

# Gender-balanced Leadership: Guarding Financial Stability in Crisis Times

## Opening Remarks by IMF Deputy Managing Director Antoinette Sayeh [June 10, 2020]

Good morning and welcome to the forum on Women's World Banking. It is great to see many familiar faces. Looking at our esteemed panel, I am very excited to hear ideas around how we can collectively drive action to improve gender-balanced leadership in institutions.

Let me start by recognizing that if you are joining us this morning, it is likely because the issue of gender equality is very close to your heart. It is, of course, a moral issue for us, as it should be.

But if I put my IMF hat on, empowering women is also absolutely critical to achieving economic stability, to promoting growth and indeed, to transforming entire economies. And that is at the core of the Fund's mandate. Which is why we, as an institution, focus on this issue.

You all know too well that gender gaps remain significant around the world—both with respect to opportunities and outcomes. Whether these are legal restrictions or barriers in access to education, health and financial services; women do not fully participate in the global economy.

And women have borne the brunt of the economic disruption caused by the pandemic. In America, despite making up less than half of the workforce, they accounted for 55% of jobs lost in April. In Britain mothers are one-and-a-half times as likely as fathers to have lost or quit their jobs during lockdown, according to the Institute for Fiscal Studies, a UK-based think-tank.

From an economic standpoint, that is a significant lost opportunity—IMF studies show that closing the gender gap in countries with very low female labor force participation, could increase GDP by an average of 35 percent.<sup>[1]</sup> The economic opportunity here is clear.

Since we are joined by finance leaders today, let me focus on one aspect of the issue: gender-balanced leadership. We know that increasing gender diversity on boards in the financial sector is associated with stronger financial outcomes, reduced risk, and enhanced resilience.

Evidence also suggests that enhanced gender diversity on boards is associated with greater bank stability, reduced conflict, and greater focus on transparency and ethics.

In fact, adding just one more woman in a firm's senior management or corporate board is associated with between 8 and 13 basis point higher return on assets.<sup>[2]</sup>

Yet, around the world, women hold less than 20 percent of board seats in banks and bank supervision agencies,<sup>[3]</sup> and they account for less than 2 percent of bank CEOs. Even in OECD countries, only 22 percent of board members are female—in emerging economies, these numbers are much lower.<sup>[4]</sup>

At times of crises—such as the one we are in right now—gender-balanced leadership is even more important, not just in terms of diverse decision-making, but also in avoiding measures

that may disproportionately impact women. So, we need to seriously examine the role of women as finance leaders.

But the IMF is not just preaching to countries here—we are also trying to walk the talk ourselves. Currently, 30 percent of staff in senior management, and 28 percent of department directors are women. The IMF Executive Board, too, in 2016 adopted a strategy to increase the future pool of female candidate for recruitment to the Board. Of course, we need to continue to do a lot more.

So, I am hopeful our discussion today will help lay out some concrete ideas and actionable steps needed to make consequential change.

Before I close, let me thank our panelists in advance for participating in this discussion. I also thank our Monetary and Capital Markets Department and to Women's World Banking for organizing this important and timely forum.

With that, I will now handover to Jennifer Elliott to moderate our event. Welcome everyone and I look forward to hearing the discussion.

[1] Christine Lagarde, 2019, "A Global Imperative", Finance and Development Vol. 56, No. 1, International Monetary Fund.

[2] Lone Engbo Christiansen, Huidan Lin, Joana Pereira, Petia Topalova, and Rima Turk, 2016, "Gender Diversity in Senior Positions and Firm Performance: Evidence from Europe," IMF Working Paper, WP/16/50.

[3] Ratna Sahay, Martin Čihák, and other IMF Staff, 2018, "Women in Finance: A Case for Closing Gaps," IMF Staff Discussion Note, SDN/18/05.

[4] <https://blogs.imf.org/2020/03/03/on-board-with-more-women-in-leadership/>