance may exceed the average estimates of the gender pay gap for banking groups.

For the presented sample, the average median hourly pay gap is 30.64 per cent, while the average mean hourly pay gap comprises 33.71 per cent. The latter figure exceeds the 22.7 per cent of the median gender pay gap in financial services exposed in the House of Commons Library report and the average mean gender pay gap of 28.8 per cent for banking estimated by Reuters. This fact leads to a suggestion that the level of gender-related pay inequality in some

---

[54] Goldman Sachs, 2024. Available at: https://www.goldmansachs.com/our-firm/people-and-culture/gender-pay-gap/index-2023.html

[55] JP Morgan, 2024. Available at: https://www.jpmorgan.com/content/dam/jpm/global/disclosures/us/jpmc-uk-gender-pay-gap-report-2023.pdf

[56] Barclays, 2024. Available at: https://home.barclays/content/dam/home-barclays/documents/investor-relations/reports-and-events/annual-reports/2023/UK%20Pay%20Gap%20Disclosure%202023.pdf

market-leading banking organisations may be higher than the average across the industry or subsector.

Even more frustrating figures come up when the gender gap in bonus payments is considered. For bankers, bonuses are a substantial part of their total income as they can be equal to the annual salary of the receiver or more.

The average mean bonus gap for banks in the sample comprised roughly 55 per cent while the average median bonus gap was more than 45 per cent, which allows guessing that female bankers receive disproportionally smaller bonus remuneration compared to males.

Similarly to the hourly pay gap indicators, some banks disclosed considerable bonus gaps in some of the group's entities. For instance, NatWest Group reported the lowest median gender bonus gap of 18.4 per cent, which excluded recognition vouchers[57]. However, with the said vouchers included, the median bonus pay gap for NatWest Bank's employees skyrocketed to 91.8 per cent. In the report, it is stated that the recognition vouchers reward colleagues for championing each other, the bank's customers and communities which appeared to be an additional financial remuneration. No similar rewards were mentioned in the reports of the other banks in the sample.

The already mentioned firm, Barclays Plc (Head Office), reported an 86.1 per cent median bonus gap while for the group this indicator was 57.6 per cent[58]. The median bonus gap for HSBC Bank Plc was 73.9 per cent compared to the average of 50.5 per cent for all HSBC's firms[59]. This data hints that though female employees received bonuses in 2023, the amount was much lower than the bonuses of their male colleagues, especially in particular entities within banking groups. In sum, all considered financial institutions reported an enormous bonus gender pay gap.

The reason for the gender pay gap named by the banks is the underrepresentation of women in management, which is the common cause of the gender-based earnings imbalance discussed in Section III. The CEO of Goldman Sachs International commented that the data presented by the firm reflected the lower representation of women relative to men particularly at the senior level[60]. In the JPMorgan Chase & Co report, the EMEA CEO of the banking group admitted that investing in the recruitment, advancement and retention of women at all levels, and particularly at senior levels has been critical to narrowing the gap. Barclays' report stated that the pay gaps shown there reflected the underrepresentation of females in senior and mid-level roles[61]. Importantly, none of the considered financial institutions explained the gender pay gap by difference in age, education, experience or other reasons. All the above comments propose that bankers understand and acknowledge that women are a minority in the higher ranks of organisational hierarchies.

Though HSBC's report didn't provide any comments on the reasons for the disclosed gender pay gap, the banking group's diversity web page shows some data that might explain it. On 5 April 2023, female employees comprised 51 per cent[62], the majority of the group's staff in the UK. The

---

[57] NatWest, 2024. Available at: https://www.natwestgroup.com/content/dam/natwestgroup_com/natwestgroup/pdf/NatWest-Group-Pay-Gap-Report-2023.pdf

[58] Barclays, 2024. Available at: https://home.barclays/content/dam/home-barclays/documents/investor-relations/reports-and-events/annual-reports/2023/UK%20Pay%20Gap%20Disclosure%202023.pdf

[59] HSBC, 2024. Available at: https://www.hsbc.com/-/files/hsbc/investors/hsbc-results/2023/annual/pdfs/hsbc-holdings-plc/240221-2023-uk-gender-pay-gap-disclosures.pdf?download=1

[60] Goldman Sachs, 2024. Available at: https://www.goldmansachs.com/our-firm/people-and-culture/gender-pay-gap/index-2023.html

[61] JP Morgan, 2024. Available at: https://www.jpmorgan.com/content/dam/jpm/global/disclosures/us/jpmc-uk-gender-pay-gap-report-2023.pdf

[62] HSBC, 2024. Available at: https://www.hsbc.com/who-we-are/our-people-and-communities/inclusion/gender-and-ethnicity-data-by-market

infographic on the same page provides an outlook on how women were positioned in HSBC's organisational hierarchy in 2023: on the junior level 66 per cent of staff were represented by women, with the proportion of female employees falling to 39 per cent in the middle level and decreasing further to 31 per cent in the senior level. Hence, the junior staff on two-thirds were women, female middle managers occupied less than half of the positions, while at the top females had less than a third of the management chairs. This situation is visualised in Chart 1 below and can be described as an example of the 'glass pyramid' phenomenon discussed in Section III.

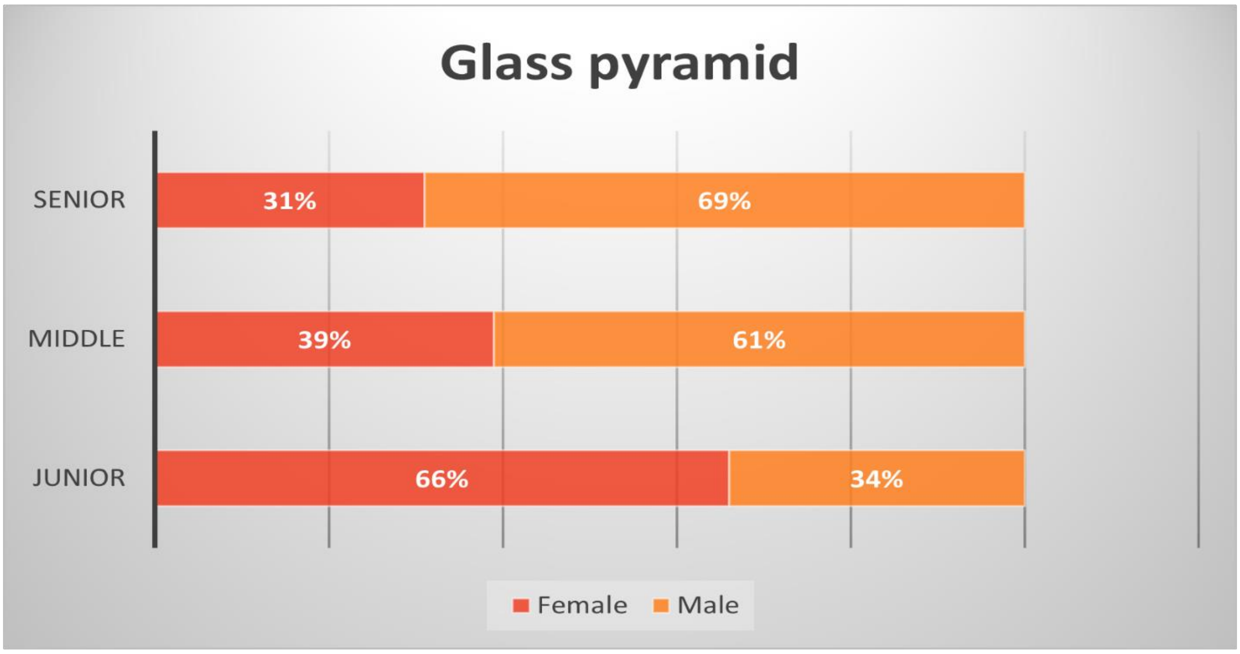

Chart 1. An example of the 'glass pyramid' based on the data of HSBC on 31.12.2023[63]

It is worth mentioning that all the banks in the sample are signatories of the Women in Finance Charter[64], the voluntary pledge for gender balance across financial services mentioned in Section II of this paper. Despite the declared commitment to promote female talents, the firms in the sector are transforming slowly. Amanda Blanc, the CEO of insurer Aviva and the HM Treasury's Women in Finance Champion, stresses that it will take 30 years to reach gender parity at senior levels in the financial services industry at the current pace of progress[65]. For now, the proportion of female financiers who get to the top of the organisational hierarchy remains low.

Based on the impressive gender pay gap and the bonus gender pay gap figures, comments from the banks' representatives recognising the underrepresentation of women in managerial positions as the key factor for the wage disparity and the identification of a 'glass pyramid' example, it is safe to assume that in the UK female banking professionals may be in a position of a significant disadvantage compared to their male colleagues in terms of earnings and career progression. The explicit level of the gender pay gap together with the high concentration of women at the lower ranks of organisational hierarchies and the low ratio of female top managers hints at the presence of systematic discriminatory barriers – 'sticky floor', 'glass ceiling' and 'motherhood/child penalty' – in British financial institutions. At the same time, the industry demonstrates a relatively high rate of female participation, closer to parity than in general across the British economy,

[63] HSBC, 2024. Available at: https://www.hsbc.com/who-we-are/our-people-and-communities/inclusion/gender-and-ethnicity-data-by-market
[64] The UK Government, 2024. Available at: https://assets.publishing.service.gov.uk/media/65cb95ff103de2000eb8f3bc/HMT_Women_in_Finance_Charter_List_of_Signatories_February_2024.pdf
[65] Guardian, 2022. Available at: https://www.theguardian.com/business/2022/mar/07/how-long-for-uk-gender-pay-gap-to-be-bridged-at-top-of-finance-about-30-years

suggesting that the talent pool in the industry is considerable but underutilised. Therefore, it can be concluded that women in finance are deprived of fair promotion opportunities and compensation.

Overall, the financial services industry is recognised as the most unequal sector of the UK in terms of gender imbalance in earnings as is confirmed by the official statistics, independent assessments and the data provided by the industry participants. The banking organisations demonstrate the highest gender pay gaps and show that in some firms and groups of entities the gender pay gaps and bonus pay gaps are substantially higher than average in the sector. The considered data suggests that females working in the industry may be in a situation of a significant disadvantage in terms of the wage and remuneration distribution in comparison to males. The reason for the imbalance outlined by the banks is the underrepresentation of women in management. Females' presence in the sector is noticeable, 43 per cent, and higher than on average across the British economy. So, the problem of underrepresentation of females in senior roles is rooted not in the lack of women in the industry, but presumably in the presence of systematic discriminatory barriers, the 'sticky floor', 'glass ceiling' and 'motherhood/child penalty', in financial organisations. In sum, it seems that the financial services industry and banks fail to recognise, promote and reward women's talents, and provide fair compensation for their labour.

V. Benefits of gender-balanced organisation for business

The promotion of women to managerial positions is associated with positive economic outcomes for business, as suggested by the growing body of research. Several studies on the financial sector and FTSE companies' performance and female participation in management were completed recently.

For instance, the article 'Board gender diversity and firm performance: The UK evidence' discovered a positive relationship between the financial performance of FTSE 100 firms in the UK and female representation on boards[66]. The authors highlight that the results are highly significant in the cases when three or more female directors are appointed to the boards.

Besides, women's inclusion on boards may decrease misconduct fines in banking organisations. In research 'Gender diversity and bank misconduct' the authors concluded that a larger presence of women on banks' boards of directors is linked with fewer fines and stressed that three or more female board members have a stronger impact on misconduct moderation than two or fewer female board members[67]. The researchers argue that the increase of females in top-level positions in financial institutions contributes to corporate performance by balancing risks and enhancing regulatory compliance. The two papers suggest that not only the presence of women at the top level is important but also the number of seats taken by females on the board.

Furthermore, another study, 'For business' sake: Gender equality policies and the UK banking and finance sector', infers that bringing more women to leadership and management positions in the financial sector in the UK may diversify resources in the workplace and result in more collaborative and less risky behaviour, helping make business more stable[68]. It seems that gender diversity at the top levels of the hierarchy may enhance businesses' resilience.

The achievement of gender balance in higher levels of organisations is not only a matter of social justice but also a way to make businesses more effective, risk-balanced and resilient. The studies

---

[66] Brahma, S., Nwafor, C. & Boateng, A., 2021. 'Board gender diversity and firm performance: The UK evidence' International Journal of Finance & Economics, 26 (4), pp. 5704-5719.
[67] Arnaboldi, F., Casu, B., Gallo, A., Kalotychou, E., & Sarkisyan, A., 2021. Gender diversity and bank misconduct. Journal of Corporate Finance, 71, 101834.
[68] Plomien, A., 2021. 'For business' sake: Gender equality policies and the UK banking and finance sector'. Available at: https://eprints.lse.ac.uk/112540/1/Plomien_for_business_sake_published.pdf

suggest that the high number of seats in the top positions occupied by females may increase the positive effects of gender diversity on businesses.

VI. Actions for narrowing the gender pay gap at the corporate level

The current regulatory landscape in the UK implies that addressing the gender imbalance in the workplace is rather a choice for employers than a legal obligation, as discussed in Section II of this study. Narrowing the gender pay gap requires the achievement of diversity in higher ranks of organisational hierarchies through changes in hiring, promotion and remuneration processes directed at the elimination of 'sticky floor', 'glass ceiling' and 'motherhood/child penalty'. Such an approach is expected to increase women's opportunities for fair progression in their careers and, correspondingly, equal earnings, resulting in the narrowing of the gender pay gap.

For those employers who are committed to reducing their gender pay gap methodological support is available. The UK Government published on the website Statutory guidance dedicated to the gender pay gap[69]. There the three types of interventions are outlined: actions for an employer recruiting or promoting staff, actions that contribute to a more inclusive organisation and actions to support staff. The combination of these actions is suggested for the creation of action plans that employers can adopt for the gender pay gap narrowing.

The actions for recruiting or promoting staff include the following:

- Include more than one woman in shortlists for recruitment and promotions;
- Use skills-based assessment tasks in recruitment;
- Use structured interviews for recruitment and promotions;
- Have diverse selection panels;
- Encourage salary negotiation by showing salary ranges;
- Widen your potential applicant pool.

Actions to make your organisation more inclusive:

- Make sure your promotion, pay and reward processes are transparent;
- Appoint diversity managers and task forces;
- Review your use of performance self-assessments;
- Set internal targets;
- Carry out a staff survey and exit interviews;
- Offer training for staff.

Actions to support your staff:

- Improve flexible working;
- Encourage employees to take Shared Parental Leave;
- Help your staff to progress.

These measures are applicable in any sector. In Statutory guidance, it is highlighted that the action plan shall be developed based on the reasons for the gender pay gap in a particular company and address the specific underlying causes for the wage distribution imbalance. Besides, setting specific, time-bound targets and appointment of a responsible employee, such as a diversity manager, are recommended. Diversity managers are expected to be assigned to implement action plans, monitor progress and review actions. Finally, time shall be allowed to deliver and refine the process.

In addition, the governmental resource recommends employers use the methodological framework 'How to improve gender equality in the workplace – evidence-based actions for

[69] The UK Government, 2024. Available at: https://www.gov.uk/government/publications/gender-pay-gap-reporting-guidance-for-employers/closing-your-gender-pay-gap#actions-to-close-the-gap

employers'[70]. The authors of this document stress that a diversity manager shall have an executive position with access to internal data, the right to investigate hiring and promotion decisions and the power to implement diversity strategies and policies. Such authority is essential for transformative change in the organisational systems through the implementation of inclusive hiring and promotional practices. All of the measures suggested in the framework are included in the list of actions recommended in the Statutory guidance.

Another set of solutions for female leaders' advancement and equal earnings was suggested by Amanda Blanc, the CEO of insurer Aviva and HM Treasury's Women in Finance Champion[71]. Her recommendations include the ones in the Statutory guidance, with the addition of the following:

- Mandating shortlists for senior positions with 50 per cent female representation and removing male-biased recruitment advertising;
- Introducing formal sponsorship programmes for women at all levels and mid-career returner programmes to help women move back into work;
- Benefits packages that support women at key life stages including menopause;
- Linking gender parity targets to all senior management bonus payments.

The discussed actions apply to gender pay gap narrowing initiatives across all sectors and can contribute to gender equality promotion policies and action plans targeted at a particular industry or an organisation.

For British companies, it might be feasible to prioritise steps reducing the impact of the 'motherhood/child penalty', as this accounts for up to 75 per cent of the barrier for equal pay in Northern and Western Europe, as discussed in Section III. Therefore, employers in all sectors could consider supporting working mothers and encourage men to share caring responsibilities by offering full-pay equal parental leave. In addition, mid-career returner programmes for mothers/carers may benefit the career progression and income growth of participants. Mitigation of the 'motherhood/child penalty' can contribute to the gender pay gap narrowing in all sectors.

The main reason for the gender pay gap in financial services in the UK is the underrepresentation of women in management, which can stem from the combination of discriminatory patterns. Hence, the actions dedicated to increasing promotion opportunities in financial firms seem necessary as they reduce the influence of 'sticky floor', 'glass ceiling' and 'motherhood/child penalty' on the career trajectories of female professionals. Besides, as the industry appears quite resilient to change, the appointment of executive diversity managers with extended authority is considered obligatory for companies in the sector, especially for banks. Overall, the supervision of a diversity executive together with the implementation of inclusive promotion policies are expected to bring more female talents to leadership positions in financial institutions in the country and contribute to the gender pay gap reduction.

It shall, however, be outlined that neither the development of action plans nor the appointment of diversity managers is obligatory under the current legislation in the UK. All actions or inaction towards narrowing the gender pay gap remain the decision of each organisation and its management.

In sum, while the regulatory framework allows employers to decide whether to address the gender pay imbalance, methodological support for the elimination of discriminatory barriers such as sticky floor', 'glass ceiling' and 'motherhood/child penalty' is available for the companies that are

---

[70] The Behavioural Insights Team, 2021. Reducing the gender pay gap and improving gender equality in organisations: Evidence-based actions for employers. Available at: https://www.bi.team/wp-content/uploads/2021/07/BIT_How_to_improve_gender_equality_report.pdf

[71] The Guardian, 2022. 'How long for UK gender pay gap to be bridged at top of finance? About 30 years'. Available at: https://www.theguardian.com/business/2022/mar/07/how-long-for-uk-gender-pay-gap-to-be-bridged-at-top-of-finance-about-30-years

committed to the promotion of female talents to senior positions, higher wages and, therefore, to the gender pay gap narrowing.

VII. Conclusion

The gender-related inequality in earnings is a problem widespread across the UK economy, as the vast majority of employers on average pay women less than men. The gender pay gap is observable and persistent in situations when the difference in earnings between male and female workers cannot be explained by the difference in education and experience. This unaccounted portion of the gender pay gap figures is conditioned by discriminatory barriers – 'sticky floor', 'glass ceiling' and 'motherhood/child penalty' – in organisations.

The financial services sector is an eminently important industry for the country's economy and the job market with a high ratio of women's participation. Also, it is the most unequal sector in terms of the distribution of wages between male and female professionals, where females in full-time employment on average earn almost a quarter less than their male colleagues. Within financial services, banks appear the employers with the highest level of gender-related inequality in terms of wages and bonuses allocation. The average median gender hourly pay gap for seven reputable UK-based financial institutions exceeds 30 per cent, and the average median bonus gender pay gap is more than 45 per cent. The mean estimates for the same indicators are even higher. These figures indicate the substantial gender imbalance in British financial services and, especially, in banking.

According to the representatives of the industry, the main reason for the eye-catching gender pay gaps is the underrepresentation of women in senior-level positions. This reasoning and the high gender pay gap level imply that female professionals get promoted disproportionally less often than male colleagues and, hence, signal the presence of gender-based discriminatory barriers and biased decision-making in financial organisations. Sadly, the industry seems to fail in the recognition, rewarding and promotion of female talents and it has to change.

While the direct state interventions in the gender pay gap issue are limited to transparency legislation initiatives, it is up to organisations to undertake actions towards the elimination of discriminatory barriers' influence and replacement of existing promotion and remuneration policies with inclusive ones. The actions that may assist in the creation of gender-balanced organisations and narrowing the gender pay gap are discussed in the study.

The gender-linked disparity in earnings and promotion opportunities affects females' financial well-being and chances to fulfil their professional potential. On the other hand, female participation in management brings positive outcomes to working women and companies. The creation of gender-balanced organisational structures can contribute to an improvement in financial performance, balancing the risks and building the resilience of businesses.

Further in-depth research on the gender pay gap in financial services in the UK will be beneficial.

.