



**Inclusive Banking**

# Stakeholder dialogue

## The value of inclusivity in banking

A discussion of the initial results of the ABN AMRO and McKinsey & Company study

ABN AMRO organised a round-table discussion with key stakeholders in January 2022 to discuss the initial findings of the Inclusive Banking study initiated by ABN AMRO and McKinsey & Company. A total of fifty-three national and international participants attended this online discussion. These included investors, clients, regulators, NGOs, consultants, other banks and interest groups.

ABN AMRO's CEO Robert Swaak opened the online stakeholder dialogue by emphasising the importance of diversity and inclusion – not just for ABN AMRO, but also for society as a whole. Indeed, everyone wins if we address this issue together and commit to making a positive impact. We can accomplish this by using shared knowledge and solutions, and removing barriers. ABN AMRO is calling on all of us to take on this challenge together.

### **Aim of the round-table discussion: reviewing the initial results of the study and considering possible next steps**

In 2019, NatWest presented the Alison Rose Review of Female Entrepreneurship, an authoritative report on the gap between female and male entrepreneurs in the UK. The report led to the establishment of the Investing in Women Code, which improves opportunities for women and female entrepreneurs at financial institutions in the UK.

Further research shows that 67 percent of women throughout the world do not feel that their financial advisers understand them or that their needs are being met.<sup>1</sup> It therefore stands to reason that women constitute the largest underserved group in the financial sector.

For this reason, ABN AMRO Inclusive Banking recently commissioned McKinsey & Company to carry out a study on differences between men and women specifically relating to finance. One of the aims of the study was to determine together with stakeholders whether significant differences also exist in Dutch society.

In the stakeholder dialogue held on 27 January, the initial results of the study were presented by Chantal Korteweg, director of ABN AMRO Inclusive Banking, and Mieke van Oostende, senior partner with McKinsey & Company. After sharing insights, the participants split off into three groups to focus on the following themes:

- ▶ Women with a limited budget and young female professionals
- ▶ Female entrepreneurs
- ▶ Building an ecosystem

“With our stated purpose of ‘Banking for better, for generations to come’, it is important that we commit ourselves to creating an inclusive environment both for our employees and for our clients, one that reflects the diversity of the society we live in. This isn’t just about doing the right thing – it’s also about doing the smart thing. Diversity and inclusion bring social and economic benefits to all members of society.”

Robert Swaak, CEO of ABN AMRO, stakeholder dialogue opening speech

These themes were selected in consideration of the information presented in the report, the stakeholders present and ABN AMRO's current focus. Women with a limited budget, young female professionals and female entrepreneurs make up three of the five focus groups analysed in the report (the other two focus groups are affluent women and women with an above-average income).

There is evidence of a considerable gap between women with a limited budget and young female professionals on the one hand and financial services on the other. Female entrepreneurs have a greater need for relatable role models and personal financial advice. The third theme, “building an ecosystem”, was selected to facilitate a dialogue on potential problem-solving approaches with the many national and international attendees from the financial world.

### **General conclusions arrived at in the meeting | Minimising the gap and maximising opportunities**

Both the general meeting and the different round-table discussions centred on the barriers to and insights on the various focus groups as revealed in the study and based on the participants' experience and expertise. Most of the root causes of these barriers are deeply entrenched in our society and culture, sometimes going unnoticed or reflexively credited as normal. As a result, a solid multi-year plan and centralised coordination are needed to ensure that inclusivity is embedded in financial services. This involves creating solutions tailored to women in different stages of their lives and from different backgrounds.

By taking these social, economic and demographic factors into account, we can arrive at interventions that truly meet their needs.

In the financial industry, but in other sectors, too, we will have to work to change what has traditionally been a male-centric business and social culture. Together we must strive to create a culture in which neither men nor women feel forced to conform or assimilate, a culture in which masculine behavioural norms of success – as well as feminine values and characteristics – are acknowledged and valued.

Creating a society in which we close the opportunity gap between men and women is possible only if we set ourselves the goal of doing it together. By bringing together stakeholders who are committed to removing specific barriers constituting current causes of this opportunity gap, we are creating the new normal together. In doing so, it is crucial that we share knowledge, create awareness and take measures at every level of society to ensure that the root causes underlying the barriers are removed.

In addition to this aspect of business culture, we can do a great deal both together and as a bank to put gender equality and all the potential it represents firmly on the agenda – not just internally in terms of recruitment and selection, career advancement and promotion, but also in terms of our clients (women in particular), and in our processes, products, communication and service provision.

The gap that currently exists between women and financial services has multiple causes. We must begin to minimise the barriers women face in managing and taking control of their finances.

## Topics discussed in the different groups

### Women with a limited budget and young female professionals

The biggest **barrier** we have identified is that women do not feel welcome in finance; further, they feel they have insufficient knowledge to easily access this field. They find

it difficult to get their finances under control and make potential lifestyle changes as a result, particularly since healthier and sustainable products are more expensive and thus harder to come by when someone is on a tight budget.

One reason for this is that the way in which financial themes are communicated to women (e.g. a focus on figures to the exclusion of things like personal impact) often does not appeal to them. Women with a limited budget in particular say that they don't know where to start and that organising everything takes considerable effort because of all the bureaucracy they have to deal with, which frequently involves a great deal of paperwork. Given the stress these women already experience in their daily lives, extra steps and impersonal letters are often the last straw, making it impossible for them to really get a grip on their finances. Further, we have observed that a relatively high number of those making up this group come from families that struggled with money. As a result, it has a negative connotation for them, making it even harder for them to seek help or talk to others about it.

**Interventions** involving education and coaching enable us to help women develop more confidence in themselves. In addition to greater self-confidence, we believe this process will help women become more familiar with the various financial solutions available to them. We can also take preventative steps by eliminating preconceptions that may have inadvertently crept into our systems and processes to ensure these women are not disadvantaged from the outset. Furthermore, we should make financial products less daunting for them by providing them with clearer information, by eliminating unnecessary steps and, as actors in the financial industry, by proactively and personally engaging with these women. We need to take a more personal approach to both target groups in those arenas in which they live their lives, such as community centres and other places where people come together to socialise. We anticipate that in addition to greater self-confidence, this will give these women the sense that they are welcome to take more control of their own finances. At this juncture, they may well start to realise that it is not at all a question of them being less knowledgeable about finances (compared to their male acquaintances, colleagues, etc.), so there is no reason they should not take those first steps to gain more financial control and perhaps even transform their lives in the process.

We need to pick up the pace and build a solid foundation by investing in the skills of staff and advisers at organisations that can coach and guide these women. Plus changing our

tone and the way we communicate are quick wins. Similarly, we should consider more modern ways of communication, including popular tools like Tikkie and WhatsApp.

## Female entrepreneurs

Entrepreneurs progress through different phases, starting with an “intention” (idea), followed by “start-up”, “sustaining” and finally “scaling”. The sustaining phase concerns businesses that are over three-and-a-half years old. Scaling involves businesses with a turnover of EUR 1 million to EUR 50 million, regardless of age. Entrepreneurs face barriers at each stage. Participants in the round-table discussions pointed out that women face the biggest barriers in the intention and scaling phases.

Female entrepreneurs face two major barriers in the intention and start-up phases:

1. Poor access to, and awareness of, capital
2. A lack of relatable role models, sponsors and mentors, as well as a lack of effective networking opportunities

In the sustaining and scaling-up phases, two barriers in particular stand out:

1. A lack of business skills and resources as barriers to managing a business
2. Disproportionately more care tasks

There are several ways in which we can help these female entrepreneurs. These include providing them with tools to launch their businesses, boost their confidence and find inspiration, as well as sharing with them knowledge of capital and tips on building a network. Various initiatives such as Raise and Fempower Your Growth are already active in this area.

An important foundation for successful entrepreneurs is a good **network**, which can help grow a business and which promotes innovation and knowledge transfer. However, evidence shows that networking and making connections are often difficult for women. Many say they either cannot find the right network or that networking is not a priority for them. This is due in part to a difference in outlook. Participants in the round-table discussions said that it is vital that female entrepreneurs come to appreciate the importance of networking. In addition, networks should be made more accessible to them. A **collaborative ecosystem** of stakeholders who are attentive to female entrepreneurs is of great value in this respect.

The round-table discussion also showed that there needs to be more of a focus on better and relatable **role models**. Women often say they don't recognise themselves in “power women” like Neelie Kroes (a former Dutch European Commissioner), and would rather see role models whose situations are more similar to their own. In addition, female entrepreneurs say they would appreciate **mentors** who act as a sounding board. Despite the considerable number of mentoring organisations out there, women admit that they feel their current mentors are not sufficiently relatable or suitable. Obviously here, too, there is plenty of room for improvement.

Finally, **knowledge of and access** to finance were often cited as barriers. Participants felt that women should be included more in opportunities. Most of these women are not familiar with all the opportunities available to them, but those who are say they find it difficult to make a choice.

### ENTREPRENEURIAL LIFE CYCLE\*



\*Bron: Global Entrepreneurship Monitor (2020/2021)

<sup>1</sup> Note: Conversion is measured at a fixed point in time, therefore delay causes percentage to be higher than 100

That's why it's important that female entrepreneurs have access to more personal financial advice, advice reflecting the life stage of the business and the entrepreneur's own wishes. At the same time, female entrepreneurs do not want to be treated any differently from their male counterparts – they simply want easier access to certain personal services, as may well be the case for men, too.

## Building an ecosystem

The ecosystem group was asked to use their own experience and expertise to identify the causes of the biggest barriers. The group advanced the theory that access to finance is caused by a lack of knowledge, as well as a tone experienced as off-putting – in addition to the fact that current channels often do not reflect the preferences of different groups of women. A lack of female role models sometimes makes it difficult for women to conceive of ways to ensure their own financial independence and/or success. Below is a summary of the keywords that participants contributed in the meeting.

**At the macro, meso and miso levels**, the group's expectation was that regulation would be needed at various levels. As in the UK, we should work towards agreeing a financial code so that women are given the same opportunities as men. This will mean that the relevant stakeholders will have to establish a mechanism of cooperation to share knowledge, resources and their networks, and work towards the same goals. Participants said that the initiative should be supported by the government and the CEOs of all stakeholders involved, and that the mechanism should be both national and international in scope.

If the **mechanism of cooperation** is to be successful, it will require not only commitment and motivated leaders from all the organisations involved, but also a focus on one or two specific themes. In addition, knowledge and networks that are currently difficult for women to access must be made visible and accessible. Part of making this knowledge and these networks more accessible is using tools which women now prefer, but which are also present and visible in these women's communities. Supporting and advancing role models who are seen as relatable by the target group in order to initiate discussion and reduce gender bias is another requirement, one that will enable us to inspire women. We also anticipate that the message can be communicated in a more credible, convincing way.



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#### DISCLAIMER

We recognise that other groups, too, are underserved by the financial sector and deserve attention; the choice to take gender difference as our starting point was based on previous research, yet remains a subjective choice made by the researchers. We also acknowledge that gender is non-binary and that not everyone identifies as male or female. Here, too, the subjective choice was made to elect a certain focus for the time being in order to make a start. It is certainly not our intention to suggest that we view the current focus or focus groups, as discussed here, as the most important. Indeed, we hope that this study is just the beginning of many more studies, interventions and propositions, thus enabling us to ensure inclusion for all. The conclusions presented in this document are based on observations made in the various dialogues. The statements were made under the Chatham House Rule, meaning that all participants were free to share their opinions and to use the information disclosed during the dialogues, but that we will never share this information publicly nor link it with the identity of the participants. The aim of the dialogues was to strengthen inclusivity activities and policies at ABN AMRO and outside the bank, and to promote collaboration. We wanted to give all participants a safe space in which to express themselves freely, and we are very grateful to them for their openness.

Should you have any questions, comments or suggestions, please email [inclusive\\_banking@nl.abnamro.com](mailto:inclusive_banking@nl.abnamro.com)