



Performance  
Measurement



Strategic  
Management



Profit & Process  
Improvement



Board & Management  
Advisory Services



Financial  
Advisory

## TKG Perspective

### Teaching & Speaking Engagements

**Montana Bankers Association  
Executive Development Program**  
Helena, MT **April 19**  
*Bank Profitability*

**FMS NY/NJ & NJ Bankers  
Joint Seminar**  
The Stony Hill Inn  
Hackensack, NJ **April 22**  
*Financial Industry Overview*

**The View '16**  
Hilton Nashville Downtown  
Nashville, TN **May 1-3**  
*Performance Measurement*

**Patriot Financial Partners, L.P.  
Investors Conference**  
Miami, FL **May 10**  
*Mortgage Banking Profitability*

**American Bankers Association  
Stonier Graduate School of  
Banking**  
The Stony Hill Inn  
Hackensack, NJ **April 22**  
*Fundamentals of Stress Testing*

### Conferences, Conventions & Other Events

**AMIFs  
Annual Conference**  
Tempe Mission Palms Hotel  
Tempe, AZ **April 27-29**

**Pennsylvania Bankers  
Association  
Annual Convention**  
Fairmont  
Southampton, Bermuda **May 11-14**

**New Jersey Bankers  
112th Annual Conference**  
The Phoenician  
Scottsdale, AZ **May 11-15**

**Maryland Bankers Association  
Annual Convention**  
Omni Amelia Island Plantation  
Amelia Island, FL **June 5-8**

## Women in Banking

**By: Jill A. Pursell, Vice President**

Since I began my banking career approximately 38 years ago, the financial industry has experienced dramatic change, particularly as it relates to the adaptation and utilization of technology, customer delivery channels, and the continued consolidation of the industry.

One dramatic change that has not occurred is the number of women who hold positions in the C-Suite. While certainly more women hold executive level positions compared to the late 70's, the percentage pales in comparison to the total number of women employed by financial institutions.

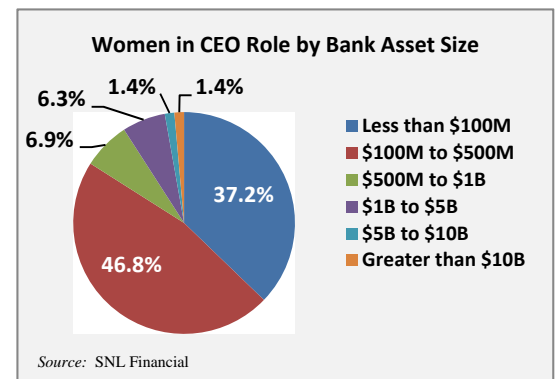
According to the FDIC, at December 31, 2015, there were approximately two million full time employees working in financial institutions and TKG estimates that women comprise roughly 75-77% of this workforce. This percentage was calculated by evaluating the gender composition of selected TKG clients ranging in asset size from \$1 to \$10 billion. Given our experience, we believe this reflects the typical gender profile for most community banks. If this is so, then why are there still so few women at the C-Suite level or serving on boards at community banks?

### C-Suite Executives

As of the fourth quarter 2015, women were serving in the role of CEO at approximately 6% of a total of 6,182 banking institutions in the U.S. This number is extremely small compared to the number of women in the banking industry as a whole.

We also evaluated the size of the institutions where women held this position. As shown in the following graph, 37% of women CEOs lead financial institutions with assets less than \$100 million, and 47% are at institutions with assets between \$100 and \$500 million. The

largest banks have the fewest women in the CEO seat.



To see if there was any correlation between the location of the banks and the number of female CEOs, we also evaluated the statistics by State. The data showed that the number of women in the CEO role was proportionate with the number of institutions in each state.

### Board Diversity

According to BankDirector<sup>1</sup>, women represent only one fifth of the board seats at 100 of the largest U.S. public companies. For the largest 25 public banks, women hold 22% of the board seats. However, we are not seeing that level of diversity for community banks. While the number of women in the boardroom has increased, based on our interaction with many board of directors over the past several years, we estimate that it is lower than public institutions and in the 10-15% range.

The number one attribute most sought after in recruiting board members, according to the 2015 Spencer Stuart Board Index, is being an active CEO or COO. The number two attribute is women, and number three is individuals with financial experience.

<sup>1</sup>BankDirector.com, *Searching for the Next Generation of Bank Board Leaders*

## General Observations

Those are the facts, but now I'd like to speak from personal experience and observation. In my role at TKG, I participate on client engagements related to strategic planning, process change, management reviews, and other regulatory advisory work. While I have seen an increase in the number of women at the executive level and in board positions, at times I find myself being either the only woman in the room, or certainly one of just a few. It causes me to wonder if this is just a reflection of the conservative nature of the financial industry, or is there something else behind the overall proliferation of women in banking compared to the number of women at the Board level or in the C-Suite.

One potential cause for this gap may be related to the type of positions predominantly held by women in financial institutions. According to TKG client statistics, there are a significant number of women in the retail/branch offices, as tellers, customer service representatives, and branch managers. Women also dominate back office operations positions, which are often led by women department managers. Another position often occupied by women is the administrative support staff for executives and lenders. In comparison, the number one category where men typically outnumber women is in commercial lending positions. Other departments and positions that often have a higher number of men than women include finance, information technology and credit analysts. Might it be that these are the verticals which are drawn upon when current senior managers and directors consider candidates for C-Suite positions or the next CEO?

If so, this is unfortunate. I can point to two instances where directors have considered and appointed a CEO from an area other than commercial lending and finance with great success. One happens to be my former boss and mentor in banking, Barbara Harding. Barbara served as President and CEO of the former Vista Bancorp, Inc., a one bank holding company for Vista Bank, located in Phillipsburg, NJ from 1986 to 2001. I can still vividly remember how newsworthy her appointment was in our community: a woman in the CEO position, imagine that? Not only was Barbara successful in leading the bank in the execution of numerous strategic initiatives, she also sat on the New York Federal Reserve Board for two years and was the first woman to go through the chairs of the New Jersey Bankers Association.

Another example I can point to occurred more recently. In 2012, the Board of Directors, of what was known then as First Federal Bank of Bucks County ("FFBBC"), evaluated potential internal candidates to replace their CEO who had announced his retirement. The board selected and appointed Jeane Coyle in 2013 as their new President and CEO. Jeane predominately rose up through the ranks of the retail and marketing verticals. Since her appointment, FFBBC unified with First Savings Bank of Perkasie creating Penn Community Bank ("PCB") where Jeane now serves as President and CEO. I believe if you were to poll the former board members of FFBBC and the current board members of PCB whether they think they made the right decision, you would get a unanimous, "yes."

If we assume that being promoted to the executive level has nothing to do with the current position of candidates, then what else might explain the extreme under-representation of women in the C-Suite? Are men more competitive by nature? Perhaps, but I know quite a few women, including myself, who are competitive. Is it because most men tend to go after what they want while many women think that if they work hard, the reward will come without asking? Are women afraid to ask for what they want because they may hear the word "no"? Could it be due to women taking time out of their career for children? Then upon re-entering the workforce, are not able to come back at the same level and have to reestablish themselves, putting them behind in their career path. As with most circumstances, it is likely to be a combination of all the above, plus other items not mentioned.

According to Alan Kaplan of Kaplan Partners, an executive search and talent advisory firm serving community banks, the ten leadership competencies and attributes vital for a bank CEO<sup>2</sup> are:

- Leadership and Vision
- Broad-based Communication Skills and Executive Presence
- Cultural Agility
- The Ability to Assess and Attract Top Talent
- Adaptable and Flexible
- Strong Execution Skills
- Ahead of the Curve on Industry Trends
- A Focus on Accountability
- Builds a "Culture of Excellence"
- Knows How to Work Constructively with a Board of Directors

I agree these are important attributes, but I very much doubt that there are a larger percentage of men in banking with these leadership qualities than women.

Will the number of women in executive positions change with the next generation of bankers? As the model for branching continues to evolve, will this have an impact on the positions held by women in the retail side of the bank? It will be interesting to watch and see what happens. I hope it doesn't take as long as the last three decades to see higher numbers of women at the executive level and in the board room.

TKG, as part of our consulting and advisory engagements, frequently evaluates our industry, its trends, successes, and challenges. We are pleased to share our thoughts with you, our valued clients and friends, in the form of this periodic newsletter. If you would like to discuss anything further, or learn more about our performance measurement, strategic planning, regulatory assistance, profit/process improvement or financial advisory services, please call us at (973) 299-0300 or visit us at [www.kafafiangroup.com](http://www.kafafiangroup.com).



<sup>2</sup>BankDirector.com, *What to Look for in Your Next CEO*