Gender, money and finance
SUERF-JVI-OeNB 1st Vienna Economic Dialogue
20/21 May 2021

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Session 2: Central bank decisions by committee: does gender matter?

Part 1: Facts and figures

- Women in central bank governance
- Women in the society & Covid crisis
- Women at the BDF
Facts and figures: Still a man’s world

A hard “glass ceiling” in monetary policy committees

Facts and figures: Still a man’s world

Christine Lagarde @Lagarde 14 nov. 2019

I was pleased to invite my new Governing Council colleagues to join me at an off-site retreat yesterday. We discussed in an open and informal setting the running of the Governing Council.

Source: Twitter / Christine Lagarde
Facts and figures: A “glass ceiling” slow to crack in the EU …

Women in Central Bank governance in the EA and EU (excluding ECB)

EA Decision-making bodies
EU Decision-making bodies
EA Governors

Note: Source: EIGE. Data on central banks cover the head (governor) and members of the decision-making bodies of the entity responsible for overseeing the monetary system in each country. Chart based on Istrefi and Sestieri (2018) blog, updated.
Women on the front line in the Covid crisis

Women, usually more shielded in times of economic crisis, appear to be facing a unique labor market shock

- Women are over-represented in those sectors worst affected by the pandemic, as well as in part-time work arrangements
- Domestic burden, particularly of childcare, is weighing on female labor supply

GFC (Global Financial Crisis) compares 4Q07 to 4Q09 and COVID-19 compares 4Q19 to 3Q20. Source: Eurostat, BLS, J.P. Morgan.

Figure: Involuntary part-time workers in activities most affected by confinement measures across European OECD countries (% of employment in affected sectors, 2018)

Figure: Share of women employed in 2019 by industry

Promoting parity at the Banque de France

- Gender equality agreement (2009 & 2014; to be renegotiated in 2021)
  - Help staff balance work and family life
    - A longer period of maternity / a better pay for leaves than is legally required
    - Facilitate part-time working arrangements
  - Increase the proportion of women in senior positions
    - Global staff: 46% of women in 2020
    - Senior positions: 30.4% in 2020 (from 20.9% in 2012)
  - Support women's career progression
    - Encouraging internal promotion
    - Develop the pool of women likely to reach positions of responsibility
    - Establishment of an institutional mentoring system: 88 pairs in 2021
  - Improve the mix of professions
    - 18% of women in Banknote Manufacturing, 30% in IT, 73% in HR
    - Actions on external recruitment and internal mobility
    - Offer to women to follow a high-level scientific training diploma for jobs such as data scientists or IT architect
Session 2: Central bank decisions by committee: does gender matter?

Part 2: Some questions at stake

- What do citizens (especially women) tell us?
- What can parity/diversity bring to decision making?
- Do women have a different approach to monetary policy than men?
What women tell us? (ECB listens)

In the context of the ongoing Strategy Review, the ECB launched an “ECB Listens Portal”, encouraging the general public to express their views on a range of issues.

The sample of respondents under-represents women and young people: 22% of respondents were female (but mostly young, which is encouraging!).

Unsurprisingly, respondents working in the financial sector and men were considerably more likely to admit to having sound knowledge of the ECB and NCBs.

Issues on which women were more vocal:

- Declining purchasing power
- Concerns about the worsening economic outlook
- Unemployment and job precariousness
- Climate change
- Growing inequality and poverty

Notes: “CSO responses” refers to responses that were copy-pasted from contributions offered by organisations such as Greenpeace. “Original responses” refers to the remaining responses.
What women tell us? (BdF)

The BdF also conducted a series of Listens events. Results of a survey conducted over 5K French people confirm some of the previous trends on women.

• Women are more worried than men about the economic situation (see table).
• Women put social exclusion and poverty among their top economic priorities (44% vs 36% of men).
• Women are less likely to report very good knowledge of monetary policy (4% vs 11% of men).

Table: Q: “Since the beginning of the crisis, would you say that you are worried about”

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td># of respondents</td>
<td>5006</td>
<td>48%</td>
</tr>
<tr>
<td>The economic situation of France</td>
<td>84%</td>
<td>79%</td>
</tr>
<tr>
<td>The level of public debt</td>
<td>76%</td>
<td>71%</td>
</tr>
<tr>
<td>Your financial situation</td>
<td>51%</td>
<td>48%</td>
</tr>
<tr>
<td>Your employment</td>
<td>40%</td>
<td>41%</td>
</tr>
</tbody>
</table>

XX% Significantly higher than global answer
XX% Significantly lower than global answer
Why promoting diversity in CB governance?

- Monetary decisions arise from the deliberation & vote of a committee
- The mere existence (& success) of monetary policy committees is to pool knowledge and bring a diversity of views and perspectives to the table
  - Research/markets traditionally interested on the diversity of beliefs (ex. hawks & doves)
  - Recent interest on broad inclusion/diversity (gender, minority representation)
- Diversity is an ethic imperative but above all a way to double the pool of talent!

**FT op-ed** on ‘hidden barriers’ to equality in CB (May 4, 2021)

Isabel Schnabel (ECB): “It’s really about equality of opportunity, not about equality of outcome.”

Margarita Delgado (BdE): “We cannot let 50% of our talent go to waste.”
What can parity/diversity bring to decision making

- Communication is *de facto* a monetary policy tool (ex. FG guidance), but generally addressed only to experts.

- **Reaching out to the wider public as a new tool** to:
  - Connect, listen and build understanding through innovative means
  - Rebuild trust
  - Make monetary policy more effective

- **Parity/more diversity in CB is key** for the success of this new mission by:
  - Making sure policymakers reflect the diversity of the population they serve
  - Strengthening our credibility in public’s eyes and rebuild trust

Christine Lagarde (ECB):
“...my ambition is to be this owl that is often associated with a little bit of wisdom.”
(First press conference as ECB President, Dec. 2019)
Annexe
Would a gender balanced CB governance matter for monetary policy?

Hard to tell, as research is scarce

- Small historical sample of women deciding on monetary policy.
  - BdF research: Female FOMC members have been perceived mostly on the dovish side (Istrefi, 2019).
  - CB boards with a higher proportion of women set more hawkish policy (Masciandaro, Profeta and Romelli, 2018).

- On other areas of finance: gender-balanced teams seem to lead to better performance
  - More diverse boards, better bank performance, better monitoring of bank managers and lower agency costs (Cardillo et al. 2020).
  - Strong positive association between the share of women in senior positions and firms performance (Christiansen et al. 2016).
Istrefi (2019) constructed a Hawk/Dove index for the FOMC

- Found three types: Hawks, Doves & Swingers
- Female FOMC members have been perceived mostly on the dovish side.

**Note:** Based on 130 members that have served at the FOMC between 1960 to 2015. Source: Istrefi (2019) In Fed Watchers’ Eyes: Hawks, Doves and Monetary Policy, Banque de France Working Paper Series no. 725.
Beyond gender
Early life experience, education and political choice

➢ Are women in the FOMC intrinsically more dovish than men?
   Not necessarily!

➢ According to Istrefi & Bordo (2018)* 3 main factors shape types:
   ➢ Great economic events at birth: great depression vs great inflation
   ➢ Economic ideology at the university where they studied (Chicago vs Harvard)
   ➢ Who appointed them: Republican vs. Democratic Presidents.

This is equally true for men and women in the FOMC