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## When Will Banks Get How Important Diversity Is?

By Stephen Cummings

In just the past few weeks, while preparing my thoughts for this piece, I was told about one particular client of our bank who was born in South Korea, came to the United States at age 20, and opened her first neighborhood grocery store in 1981. Today she owns and operates more than 40 stores across Southern California with annual revenues well over \$1 billion.

She's a valuable customer, and we want more like her. But there's the rub. To say there are other women like her around the country is an understatement. With still more women launching and growing their own companies, how can we think we can send predominantly white male bankers and financial advisers to meet with them?

The short answer, and pretty much the whole answer, is: We can't. Not if we want to fulfill our mission as bankers – or, for that matter, survive in the long run. Women own and are starting more businesses. Women with families typically drive significant purchases like homes, cars and family health care. In less than 15 years, women will likely control 67% of the nation's wealth as a result of growth rates and generational and spousal transfers. And in the immediate future – by 2018 – women-owned businesses are projected to create more than half of the nearly 10 million new small-business jobs, thereby putting women in control of many more critical financial decisions that bankers strive to support.

Add to those trends the high percentages of women earning professional and doctoral degrees – a greater percentage than men today – and our need to attract those graduates to reflect our changing cli-



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ent base gets more urgent. Finally, factor in the passionate entrepreneurial spirit of first-generation Americans, many of whom are women, and it's obvious that financial institutions that blindly try to meet their banking needs with a non-diverse, largely white male workforce are woefully out of touch. By the same token, when you alienate at least half your own workforce (at our bank, 55%) – by not making it clear their unique challenges are appreciated, points of view valued and opinions heard – you relinquish more than half of your bank's potential horsepower before you're even out of the gate. That makes zero sense.

Who do you think would better understand the ambitions and work/life balance

concerns of a millennial female MBA – me or the woman who's our incoming chief risk officer? Or the women who head our transaction banking group and our human resources function? Those are leaders who young, qualified female talent will look to as role models. If instead a young woman sees a C-suite resembling 1950s workplace America, she won't even pause at our door. She'll keep walking until she finds an employer – or industry – with plenty of role models to mentor her and provide a solid path to the C-suite.

These issues won't fix themselves. We need leadership and action. Looking around our industry's C-suite, including my own, it's obvious we need to mirror these demographic shifts far better – and get there fast. But how? And if we fall behind, who will hold us accountable?

The latter question is easier, as I suspect the market will hold us accountable. Our clients will seek out bankers – and banks – that emphasize gender diversity throughout the organization, up to and including the board, and banks lacking that focus will ultimately underperform.

The former question is tougher but even more urgent. Like our competitors, we have initiatives to get us closer to the ideal, but clearly we can all learn from each other in a spirit of enlightened self-interest to get this done. I for one would like to hear how others in our industry are making changes in their workplace to recruit, develop and retain top-performing women. And I would welcome having our bank contribute to a productive conversation about this pressing issue.

This isn't about being fair or politically correct. Banks are in survival mode and we don't have forever to get it right. Our online competition is gender-neutral at point of purchase. We who largely compete face to face must reflect our customer base. The clock is ticking more loudly than ever and we must move. Our successful women customers – and women executives – are looking for bankers and companies who understand this ... and who truly get it.