

# Gender, money and finance

SUERF-JVI-OeNB 1<sup>st</sup> Vienna Economic Dialogue

20/21 May 2021

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**Sylvie Goulard**

Deputy Governor, Banque de France





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

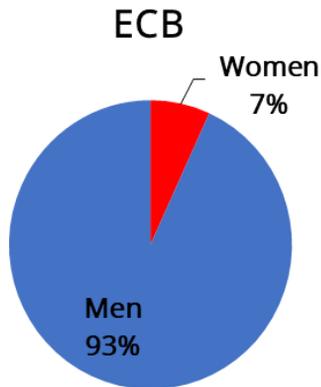
### Part 1: Facts and figures

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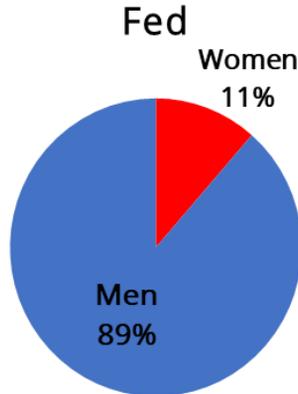
- ▶ Women in central bank governance
- ▶ Women in the society & Covid crisis
- ▶ Women at the BDF

# Facts and figures: Still a man's world

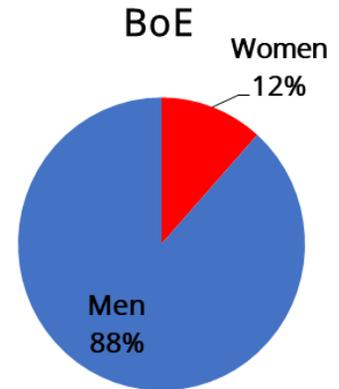
A hard "glass ceiling" in monetary policy committees



Governing Council  
(1998-2021)



FOMC  
(1960-2021)



MPC  
(1997-2020)

Source: **Istrefi and Sestieri (2018)**, Banque de France blog, "Central banking at the top: it's a man's world".  
Updated. <https://blocnotesdeleco.banque-france.fr/en/blog-entry/central-banking-top-its-mans-world>

# Facts and figures: Still a man's world

← **Tweeter**



**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.



2 k

2,9 k

2,5 k

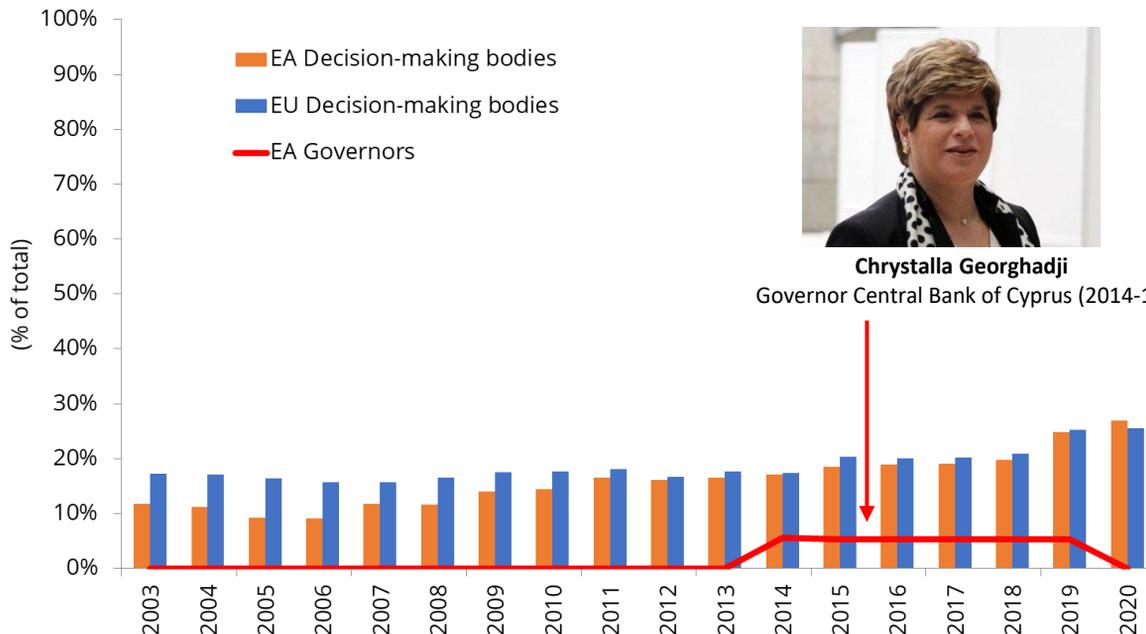


## G7 Finance July 2019



# Facts and figures: A “glass ceiling” slow to crack in the EU ...

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

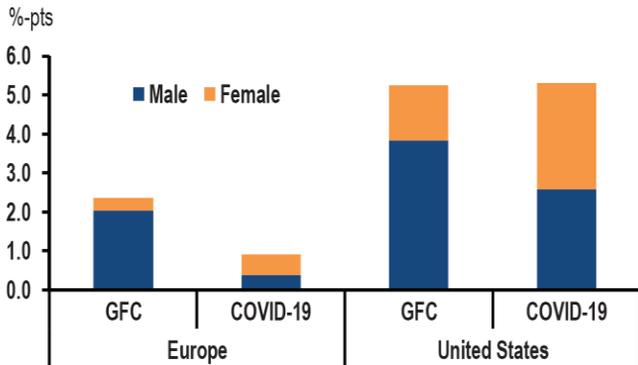


**Chrystalla Georghadji**  
Governor Central Bank of Cyprus (2014-19)

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

Figure 1: Contributions to increased unemployment rate by sex



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

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

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

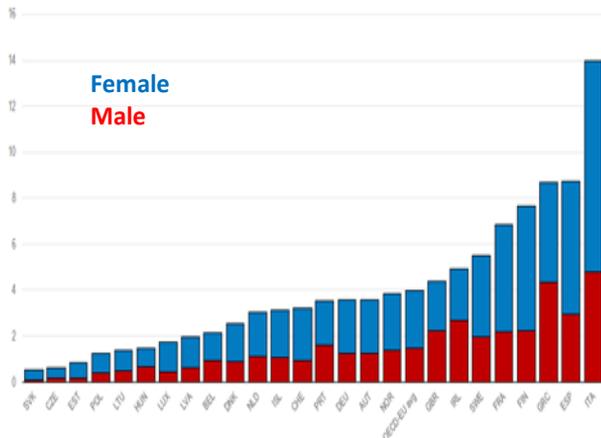
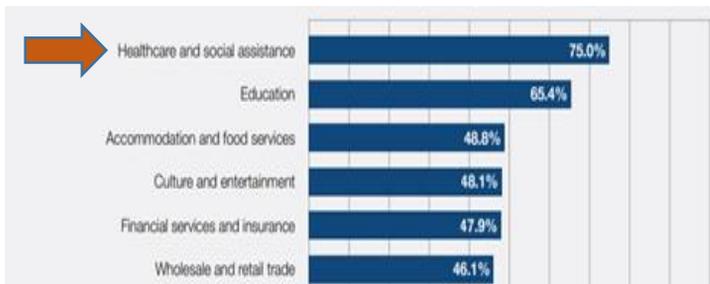


Figure: Share of women employed in 2019 by industry



EUROSYSTEME

Source LHS: Global Gender Gap Report 2021.  
Source RHS: OECD.

# Promoting parity at the Banque de France

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- **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**

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- ▶ **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.

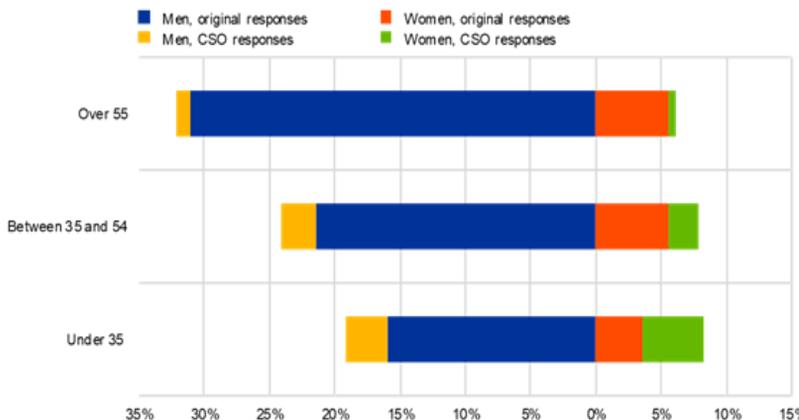
The sample of respondents **under-represents women and young people: 22% of respondents were female** (but mostly young, which is encouraging!).

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

Chart: Share of respondents by gender, age group and type of response



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”**

		Male	Female
# of respondents	5006	48%	52%
The economic situation of France	<b>84%</b>	<b>79%</b>	<b>88%</b>
The level of public debt	<b>76%</b>	<b>71%</b>	<b>80%</b>
Your financial situation	<b>51%</b>	<b>48%</b>	<b>53%</b>
Your employment	<b>40%</b>	<b>41%</b>	<b>40%</b>

XX% Significantly higher than global answer

XX% Significantly lower than global answer

# Why promoting diversity in CB governance?

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- 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

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- 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?

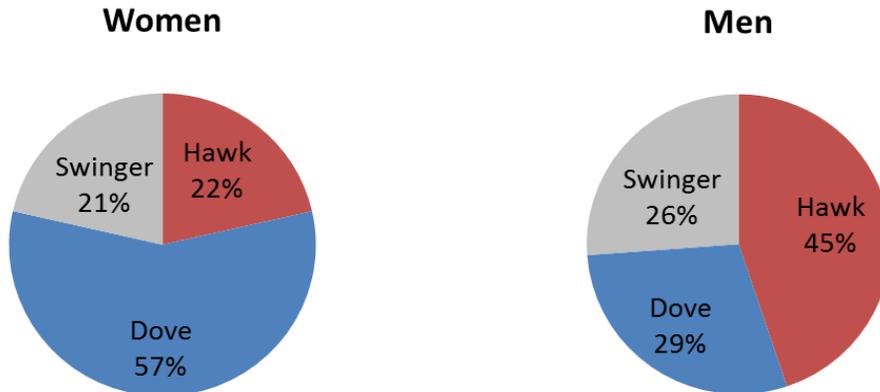
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## Hard to tell, as research is scarce

- 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).

# The example of the Fed FOMC

- 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

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- 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**

\*Istrefi & Bordo (2018), "[Perceived FOMC: the Making of Hawks, Doves and Swingers](#)", WP Banque de France n 683.