



Association of
Mortgage Intermediaries

Association of Mortgage Intermediaries' response to HMT Call for Evidence: Sexism in the City

This response is submitted on behalf of the Association of Mortgage Intermediaries (AMI) and the Association of Finance Brokers (AFB). AMI is the trade association representing over 80% of UK mortgage intermediaries. AFB sits within AMI and represents second charge (formerly secured loan) brokers.

Intermediaries active in this market act on behalf of the consumer in selecting an appropriate lender and product to meet the individual consumer's mortgage requirements. AMI members also provide access to associated protection products. AFB members also provide access to unsecured products.

Our members are authorised and regulated by the Financial Conduct Authority (FCA) to carry out mortgage, insurance mediation and consumer credit activities. Firms range from sole traders through to national firms and networks, with thousands of advisers.

Introduction

AMI is grateful to have the opportunity to respond to this Call for Evidence. We would be grateful for our comments in this section to be considered alongside our responses to the provided topics.

AMI conducted a [Viewpoint](#) (market research presented within a thought leadership style report) on Diversity, Inclusion and Equity (DI&E) in the mortgage industry in October 2021. A total of 1,178 people completed the survey which provides us with a strong picture of the reality and thoughts of the mortgage industry. We have made reference to this Viewpoint repeatedly during our response to the topics as we are confident that it gives an accurate snapshot specifically into the mortgage sector.

It would be remiss of us to not address the proverbial elephant in the room; the title of the Call for Evidence bears an unfortunate resemblance to the book series and TV show 'Sex in the City' which risks trivialising this topic, though this may be an unintentional coincidence. It could be seen as an attempt to add humour to a serious topic that ought not to be undermined and has serious impacts on many individuals lives and career prospects. We have not seen any attempts at humour in previous consultations and do not feel that there are many 'Call for Evidence' topics in which an attempt at a witty title would be appropriate. We would urge caution should be taken in the future. Moreover, we feel that the title may limit responses, sexism is an issue in every corner of financial services not just the large hubs such as London.

We have noted that there is a common theme throughout the Women in Finance charterⁱ, the 2018 Women in finance reportⁱⁱ and the Women in Finance: A five-year reviewⁱⁱⁱ, and that is the lack of intersectionality. Whilst we appreciate that improving the gender representation gap and the pay gap are not small obstacles it is crucial that we recognise that women of colour, women with disabilities and women with caring responsibilities are all subject to additional barriers in the workplace. It is imperative that the initiatives striving for gender equity encompass all women, otherwise the indicators of any future improvement will not be providing a clear and suitable assessment.

Topics

The progress in removing the barriers to women entering and progressing their careers across the financial services industry, including progress to financial services firms' Boards, including executive roles.

Lack of diversity is itself a barrier to attracting talent: when women and people from minority groups do not see people like them progressing to the top of organisations, they are less tempted to join. On the other hand, organisations that are visibly diverse and have clear, positive and credible statements of intent in relation to DI&E find it easier to attract diverse talent.

Both the AMI Viewpoint on DI&E and the Women in Finance: A five-year review show that the number of women on boards and executive committees has increased. In the Viewpoint many of the survey respondents noted recent progress on gender diversity and point to the success of initiatives such as Women in Finance. Despite this, fewer than half of all respondents (43%) agree that the mortgage industry attracts a workforce that is representative of the whole community. There will need to be continued effort for a longer period of time to fully balance the representation on boards and excos and eliminate the gender balance pyramid. In addition, we should continue to share the tangible benefits of a gender diverse board. The Chartered Management Institute (CMI) conducted research^{iv} that shows that there was less enthusiasm towards addressing the gender gap from male managers as they did not feel that gender-balanced leadership would have any impact on how they managed future challenges.

It would take more research to fully evaluate the many factors that have led to the gender representation advancement but it is clear that the Women in Finance charter has played a part in speeding up the process. Other external factors such as the rise of the #Metoo movement contributed to many industries looking inward at their culture as well as the effectiveness and suitability of the processes and policies in place.

A consideration for still required future initiatives is that removing the barriers facing women is only one aspect of a much larger and more insidious problem. There needs to be adequate support at every level and a robust enough culture in place for those women who do reach C Suite/board/ exco positions. Following the 2022 Aviva AGM inappropriate behaviour towards the CEO Amanda Blanc and other female members of the board were exposed. This shows that regardless of the positions attained by women, they will still be subject to inappropriate comments and behaviour. The issues noted at the AVIVA AGM highlight that there are still many failings in culture, policy and process. The culture at AVIVA allowed the perpetrators to feel comfortable with their actions in a public forum and the perpetrators was able to remain in the meeting at least for long enough that comments were made to multiple women.

The impact of the Treasury's Women in Finance Charter and any other Government and Regulator initiatives.

The Women in Finance charter and the related five-year review show that there has been considerable tangible improvement across many different key areas. In particular, the self-implemented diversity targets have been very successful and a natural progression from there would be to focus on the development available to women through all levels of an organisation to ensure that there are more than enough qualified women to fill senior positions in the future,

An unintended and external improvement came in the form of the Covid-19 pandemic, which brought about a sudden shift in attitudes relating to remote and flexible working. As the pandemic disproportionately affected women who are the default parents/carers and household managers, the relaxed approach to alternative working styles has provided an improved work-life balance. The changing work policies have also provided to be an invaluable lifeline for workers with disabilities, despite 85%^v of disabled workers feeling more productive working remotely, there has been a growing

trend to bring people back into the office, leaving many disabled workers fearing a choice between their health and wellbeing and potential career progression.

SM&CR has also played a small role in improving the culture and experience of women in financial services, providing both clear responsibilities and potential repercussions to senior managers.

Moreover, the honesty and integrity requirements under fitness and propriety in theory allow firms to hold staff accountable for their impact on the company culture. Whilst the FCA doesn't have much data to show that there have been any reprimands for a conduct breach relating to poor corporate culture, the premise of SM&CR is proactive rather than reactive.

The progress on removing gender pay gaps in financial services and in implementing measures to address such gaps.

The AMI viewpoint survey respondents were asked if they believe that they are fairly paid and rewarded compared to colleagues with similar experience. Overall, 62% agreed that they are fairly paid and rewarded. This proportion is highest among Type 1 (straight, white, not disabled men) respondents (73%), and it is lower among women (53%), LGBTQ+ people (56%) and people from ethnic minority backgrounds (47%).

When we consider the actual annual income of people who worked full-time in the mortgage industry in the last fiscal year, we observe that women, LGBTQ+ and ethnic minority colleagues are all overrepresented in the lower income brackets (up to £40,000). While only 24% of Type 1 respondents are in the lower income brackets, that proportion is 50% among women, 67% among LGBTQ+ people and 45% among people from ethnic minority backgrounds.

The largest discrepancies manifest in the two highest income brackets: 15% of straight white men in the sample earned between £90,000 and £125,000, significantly outnumbering women (6%), LGBTQ+ (2%), and colleagues from ethnic minority backgrounds (5%) who earned that much. And while 17% of straight white men earned more £125,000, only 2% of women, 4% of LGBTQ+ people and 5% of ethnic minority people reached this income level. Whilst the sample sizes for some groups are small and should be treated with caution, the pattern seems clear: straight white men consistently earn more than their colleagues, and income inequalities increase with seniority.

With regard to the requirements to report gender pay gaps for companies with 250 members of staff we feel it is necessary to highlight that large swathes of the mortgage industry are made up of smaller firms that will not be required to complete the gender pay gap reports and therefore we do not truly know the extent of the pay gap in our sector.

The role of the Government and financial regulators in:

- **Acting as role models for good gender diversity practices,**
- **Ensuring appropriate data is collected and published,**
- **Marketing the financial industry to a more diverse base of potential recruits,**
- **Ensuring firm cultures, policies and practices support women's aspirations and progress**

The culture of the mortgage industry - that is, the shared beliefs and values established by leaders and communicated to ensure that employees embody and enact these beliefs and values in their work and relationships - is often mentioned in the AMI Viewpoint as a major issue in relation to D&E. The industry is consistently described as an 'old boys' network'. On a positive note, many people report that the culture of the industry has become more professional and inclusive in recent years. Workplaces are said to reflect better the diversity of modern society than in the past. Efforts to include more women and more people from under-represented groups at various industry events are frequently cited as examples of this change. Sector-wide initiatives, such as Women in Finance, are seen as positive steps in the right direction. Many people from minority groups report feeling included at work.

In terms of the government and financial regulators acting as role models for good gender diversity practices, we would suggest that more steps need to be taken to establish trust in future initiatives. This can be achieved by exhibiting the behaviour that would be expected from financial services firms. Non-financial gross misconduct should be addressed swiftly.

As previously stated, increased diversity is a matter of proper and visible representation. Women of colour are more likely to put themselves forward for promotions if they can see someone who looks like them at a senior level. Women with disabilities are more likely to be open with their accommodation requirements if other women in senior positions have been open with their struggles and accommodations.

The role of, and progress of, firms, Government and financial regulators in combatting sexual harassment and misogyny in financial services, and offering effective ways to escalate concerns about sexual harassment.

As sexual harassment and misogyny fall firmly under non-financial misconduct, there is little to no chance that poor behaviour would be brought to the attention of firms, government or the regulator without a whistleblower. AMI feels there are still inadequate protections for whistleblowers, and the consequences for non-financial misconduct breaches are perceived to be less severe than the professional and personal consequences of becoming a whistleblower. The FCA's own 2022 survey results show most whistleblowers find the FCA's handling of reports 'extremely or somewhat dissatisfying'.

Previously the FCA has stated that whistleblowing 'provides the FCA with unique insights from inside the firms and markets it regulates and it proposes to be more transparent with whistleblowers on how their reports were acted upon'. However, this fails to acknowledge the risks individuals often take to make a report, even if done anonymously. It frames whistleblowing as merely another data source – not the result of an individual putting their reputation and career in jeopardy.

We would suggest more support and reassurance are needed along with tougher sanctions for those who break the rules, especially in respect of retaliation aimed at suppressing/smearing the whistleblower. If individuals continue to operate in the industry after facing disciplinary or regulatory action for poor or unethical treatment of whistleblowers, this discourages whistleblowers from coming forward, as the potential for career damage is far greater.

In the case of sexual harassment and misogyny, there is a fundamental culture shift that needs to take place. Many people feel uncomfortable speaking out against offenders as there is often a power imbalance at play and they fear personal and professional retaliation and there is a general consensus that as there is still a 'tolerable and expected level' of harassment in financial services which leads to very few successful reprimands.

We have previously stated to the FCA that we would welcome some collated guidance for firms on handling non-financial misconduct. The recent revelations around sexual harassment, whistleblowing reports tripling in the last year amongst financial firms, coupled with the wider impact of the CBI/Odey allegations on the corporate world, have reinforced the need for some clear guidelines and expectations for regulated firms.

ⁱ [Women in Finance Charter](#)

ⁱⁱ [2018 Women in Finance report](#)

ⁱⁱⁱ [Women in Finance: Five Year Review](#)

^{iv} [CMI research](#)

^v [The changing workplace: Enabling disability inclusive hybrid working.](#)