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SPECIAL REPORT

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Making a world of difference

Vive la différence

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Standfirst

The financial sector has done much in recent years to address diversity in its workforce, but there is plenty still to be achieved in terms of meeting the needs of a diverse customer base.

Body copy

There is no doubt that financial firms are acknowledging the need to address diversity. HM Treasury’s Women in Finance Charter has been signed by the majority of big banks, insurers and investment firms. The UK government’s [Race at Work Charter](#), developed in partnership with outreach charity Business in the Community, has a similar focus and is also well supported by financial services firms.

Meanwhile, in July 2019 the Bank of England published its own [‘Out and Proud Charter’](#) expressing its commitment to support LGBT+ colleagues, and invited other organisations to adopt it.

However, these initiatives, while positive steps, are all about promoting gender diversity in terms of representation, opportunity and pay equality within firms, rather than ensuring businesses address the needs of a diverse customer base. Research by HSBC, for example, found that despite having more or less equal financial knowledge, [more than a third of women are put off by financial jargon](#) compared with only a quarter of men. Small changes to vocabulary and tone are potentially enough to address this issue.

Crossing the perception gap

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Steve Wardlaw is CEO of specialist insurance provider Emerald Life, which provides insurance to a growing range of customers underserved by traditional firms. As well as being a gay man and an astute businessman, Wardlaw is a seasoned observer of the financial sector's attitudes towards diversity. He recognises the good work carried out by financial institutions to address diversity internally but feels that good intentions towards customers do not always result in services truly designed to embrace diversity.

While not accusing banks of 'pink washing', he does feel that large financial institutions tend to avoid taking the more difficult and costly decisions involved in truly addressing diversity.

"For example, if the LGBT group say 'we'd like some money for a pride float', management will say 'yes, of course'. If they ask 'can we rewrite our life insurance policies?', they are unlikely to receive the same response."

In 2016 Emerald Life commissioned YouGov to conduct a survey into the insurance sector. The results were sobering, with LGBT individuals in the UK found to be 50% more likely to have no insurance at all.

"When we asked why, we were told three things. 'I can't get insurance because I'm LGBT', 'I'll pay more because I'm LGBT' or 'I won't get paid out because I'm LGBT'. Wardlaw points out that these statements are not entirely true, but says they sum up the perception gap the industry needs to cross.

Like many newer financial services businesses, Wardlaw sees social purpose as fundamental to Emerald Life's existence.

"I think of us as like a modern-day co-operative movement. We're actually almost an advocacy organisation that funds itself through business. So, part of our role is educating the sector but also educating diverse customers about what there is available."

As part of this approach Wardlaw meets regularly with senior stakeholders, including the management of larger firms and organisations such as the Institute and Faculty of Actuaries, in an attempt to provoke meaningful change within the industry.

"We're not just going to sell the 'least worst' product to diverse groups, we want these products to be fit for purpose and that's something that the insurance industry lacks."

Small but nimble

Wardlaw sees two key aspects to meeting the needs of diverse customers.

"It's a bit like a graceful swan. The bit above the water is the customer experience and the bit nobody sees, the frantic paddling, is the policy wording and the terms, and things like that."

In terms of the latter, Emerald Life has been successful in changing policy wording to make it more gender- and sexual-orientation neutral and to remove some of the remaining areas of discrimination in policies. Wardlaw admits that being small has its advantages in this respect.

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“We have the ability, unlike some other insurers, to be very nimble. If that wording needs changing, I’ll ring the underwriters and see if we can change it and often a document will change in two days because it’s rarely something big.”

However, Wardlaw admits there is only so much that a small firm with limited financial influence can do.

“The reason we don’t do life insurance, critical illness cover or income protection as products is that they still contain fairly egregious HIV-phobic and trans-phobic wording or qualification criteria.”

Where a smaller firm can have a big impact is at the level of customer service. At Emerald Life, all staff are trained on LGBT issues, including the use of correct terminology and understanding HIV as an illness. The company also has an internal transgender advisory group, T Squad, and maintains strong relationships with the Terrence Higgins Trust and the National Aids Trust.

“It’s important for us to be at the cutting edge and demonstrating that to our customers by using the correct terminology. So, for instance, the surgery for transitioning used to be called gender reassignment surgery – it’s now called gender confirmation surgery.”

Listening to diversity

When the company launched it featured many LGBT images on its website. However, their visual approach changed following feedback from customers, which found the site ‘too gay’.

“It was a learning experience for us – basically people want to see themselves as part of a broader community, not as part of a ghetto. So we softened things, which has also suited the business because now we work outside the LGBT market.”

As well as providing services, Emerald Life also offers outreach to minority groups, such as a recent access to financial services drop-in event for trans individuals held at the Birmingham LGBT Centre.

“It’s very important sometimes to unpick those initials LGBT because what you can sometimes find is the space gets overcrowded with white gay men – including me,” says Wardlaw.

“The next stage for improving the lives of LGBT individuals is to think about planning savings. You will have a long-term, stable future, which you may not, in your head, have thought you had 20 to 30 years ago. So, what are you doing with the stuff that you even in your head you subconsciously think of as for the traditional family?”

From initially serving the LGBT community, Emerald Life’s services have grown rapidly in scope to provide cover for women, non-traditional families and single people. Wardlaw says the business is also being approached about minority ethnic issues and are also looking at disability and mental health.

Wardlaw sees a hidden issue in the UK’s generally tolerant attitude towards diversity. “It’s much easier to counter intolerance than it is to counter indifference,” he says. “The Equal

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Pay Act for women is 52 years old and we're still finding people putting claims through. So, there's never an end to arguments about equality because once you get beyond illegality and criminality and persecution, you then get to equal family structures, then you get to equal services, equal retail etc."

[Box]

INVESTING IN INCLUSION

With major shifts taking place in the demographics of wealth, what are investment businesses doing to better reflect the society they serve and engage with a rapidly changing customer base?

According to the Boston Consulting Group, between 2010 and 2015 private wealth held by women grew from US\$34tn to US\$51tn. This year, women's global wealth is expected to hit [US\\$72tn, or 32%](#) of the overall total.

With more and more of the world's assets held by women, you might expect investment businesses to reflect a similar gender balance in its workforce. In fact, only [one in 10 fund managers](#) in the UK are female, while in the US, just 184 of 7,000 mutual funds are run by women.

Meanwhile, the picture is little better from the standpoint of ethnicity. The UK-based Investment Association published its own [Black Voices report](#) in 2019 that highlighted the fact that only seven people, making up less than 1% of UK investment managers, are black. This despite the fact that the lion's share of the UK investment industry is based in London, where people from this ethnic background make up 13% of the population.

Educational diversity is also an issue. 2019 research by [Diversity VC](#), sponsored by Silicon Valley Bank, found that one in five venture capital professionals in the UK attended either Oxbridge, Stanford or Harvard – in the US 40% have graduated from either Stanford or Harvard.

Rachel Harris of the Diversity Project says that if anything, the 'right' education has actually become more important over the past few decades. She admits the investment industry has an image problem.

"Yes, sadly that is true and that's the rationale for the Diversity Project being set up in the first place."

The Diversity Project is a cross-industry initiative that works with more than 50 organisations, seeing partnership as integral to achieving its goals. Its definition of diversity is impressively broad, taking in neurodiversity (including people diagnosed with autism spectrum disorder, ADHD and dyslexia), workplace returners (defined as anyone who has taken a break from the workplace of 18 months or more), and accessible working practices such as home working, flexi-time and part-time working.

"We have nearly 70 member firms now so I think that proves that the industry is receptive to the message," says Harris.

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Although it has perhaps the most comprehensive approach, the Diversity Project is far from being a lone voice in the sector. [LGBT Great](#), for example, is a global investment industry organisation focusing on workplace inclusion for LGBT+ individuals. Meanwhile the [#talkaboutblack campaign](#) has finally put the under-representation of black people in the industry spotlight.

In terms of educational diversity, Harris highlights the Investment Association's Investment 20/20 initiative, which focuses on attracting school leavers into the industry through promotional events, networking and, most importantly, apprenticeships and other career opportunities. The Diversity Project itself has partnered with social mobility charity [upReach](#) to launch the [Investment Industry Springboard](#), a mentorship programme that targets students from less-advantaged backgrounds with an aim to boosting social mobility within the industry.

Harris believes workforce diversity does more than just make firms more attractive to existing and potential employees: "If firms make inclusion a business priority we believe it's going to improve reputation and brand, so it's a very positive feedback loop."

On launching the Black Voices report, Investment Association Chief Executive Chris Cummings summed up the importance of diversity not only as a moral imperative but as integral to the future health of the industry.

"Diversity makes us all stronger. Different voices, opinions and experiences help investment performance, widening horizons and discouraging group think. And we need to be connected with all our clients."