

Why there are
so few female financial advisors:
and what needs to happen to
grow the numbers

ONLY
15%

to

20%

of financial advisors
are women²



WHAT THEY TOLD US

"The industry lacks diversity of all kinds – clients need to see themselves in the people who serve them."

*Financial advisor,
British Columbia, 12 years as FA*

Why there are so few female financial advisors: and what needs to happen to grow the numbers

Despite the best efforts of financial institutions to attract and retain more female financial advisors, the numbers haven't budged in a decade¹.

According to Barron's, "female financial advisors represent just 15% to 20% of all advisors"². In Canada, it's not much better. Twenty-three percent (23%) of financial advisors are women – but this number is bolstered by retail banks where financial advisors are often salaried employees¹.

There's no question financial organizations understand the benefits female financial advisors represent – they dedicate enormous resources to grow their numbers.

The problem is that not enough is being done to help those on the front lines who have the job of hiring financial advisors identify the women who are best suited for the job, what's required to set them up for success and what they need to launch their practices once they become advisors.

Providing the front lines with practical training and support to succeed in finding and keeping female financial advisors must become a business priority.

Why female advisors are important to the wealth industry.

The investor landscape is rapidly changing. There are more women with money to invest today than ever before and the financial community understands that these female investors want more from an advisor than just someone who knows how to manage money.

The financial community understands that female investors want an advisor who:

- has great communication, interpersonal and listening skills
- is able to explain complex information simply and clearly
- wants to network and establish a relationship with her, not just get her investment account

The need for more female advisors is obvious. Financial institutions wish to serve clients with wealth – many of whom are now women, *hence recruiting more female advisors has become a priority.*



WHAT FEMALE FINANCIAL ADVISORS TOLD US.

In response to the question, “What are the barriers keeping women out?” female financial advisors told us the problems are systemic.

Advice is not seen as a desirable job

While the women we interviewed were all successful financial advisors³, very few seriously considered it early in their careers.

What the female financial advisors told us about why they didn’t consider becoming a financial advisor early in their career:

- “I thought it was all about math”
- “I saw mostly aggressive men in the industry and it turned me off”
- “I had a family and didn’t see how I could juggle a demanding job like that”
- “I needed a steady income”

Their comments also reflected the views of recent graduates⁴ who responded to our *online survey* – while 82% said they were aware of financial advice as a career option, only 36% said they would consider it. The number one reason given, 44% said “I don’t think I have the skills required”, followed by “I have a poor impression of the industry”.

This suggests that, while young women today are aware of advice as a career path, there remains a lot of misconceptions about it. Forty-two percent (42%)⁴ said they might consider it if they had a better understanding of the role. Many still think it’s about mathematics and buying and selling stocks.

Deep-rooted biases persist

Although head offices are convinced that bias against women has been stamped out – the experiences of the women we interviewed belie that notion.

If the industry wishes to attract and keep more female financial advisors, more has to be done at the front lines to ensure women feel welcomed – because the low numbers of female financial advisors has more to do with archaic gender biases than any lack of talent or will on the part of women. In fact, women make excellent financial advisors⁵... but they face unique challenges not experienced by their male colleagues.

Biases that women aren’t good at business or sales, or that they are not as committed to their careers as men have all been debunked, yet they still persist.

82%

of female graduates aware of advice as a career option⁴

44%

didn’t think they had the skills required⁴



WHAT THEY TOLD US

“I called my alma mater to set up a program to raise the profile among students of what a financial advisor actually does but the University saw it as a “finance” thing and it never got off the ground.”

Financial advisor,
British Columbia, 11 years as FA

**ONLY
10%**

of highest paid positions are held by women in financial organizations⁸



WHAT THEY TOLD US

"I was shocked by the culture – it was an old boys' network, I was often condescended to – sitting among a sea of men can feel intimidating."

Financial advisor,
Quebec, 12 years as FA

There are too few female role models

Although women represent 48% of workers in the financial services industry⁶, few are there at the executive level.

When looking at financial organizations in the U.S., less than a quarter (21.9%) of senior leadership roles within financial services firms are held by women⁷ and women only represent 10% of the highest paid positions according to Equilar – making the finance industry the third worst performer among Russell 3000 companies⁸.

It doesn't take much of a leap to realize that women need to see examples of women at all levels in order to believe in the possibility of their own success.

"I think women are looking at the industry, the board, the c-suite, and management to find people who are similar to them so that they understand they can also succeed in those roles."

Marianne Lake, CFO of JPMorgan Chase⁹

Women's advantages are dismissed

The female financial advisors we interviewed spoke of the importance of strong relationships in building their practices. They gave their natural ability to connect with people and build relationships as the number one reason for their success. However, they also told us these skills were dismissed as impractical rather celebrated as strengths among their peers.

The message they got was confusing at best, "women are important and we need more female financial advisors but their approach isn't useful to achieve business goals."

What the industry is doing right.

Of course, understanding that women are important to their future success, organizations have come a long way in creating an inclusive environment for women and are trying very hard to attract more of them.

“When their financial advisor is a woman, a woman investor is vastly more likely to say she is comfortable taking investment risks – 2.5 times more likely than if her financial advisor is a man.”¹⁰

There are ongoing efforts being made to hire more women, including in senior positions, and as a result, the number of women Assistant Branch Managers has increased. Adding mentorship programs for new advisors, offering flexible work options and parental leaves, creating focus groups and advisor committees are some of the other positive initiatives that have been undertaken.

Additionally, in order to improve the number of women hired as advisors, managers at the branch level are being financially rewarded for hiring women. In many cases branch managers are even provided with resources to help them learn how to attract women and how to create female-friendly environments.

These are all good initiatives and important to the overall objective of increasing the number of female financial advisors. Yet, despite these best efforts, the branches still struggle to find, attract and retain female financial advisors.

“Firms should take a look at their investment committee members and client-facing advisers. If they’re mainly men, there’s a problem.”¹¹



WHAT THEY TOLD US

“Business building is challenging for everyone, not just the women.”

Financial advisor,
Ontario, 20 years as FA

Doing some things right:

- more female assistant branch managers
- mentorship programs added
- flexible work options provided
- focus groups / advisor committees created

 WHAT THEY TOLD US

“No one helped me when I started. Women just have to want to be in the business and recognize that it’s tough.”

Financial advisor,
Quebec, 12 years as FA

What the industry is doing wrong.

Failing to communicate

“No one helped me when I started,” said one female advisor. Unfortunately, while branch managers are key in finding and attracting women to the field, their contribution was never mentioned by any of the women we interviewed.

That’s not to say there aren’t managers in the field who are doing a great job. But what it does point to is a failure by the head offices to communicate effectively with the branches who are at the center of women’s experiences.

We see it time and time again – there is a disconnect between corporate mandates and what happens at the front lines.

Despite internal programs and resources aimed at helping the front lines, many branch managers simply don’t find the time, don’t know how to use the materials, or just do not believe they need it. So, all too often at the branch level, there continues to be ineffective practices: outdated hiring practices, lack of support for women in establishing successful practices and male-focused metrics for what success looks like.

Hiring practices are outdated

Branch managers are responsible for hiring new advisors but when it comes to hiring more women they are often working at a disadvantage. Few are ever trained on how to hire the right women, so they rely on what they know and what has worked in the past.

Manager’s internal voice	What it means
“We feel more comfortable hiring advisors who look and sound like us”	Each of us responds more favorably to those who look and sound like us.
“We hire based on past successes”	We all learn from what’s worked for us in the past.
“We don’t want to make a mistake”	None of us wants to fail and the harder the task, the less we want to look bad.
“We don’t understand those who are different from us”	It’s hard for all of us to evaluate someone who is different when we have no reference point.

As such, branch managers who recruit continue to look for people who exhibit ‘typically’ male characteristics: demonstrable confidence and competitiveness

with a singular focus on results (usually monetary). But those traits do not align with how women think and behave.

“41% of financial executives surveyed believed that men are more likely to have the characteristics needed to be successful planners – compared with 7% who said women had such an advantage.”¹²

Almost 39% of the recent graduates we surveyed stated that “passion” for an industry drove their decision-making process in choosing a career – not the ability to make lots of money. Similarly, established female advisors spoke of “passion and satisfaction” in their career choices – before financial success.

Recruiters need to be trained to understand that, for women, the greatest advisor career motivators are: building relationships, communicating with clients, connecting with people/families, and flexibility which allows for greater work-life balance.

The metrics of success are male-centric

Generally, the industry measures success in quantifiable terms and, for most advisors, their success is linked to assets under management and production.

While changing the metrics for success by corporate isn’t likely to happen any time soon, branch managers can and should be trained to recognize and reward the women in their branches by publicly acknowledging the successes these women are having in prospecting and developing clients using a very personal approach.

It is worth noting that the female financial advisors interviewed told us they measure success by what matters to them personally. One woman explained it as, *“happiness and life satisfaction for me is success – I’m happy because I have enough money to live the lifestyle I want”*.

However impractical this may sound to the men evaluating them, it is important to leverage this understanding in attracting and retaining women as financial advisors.

Career motivators for women:

- relationship building
- communicating with clients
- connecting with people
- flexibility
- work-life balance



WHAT THEY TOLD US

“Success matrix is designed for men and it’s still a male club.”

Financial advisor,
British Columbia, 4 years as FA

**\$93
trillion**

global wealth to be controlled
by women¹³

40%

of wealth to be controlled by
women in North America¹³

**\$59
trillion**

wealth transfer by 2023¹⁴

70%

of estates to be inherited
by women¹⁵

The high cost of failure.

Why does the failure to get more female financial advisors matter so much? Beyond issues of equality, it is an enormous lost business opportunity.

It starts with the fact that women are set to control \$93 trillion in wealth globally and reach almost 40% of all wealth in North America by 2023¹³. Over the next 40 years, there will be an unsurpassed wealth transfer of more than \$59 trillion¹⁴, according to Boston College's Center on Wealth and Philanthropy, and women will inherit 70% of estates¹⁵.

Capturing the business of these wealthy women clearly represents an unprecedented revenue opportunity for the financial community – and based on research – it is female financial advisors who have the skills to both acquire and foster long-term relationships with female investors.

"Ignoring women costs the financial industry \$700 billion a year."¹⁶

In Boston Consulting Group's (BCG) most recent report, "Managing the Next Decade of Women's Wealth" women with wealth who were surveyed were 1.7 times more likely to believe that the financial institution had their best interest at heart when their relationship manager was a woman¹⁷.

Organizations that don't pay heed stand to lose out on the most lucrative market in history – female investors – concomitant with their influence over the wealth management industry.

"Although wealth management relationships tend to be stickier and longer lasting than other banking partnerships, our research finds that women are more likely than men to switch managers."¹⁸

WHAT NEEDS TO CHANGE.

It is clear that, in order to turn the tide, the industry needs to re-evaluate how it communicates with and supports the front lines to achieve greater success.

‘Getting this right’ has to start at the corporate level. That means corporate must understand what is most needed by front lines and how to provide the training needed in order to help them deliver on the corporate mandate of hiring and retaining more female advisors.

Branches and branch managers are pivotal to growing and retaining more female financial advisors. But they need help to find more women, to eliminate biases in their branch and to provide more personalized support to the women they hire.

Rethink how/where to find new female financial advisors _____

Because branch managers frequently struggle to know where to find female financial advisors, they should be trained to understand that no one career stream is ideally suited for financial advice. It’s aptitude that matters most.

As such, they ought to be encouraged to expand their horizons to include all kinds of women – young, second career, older – and, especially, to consider women already working within the industry who are eager to become financial advisors and willing to do the hard work. That would include women who are associates, those in asset management, marketing,

investment banking, insurance, and any number of other operational divisions – within the organization but also at competitors.

All but two of the female financial advisors we interviewed came from within the financial services industry.

“There are plenty of qualified candidates at wirehouses or regional firms looking for a new challenge.”¹⁹

The women we interviewed were ambitious, attracted to the freedom of working as a financial advisor, looking for greater flexibility and confident in their abilities to work well with clients. All they needed to make the move to financial advice was encouragement and an environment that would help them succeed.

WHAT THEY TOLD US

“ Oftentimes firms hire women with affluent backgrounds because they expect them to know a lot of people with money. But therein lies the problem – it’s a process that looks for ready-made clients rather than for advisors.”

Financial advisor,
Ontario, 3 years as FA

94%

of female financial advisors interviewed came from within the financial services industry

 WHAT THEY TOLD US

“Basic training is gender neutral – it is after that where we need another level of training to help get us off the ground.”

Financial advisor,
Alberta, 4 years as FA

Eliminating biases:

- recognize they exist
- watch for negative body language
- alter negative/detrimental references to women
- change preconceived ideas about genders
- listen with an open mind

Make eliminating biases an imperative

Most branch managers will say they aren’t biased – yet that is not what we hear from women about their experiences. Eliminating biases starts with accepting they exist in the first place. To be fair,

“The market often favours men who do not get pregnant. This is unfair and needs to be addressed.”²⁰

denial usually results from the fact these biases are subconscious.

But it is not enough to simply say – you shouldn’t be biased towards

women. Managers must be trained to recognize their own biases – workshops and role modeling can do much to help them recognize and

learn how they can manage these biases.

Match support to a woman’s personal path to success

Managers could also benefit from training on how to support women’s personal paths to building a practice – this means talking to the new hire and listening to uncover what would be most useful to help her succeed. Some may need support marketing their natural skills or focusing on a specific target; others may be looking for assistance in buying a book or finding a mentor.

Branch managers are in the best position to communicate how other advisors have launched their careers and to match the new recruit to the tools and resources available that could help launch the new recruit’s own

practice – but they need to learn how to do that and still provide encouragement along the way.

Case Study

One advisor needed help figuring out how to just get started. She tried any number of prospecting techniques until she tried being a resource. She was very comfortable taking on the role of educator and began offering help to those in her neighbourhood by answering women’s financial questions. Having the support of her branch manager in finding this comfortable approach for finding clients would have helped save her from many false starts. She now has a \$100+million practice.

“There are a lot of managers who are really good at [recruiting], but don’t know how to lead and help advisors grow their business.”²¹

Why the urgency now.

Women's wealth represents a monumental change in society – and the window to take advantage of it is fast closing. Those who hire more women and help them launch their careers will reap the greatest rewards from this unprecedented wealth market.

But change is not easy and it takes time, especially when it comes to major enterprise-wide rethinking hence the urgency not to delay.

Some organizations may take comfort in research that shows older women don't care too much about the gender of their advisor²² – they may use it as an excuse not to aggressively hire more female advisors – but research also shows that today younger women are more inclined to prefer a female advisor.²³

Bottom line – organizations that fail to pay attention and don't start making changes today are going to lose out to those who do. The window of opportunity is here now.

It takes time to establish a practice

It takes anywhere from five to 10 years to establish an advisory practice and up to 90% of financial advisors fail in their careers²⁴ – that's men and women. *So whatever initiatives are undertaken now are not likely to reap results for some time.*

The industry is running out of time to get this right and it will take a corporate-wide effort to attract and retain more women. *But the branches are pivotal to success.*

Advisors are retiring in greater numbers

More than a 1/3 of financial advisors are expected to retire over the next 10 years, putting almost 40% of industry assets in play²⁵. That creates a huge opportunity for female advisors to buy into the industry. But in order to ensure that women can take advantage of this huge turnover, firms have to help them partner with a retiring advisor's practice and/or help them buy the practice. *Branch managers are the key to this transition.*

WHAT THEY TOLD US

"Women are always eager to learn, they know they need help and like working in teams."

Financial advisor,
British Columbia, 4 years as FA

1/3

of financial advisors are expected to retire over the next

10

years, putting almost

40%

of industry assets in play²⁵



WHAT THEY TOLD US

"... We need to do more and be more in order to be accepted."

Financial advisor,
Ontario, 26 years as FA

Those who get it right have much to gain.

Female financial advisors we interviewed weren't just critical of the industry. In fact, most were happy they had a career that allowed them to use their natural skills and to get paid on par with men. They also confirmed that relationship building came naturally to them and that, this in turn, helped them build a thriving practice – catering to the needs of all kinds of clients, including female investors.

However, they were universal in saying that, in order to succeed as an advisor, they had to overcome a lot of hurdles – from corporate to the branch level, the industry did not make it easy for them.

Financial institutions who embrace the premise that having more female financial advisors is the road to their future success but struggle to find, attract and retain enough of them must ask themselves:

What could we do better to train our branch managers on how to attract and retain more women to the industry?

For more information contact:

Judy Paradi
jparadi@strategymarketing.ca
T: 416-414-2808

Paulette Fillion
pfilion@strategymarketing.ca
T: 416-707-4929

StrategyMarketing.ca

Helping Financial Organizations and Advisors Connect with Women!

Appendix A

Methodology and Breakdowns

In writing this white paper, we researched publicly-available information from Canada and the United States. We talked directly to 35 female financial advisors and conducted an online survey with 52 recent graduates. Our interest on the subject started when we noticed a disproportionate number of women attending our sessions, buying our book, and taking our courses. It reminded us that women are eager to learn and are open to new ideas but we were surprised to find that entry into a career as a financial advisor at the branch level was not always conducive to their growth.

Financial Advisors Interviewed – Profiles

By type of firm

Type of firm	Percent
Bank	5.71%
Bank Brokerage	25.71%
Independent brokerage	20.00%
Insurance company distribution	14.29%
Mutual fund company / distributor	5.71%
Investment Counselor	8.57%
Integrated financial organization	11.43%
Other	8.57%

By Region

Region	Percent
West	25.71%
Central (ON & QC)	62.86%
East	8.57%
US	2.86%

By tenure

By tenure	Percent
Under 5 years	22.86%
5-10 years	8.57%
11-15 years	17.14%
Over 15 years	37.14%
Non-FAs*	14.29%

Online Survey – Recent Graduates

By degree

Degree	Percent
Business Administration	30.8%
Other	28.8%
Arts	17.3%
Sciences	15.4%
Commerce	7.7%

* those who work with FAs or serve clients under different arrangement

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