

Diversity

Annual report 2020/21

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1 Foreword

We need a more diverse and inclusive industry.

Recognition of the importance of diversity and inclusion has grown over recent years. We, and the firms we regulate, have taken steps to improve diversity and inclusion. But progress has been too slow.

Our annual diversity report gives a snapshot of how we've progressed. We have much to be proud of, but we are not yet where we want to be. We do not yet fully reflect the communities we serve. But we do remain committed to this goal. This report explains the actions we're taking to reach our targets.

We are just one part of financial services. Along with the Prudential Regulation Authority and Bank of England, we have opened a discussion on the role we play, and the role firms play in building diverse and inclusive workplaces. There isn't a 'one size fits all' solution. We want to start a conversation about how to make meaningful change more quickly.

The faster we can make change, the faster we can all benefit from greater diversity. Diversity of thought helps reduce the risk of groupthink in decision-making and can encourage innovation. Diverse firms should achieve better outcomes – for their employees, consumers and markets generally. We expect firms to be able to recognise and respond to the diverse needs of their customers. A diverse and inclusive workforce will support them to do this.

Diversity and inclusion is one of our priorities across all markets. And we are focused on creating a more diverse and inclusive organisation at the FCA too.

We are disappointed that we didn't reach our interim gender target this year (though we have made up considerable ground during 2021) and that our pay gap and other data indicates we still have a long way to go. However, I am confident that we have the right building blocks in place, and that we can achieve a greater pace of change and progress in the future.

Nikhil Rathi,
Chief Executive

2 Overview of strategy and approach

This is the FCA's eighth Annual Diversity Report and fulfils part of our Public Sector Equality Duty under the Equality Act 2010 and related secondary legislation.

Why the FCA cares about diversity and inclusion

Diversity and inclusion are central to the FCA's approach, as an employer and as a regulator and public body. A diversity of perspectives and thought, when part of an inclusive culture, results in better judgements and decision making in the public interest; it reduces the risk of groupthink and encourages innovation.

As an employer, we are keen to be as diverse and inclusive as possible, reflecting the communities in which we are placed, and the consumers whom we protect. We know that diversity has many benefits. People with different life experiences can bring new thinking and their experiences can inspire new approaches to problem solving and decision making.

As a regulator, we want to move the dial on diversity and inclusion in the financial services sector – with the objective to progress good outcomes for consumers. We want this, both in terms of how firms are constituted, and how they understand the needs of diverse consumers and reflect this when developing products and services. We know diversity and inclusion underpin good culture in firms, so they're important features of how we evaluate firm culture and conduct.

As a public body, we are subject to the requirements of the Public Sector Equality Duty (PSED), which means we must look for ways to eliminate discrimination, advance equality of opportunity and foster good relations between people who share protected characteristics, and those who do not.

Why diversity and inclusion matter now more than ever

The coronavirus (Covid-19) pandemic has affected different parts of society in different ways, and we need to recognise the impact on consumers, firms and our employees, and ensure these are appropriately considered as we progress our work.

To ensure that we can address the challenges ahead, we are continuing to transform our own organisation, building on lessons from our rapid response to the coronavirus crisis. We want to continue to take bolder action, and make firmer commitments, to change as an organisation.

How we make it happen

Our Executive Diversity Committee (EDC) is a sub-committee of the Executive Committee (ExCo), which is chaired by the Chief Operating Officer (COO), and acts with the Executive Committee's full authority. Our EDC leads and directs the FCA's diversity and inclusion agenda, to make the FCA an employer of choice and a more effective regulator, for example by:

- ensuring the FCA fully identifies its diversity and inclusion obligations and puts relevant timetables and action plans in place

- identifying new and emerging diversity and inclusion-related legislation, Codes of Practice or business risks, highlighting the impact they may have on the FCA as an employer or regulator
- providing direction, monitoring and advising on diversity and inclusion-related matters affecting the FCA
- monitoring diversity and inclusion-related activity and advising on priorities
- championing diversity and inclusion within the FCA and communicating best practice across the organisation and regulated firms
- monitoring internal and external diversity and inclusion-related data, identifying areas for focus and particular action and measuring progress

Our Diversity and Inclusion Advisory Group acts as an advisory body, representing a broad spectrum of the FCA's workforce, primarily to give advice to our Executive Diversity Committee on designing and implementing the FCA's diversity and inclusion strategy. Members include our network group Co-Chairs, Divisional diversity and inclusion working group leads, as well as representatives from our Communications, Human Resources, Payment Systems Regulator (PSR), Staff Consultative Committee, and Corporate Responsibility Teams. Our Divisional diversity and inclusion working groups help shape our overall strategy, and ensure our divisions bring the agenda to life.

Our 8 network groups support diversity and inclusion by providing subject matter expertise, insights around lived experiences, as well as providing a platform for engagement. These network groups include our **Carers and Parents Network**, our network group for disability, physical and mental health, **Embrace**, our LGBT+ Network, **InsideOut**, our gender network, **Balance**, our multi-faith network, **Faith and Roots**, our **International Network**, our **Social Mobility network** and our race and ethnicity network group, **Spectrum**.

Each of our network groups work collaboratively with each other, focused on an intersectional approach. They get support from our Staff Consultative Committee, which aims to strengthen information exchange and consultation between senior management and employees.

Our diversity and inclusion vision and equality objectives

In previous years' reports, we provided more detail on our Positive Action Framework, which guides our work internally. This framework focuses on everyone learning to value differences, when it is easier to favour those who are similar to us.

The next four sections look at our progress against our 4 equality objectives detailed below, focusing on the key activity and successes over the year:



We will be reviewing and updating our diversity and inclusion strategy in 2021. We'll publish full details in our 2021/2022 Annual Diversity Report.

The data we use in this report is for the year ending 12 March 2021, unless otherwise stated. We have used this slightly earlier date this year because we moved to a new HR system during March. For future reports we will go back to publishing data for year ending 31 March, unless otherwise stated.

We are aware that the term 'BAME' is being considered throughout society. As an organisation, we are actively considering the future use of this term and possible alternatives.

3 Reflecting the society we serve

Our targets

We want to be a truly diverse and inclusive organisation. In June 2016, we signed the Women in Finance Charter. The Charter seeks to increase the representation of women in the financial services sector, particularly at senior levels. In line with the Charter, we set and report on gender targets. We also set targets for Black, Asian and Minority Ethnic (BAME) diversity at senior levels in the FCA, and we're taking positive action across the organisation, whether we have targets or not, to meet our overall aspirations to be a truly diverse and inclusive organisation.

Our targets for female representation were for 45% of our Senior Leadership Team (SLT) to identify as female by 2020 (our interim target), and 50% by 2025 (our ultimate target). Currently 43% of our SLT identifies as female, which is up from 40% in 2020. The figure without including the Payment Systems Regulator (PSR) is also 43%, in 2020 it was 40%.

Our BAME targets were for 8% of our SLT to identify as BAME by 2020 (our interim target), and 13% by 2025 (our ultimate target). Currently 13% of our SLT identifies as BAME. This has increased from 10% in 2020. The figure without including the Payments Systems Regulator (PSR) is 13%, in 2020 it was 11%.

Reaching our interim 2020 gender target was always going to be challenging. While we are taking positive action, we do not have a high turnover or large number of new positions at SLT level. As a result, we were unable to achieve enough positive changes to reach the 45% interim gender target. Additionally, our SLT is a relatively small group so slight changes can make a big impact. However, our recently announced Executive Director appointments should improve our representation significantly. We will have female leaders in our frontline authorisation and supervision roles, and in operations, data and technology. We focused on ensuring we had diverse shortlists when identifying the best candidates for these roles. It is important for us to lead by example, and our new appointments will mean 9 of our 18 Board and Executive Committee members will be women.

We were pleased to have met and exceeded our interim 2020 ethnicity target, but we must keep a continued focus as we still have much more work to do in this space. Our key actions are detailed in our ethnicity action plan in Section 3.

We have committed to expanding our gender and ethnicity targets beyond our SLT level – introducing targets at Manager, Technical Specialist and Senior Associate levels. Improving our mix in these areas is key, not least because these roles are the pipeline for our future senior leadership.

Our diversity and inclusion dashboard

Our diversity and inclusion data dashboard captures gender and ethnicity data across all divisions, at all grades. We've made recent improvements to the dashboard to support more specific positive action across the organisation. The dashboard analyses data such as new employee information, turnover, acting-up opportunities and internal development

programmes. It also allows us to look at trends data and drives focused and positive action. We combine these detailed diversity and inclusion data insights, with other data (for example pay gap data and employee survey results) to inform our strategy and allow us to target positive action.

Our diversity and inclusion resourcing strategy

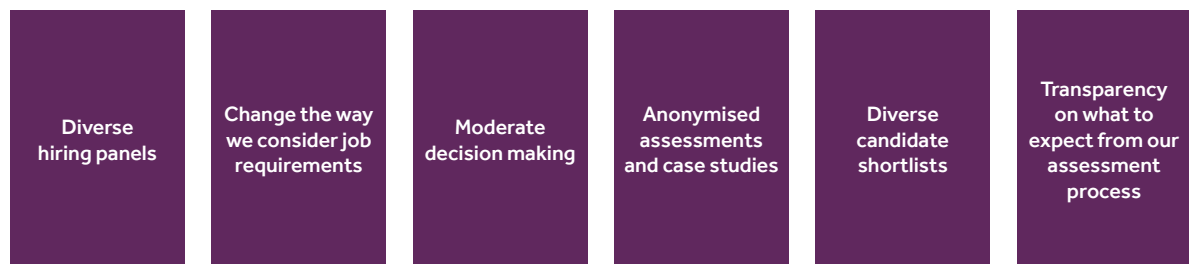
Our diversity and inclusion resourcing strategy aims to bring together inclusive recruitment practices to deliver the right solutions for the FCA. We recognise the importance of having diverse teams that reflect the society we serve.

The diversity and inclusion resourcing strategy brings together positive initiatives from across the organisation and applies them at scale, so we can measure success using recruitment data insights, and further adjust our approach in the future. Our strategy aims to help us achieve this through improvement to our resourcing practices.

Our key objectives are to:

- create a level playing field for diverse talent by removing barriers
- challenge and support hiring manager decision-making from the start of the process, through to assessment and offer
- use data insights to inform action and drive better outcomes

In July 2020, we identified key areas for the diversity and inclusion resourcing strategy. Many of these aim to reduce unconscious bias within the process, making it more objective, and focus on recruiting for diversity of experience:



Our Early Careers team, with the support of our BAME Women's Group and Race and Ethnicity network group, Spectrum, launched the 'Black Futures Programme'. It aims to upskill and engage Black undergraduates, and acts as a diverse pipeline for our summer internship and graduate programmes.

We are members of the national Disability Confident scheme, which supports employers to make the most of the talents people with disabilities bring to the workplace. We have also continued to strengthen our partnership with EmployAbility, a charity that supports students with disabilities. All students who apply to the graduate programme and have a disability can receive mentoring throughout the process. In addition, we launched a neurodiversity training video for all Early Careers assessors, and applicants now receive a video that raises awareness of reasonable adjustments and available support.

Our gender, ethnicity and disability pay gaps

We have published full details of our [gender, ethnicity and disability pay gap figures](#) for the year ending 31 March 2021 on our external website.

We continue to provide an increased level of transparency, publishing our ethnicity pay gaps and disability pay gaps, despite there being no legal requirement to report these, as we believe that data transparency drives positive action. For the second year, we have also published more detailed data, sharing our ethnicity pay gap broken down into the UK census ethnicity categories, our pay gaps by contractual grade, as well as the intersectional gender and ethnicity pay gap. We know that the experience of ethnic groups that make up the 'BAME' grouping is not the same, and we need more granular data to help us better understand our challenges and take more targeted positive action.

Our gender pay gap reporting is based on legal sex because we don't yet collect data about gender identity. We acknowledge that this does not reflect our commitment to inclusion of the trans and non-binary community and we are working with our LGBT+ Network (InsideOut) to ensure our reporting can be more inclusive going forward.

Gender pay gap: Our median gender pay gap is 20.1%, down 0.3% from 20.4% in 2020. Our mean gender pay gap has decreased to 16.3%, a change of 2.1% from 18.4% in 2020. Our gender bonus gap is 23.5% (median) and 20.2% (mean). Our median has increased by 0.9%, and our mean has increased by 1.2% since last year.

Ethnicity pay gap: Our ethnicity pay gap has seen a larger decrease. Our ethnicity median pay gap is 24.5%, down by 4.4% from 28.9% and our mean ethnicity pay gap is 24.4%, down by 2.6% from 27.0% in 2020. Our ethnicity median bonus gap is 28.8%, a decrease of 3.2% from 2020. Our ethnicity mean bonus gap is 25.9%, a decrease of 5.9% from 2020.

Disability Pay Gap: In 2020, we reported our disability pay gap for the first time. The median disability pay gap is 9.4%. This has increased by 1.7% from 2020. The mean disability pay gap is 3.8%, a drop of 0.1% when compared to 2020. The disability median bonus gap has increased from 11.6% in 2020 to 15.1%. The mean has increased from 5.2% in 2020 to 15.3%. As the numbers declaring a disability are small (less than 5%), this can cause a significant fluctuation in yearly comparisons.

In previous years we have not seen significant annual movements in our gender and ethnicity pay gaps. This year, however, we have seen slight changes to the figures compared to last year, with the most significant improvement in reducing the ethnicity bonus gap, although only towards the gender bonus gap position. We acknowledge there is still more work to do for us to see impactful sustainable change. We need to continue to take bolder actions to progress, particularly in addressing imbalances of representation across the organisation. The changes we have made, and continue to make, as part of our Ethnicity Action Plan and our Transformation work should help to further narrow our pay gaps in future years. Introducing gender and ethnicity targets beyond our Senior Leadership Team (SLT), for Manager, Technical Specialist and Senior Associates, will enable us to address and change the talent 'pipeline', which is crucial for meeting our SLT targets, and ultimately closing our pay gaps. It will enable us to ensure accountability for progress on representation across the organisation, as we focus on the challenges we have at different levels in the the FCA. We remain committed to recruiting, developing, and retaining diverse talent across the organisation, and supporting the wider financial services sector.

4 Our inclusive culture

We want to ensure that our workforce is inclusive, so that people can bring their whole selves to work, and so that difference is embraced and celebrated. This has been even more important during this period of extended remote working. There are several ways we measure our inclusive culture. This includes analysing data from our annual employee engagement survey, and any pulse surveys we run, as well as awards and participating in external benchmarks. In 2020, we launched our Ethnicity Action Plan committing to a structured approach to make progress in relation to racial equality. Details of this plan and our progress can be found in this section.

Annual employee survey and pulse surveys

Our annual employee survey is a valuable opportunity for colleagues to provide feedback on their day-to-day-experience of the FCA as a workplace. These responses help build an accurate picture of what it's like to work at the FCA. The responses support us when considering our priorities to make the FCA an even more inclusive place to work. Several questions in the annual survey align to diversity and inclusion and key insights are shared below:

- 'I can be myself around here' – 73% of respondents agreed; in 2020 this was 69%.
- 'I am treated as a full member here regardless of my position' – 76% of respondents agreed; in 2020 this was 72%.
- 'People here are treated fairly regardless of their gender' – 80% of respondents agreed; the same as in 2020.
- 'People here are treated fairly regardless of their race or ethnic origin' – 75% of respondents agreed; in 2020 this was 78%.

We also ran a series of 3 shorter employee surveys in April, July and October of 2020 to help us understand the effect the pandemic is having on our colleagues' wellbeing. There was an overall response rate of 62%, 67% and 63% respectively. This gave a strong basis for understanding how our colleagues were feeling and helped us to take action.

Key insights are:

- 'My organisation actively encourages me to focus on my personal health and well-being' – 84% of respondents agreed in the April survey; 78% respondents agreed in the July survey; 76% of respondents agreed in the October survey.
- 'My organisation's flexibility helps me meet my needs as a working parent / carer' – 81% of respondents agreed in the April survey; 79% respondents agreed in the July survey; 80% of respondents agreed in the October survey.

Benchmarks and awards

Stonewall decided not to open the Workplace Equality Index for submissions in 2020, and did not publish a 2021 Top Employers list, due to the challenges of the pandemic. However, we remain committed to LGBT+ inclusion and continue to drive work forwards in this space, having been placed 59th in the Stonewall 2020 Top Employers list.

Social mobility is at the forefront of our minds now more than ever, with societal inequalities exacerbated by the pandemic. We were ranked 27th in the 2020 Social Mobility Employer Index (SMEI), retaining a strong position within this key benchmarking initiative, operated by the Social Mobility Foundation. Details of our approach to social mobility can be found in Section 6.

This year, we climbed 25 places and ranked 63rd at the National Undergraduate Employability (NUE) Awards, which celebrate the outstanding achievements of employers, agencies, students and universities in undergraduate work experience across the UK. We were also shortlisted for the Best Diversity Initiative Award, for our 'Black Futures Programme'. This 3-day programme aims to upskill, inform and engage Black undergraduates and act as a diverse pipeline for our summer internship programme.

Additionally, we won the 'Most Inclusive Recruitment Campaign' and were runner up for the 'Greatest Impact Award' at the 2020 RIDI Awards (Recruitment Industry Disability Initiative Awards), announced in December 2020.

Inclusive leadership

All members of the Senior Leadership Team (SLT) and managers have a shared objective to promote diversity and inclusion. All senior leaders have been invited to join the 'At our best' leadership programme, which contains a specific module on inclusive decision-making. We use external coaches to maximise personal and professional potential, and to support our senior leaders through multi-layered organisational complexities – our executive coaches all come from a wide range of diverse backgrounds, which contributes to a greater quality of coaching.

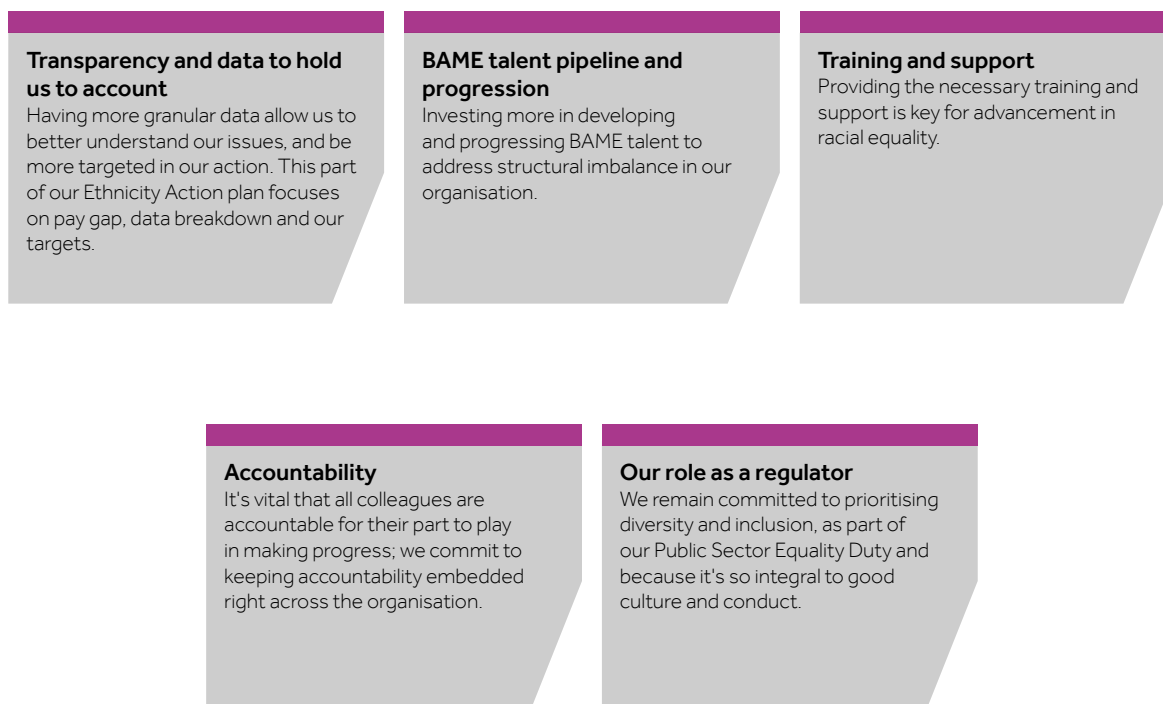
Senior leaders attend forums to discuss organisational priorities, challenges, promote knowledge sharing and inclusive thinking and help develop a better understanding of our diverse colleagues. This collaboration helps our senior leaders to think of ways the organisation can shape culture and sub-culture, and the different ways in which this can be achieved. Newly appointed senior leaders are invited to attend the Transition Programme to accelerate their transition in their new role. It also gives them access to a small network of peers from different divisions. This facilitated programme promotes peer-to-peer mentoring and encourages cognitive diversity.

We offer all colleagues across the organisation the opportunity to access LinkedIn Learning to provide further opportunities to refine and develop their professional skills, and knowledge base. The courses are delivered by experts in their fields and range from technical skills to business skills like leadership, diversity and inclusion and building an inclusive mindset. We have also begun to roll out of a catalogue of diversity and inclusion workshops for our SLT and People Managers. These workshops focus on exploring privilege as well microaggressions and bystander intervention. More details are in the next section on our Ethnicity Action Plan.

Our ethnicity action plan

We've worked hard over recent years to make sure the FCA is more ethnically representative of the society we serve, and that everyone, regardless of their ethnicity, has fair opportunities to work, to develop and to progress at the FCA. But we know we need to do more. The events of 2020, in particular, highlighted the impact of racism and discrimination in society. And the data we track, through our diversity dashboard and our pay gap data, shows that we still have an ethnicity imbalance across the organisation and some difficult issues to address. While we continue to make progress, there's still much more to do, and things are not changing at the pace we'd like. That's why we have made a commitment to change. By publishing our ethnicity action plan externally, we seek to be transparent about our challenges, hold ourselves accountable for progress, and set an example to the firms we regulate. We would all benefit from a more diverse and inclusive financial services industry, and we have a key role to play, both as an employer and a regulator, in making change happen.

We recognise that we have many other diversity and inclusion challenges, but our data, and the lived experiences of our people, show us that we must not shy away from calling out our ethnicity challenges and being specific about how we address them. We have grouped our strategic actions of our ethnicity action plan into 5 areas of initial focus:



Our ethnicity action plan progress

1. Transparency and data to hold us to account

- We increased transparency in our pay gap reporting. We now break our ethnicity pay gap down further into the UK census ethnicity categories, look at our pay gaps by contractual grade and publish our intersectional gender and ethnicity pay gap data.
- Our diversity and inclusion dashboard was updated to ensure it is comprehensive and fit-for-purpose to support more specific positive action.
- We've agreed that we should expand our gender and ethnicity targets beyond our SLT – introducing targets at Manager, Technical Specialist and Senior Associate level.

2. BAME talent pipeline and progression

- We ran a series of manager diversity and inclusion focus groups to understand how we can best support line managers to be enablers of change for diversity and inclusion. And to better understand some of the actual or perceived barriers to progression from a manager's perspective. We then presented key findings and suggested actions to support progression to the Executive Diversity Committee and SLT.
- Our second cohort of the BAME sponsorship programme garnered positive feedback, and we plan to launch the third cohort of this programme, in line with other FCA talent development programmes. The BAME sponsorship programme offers support to talented BAME colleagues to accelerate their career progression. Participants are paired with an SLT sponsor to support them and identify opportunities to help them grow further, enhancing existing leadership skills, increasing confidence and resilience as well as the opportunity to build strong networks within the FCA and possibly externally.
- A new inclusive talent review process was launched – talent reviews are key to understanding the capability and development potential of all our people. They provide insights into the depth and breadth of capability across the FCA, and enable us to make more informed decisions on how we develop, deploy or even recruit people at the FCA. The approach is designed to mitigate the influence of unconscious biases by introducing greater objectivity, inclusivity and transparency to the way that we assess, discuss and develop the potential of our people. This is part of a long-term strategy and we anticipate that it may take a couple years before the benefits of this new approach come to fruition.
- We continue to progress our diversity and inclusion resourcing strategy, which aims to bring together 'inclusive recruitment' practices to deliver the right solutions for the FCA. More details of this approach are in Section 2.
- The Black Futures Programme was run in September 2020 and February 2021, welcoming cohorts of Black undergraduates and acting as a diverse pipeline for our summer internship and graduate programmes. So far across both programmes, we have been able to make 9 offers onto our 2021 Summer Internship, which has a total of 25 places.

3. Training and support

- Providing the necessary training and support is key for advancement in equality. We have introduced a 'Managers' Tips for Talking' toolkit, encouraging managers to have conversations about race, getting comfortable with being uncomfortable and helping create safe spaces for discussions to take place.
- We understand the key role allies play in supporting a culture of inclusion, so we launched an 'Acts of Allyship' toolkit to provide guidance and insight into how to be an active ally in practical terms. A pilot of the 'Better Allies Self Education Club' or 'BASEC' was also launched in our Retail Banks and Payments division, creating safe spaces for colleagues to further their knowledge and skills as allies.
- Our Race and Ethnicity network group, Spectrum, and BASEC launched a video series, 'Honest Talk' covering common misconceptions and pitfalls about race, and what we can do together to combat racism in our lives and a pilot Honest Talk 1-2-1's was launched, facilitating confidential informal conversations about race and ethnicity.
- We launched a Corporate Responsibility Resource Page to provide a central resource area for all areas of diversity and inclusion to further support colleague learning.
- We have begun to roll out a catalogue of diversity and inclusion workshops for our Senior Leadership Team and People Manager colleagues. These workshops focus on exploring privilege – recognising and dismantling our personal privileges so we can

understand their impact and use the power that comes with privilege to level the playing field for BAME colleagues – as well microaggressions and bystander intervention to help colleagues call out non-inclusive behaviour and support psychological safety.

4. Accountability

- Each year our Executive Diversity Committee holds a challenge session with our Executive Committee members to make sure they're taking personal accountability for progress. In 2020, our Executive Diversity Committee has committed to holding that challenge session more frequently, reflecting the importance of continued challenge and holding our leadership team to account for progress against our diversity and inclusion objectives.
- We've reviewed, in detail, our Executive Diversity Committee to assess the current role and structure of its membership and to understand how the committee should evolve given the changing landscape and importance of diversity and inclusion.
- Our updated comprehensive diversity and inclusion data dashboard enables us to measure progress more clearly, and to hold our leadership team to account for progress on metrics in their respective areas.

5. Our role as a regulator

- We remain committed to prioritising diversity and inclusion and continue to progress development of a cross-organisational approach to embedding diversity and inclusion considerations into our regulatory work. We aim to ensure that the firms we regulate are diverse and inclusive, and that our regulatory actions advance equality of opportunity and remove structural disadvantages and disparities faced by those with different diversity characteristics.
- This commitment stems from our regulatory objectives, in particular to secure an appropriate degree of protection for consumers, and to promote effective competition in the interest of consumers. It also links closely to our Public Sector Equality Duty (PSED). This is covered in more detail in Section 5.

5 Our consumer focus

The Financial Lives survey

The Financial Lives survey is a key source of insight for us and informs our consumer protection and competition work. As our first survey concluded in April 2017, and our second in February 2020, it is easy to compare how UK adults' product holdings, attitudes to finances and their experiences and perceptions of financial firms have changed over these 3 years.

The Financial Lives 2020 survey statistics about the impact of coronavirus published in the Annex of this report are drawn from our '[Financial Lives 2020 survey: the impact of coronavirus](#)' report, published in February 2021, or from additional data analysis. The report also included results from a follow-on panel survey conducted in October 2020, that explored how the pandemic had affected people's lives between March and October 2020.

Data tables for all 3 surveys are available on our [website](#). The raw data is available via application to the Consumer Data Research Centre (CDRC) archive at University College London.

A strength of our surveys is the ability to explore results for many different types of consumer, including by their demographics and attitudes. Analysing the survey data allows us to understand how the experiences of diverse groups interacting with financial services may vary from the UK average, giving us a robust evidence base for interventions. The Annex to this report looks at how the pandemic has affected the lives of UK adults, drawing out differences between men and women, and between ethnic minorities and white adults.

Making our information more accessible

As public sector body, we design and test our website for compliance with WCAG 2.1 A and AA standards; we aim for higher where possible. These standards align to the Web Accessibility Initiative (WAI), which develops web accessibility guidelines, technical specifications, and educational resources to help make the web accessible to people with disabilities.

Our Supervision Hub

Our Supervision Hub has continued to ensure our services are accessible, working to the British Standard of Inclusiveness. We receive an average of 12,000 consumer contacts a month via our different channels – telephone, email correspondence, letters and live webchat. We receive an average of 40 contacts a month where we use our translation service for our Correspondence Team and an average of 15 contacts a month for our Telephony Teams. Our top 3 translations for written correspondence are Italian, Spanish and German.

We offer a 48-hour call back service to consumers who are potentially vulnerable to check how they are getting on and if they have understood the guidance we gave them. We also offer a transfer service to the Financial Ombudsman Service for consumers who have contacted us and need us to help explain their complaint or need more help in making a complaint to the Ombudsman.

We have a good relationship with the Samaritans, and we offer a referral service to them in exceptional circumstances. This is in addition to telling consumers about them if they

need someone to talk to. We also have relationships with Age UK, Shelter and Scope who sometimes refer consumers to us.

Equality Impact Assessments

We have strengthened our Equality Impact Assessment (EIA) process to ensure, in pursuing our regulatory objectives, we consider, embed, and support equality of outcomes for all consumers. An Equality Impact Assessment encourages us to think carefully and honestly about the likely impact of our work on different groups, the consequences of our policies (to ensure that we do not inadvertently disadvantage or discriminate against any group of people), and opportunities to promote equality of opportunity. An Equality Impact Assessment is also an efficient way to prevent issues emerging later and to improve existing policy by considering wide-ranging possibilities.

We have recruited and trained new Equality Impact Champions, who are the first point of contact for people writing policy proposals. They help prompt and challenge initial thinking to encapsulate different perspectives, and to help navigate the stages of the Equality Impact Assessment process. Our Equality Impact Champions network meets regularly to share challenges and thoughts for further development – in time, the external training they received will be offered to all staff. This work will continue to be strengthened so that we can draw clearer assessments of how our equality thinking has helped to shape a policy outcome – and to lead by example.

Women's economic empowerment TechSprint and conference

Experience shows that pandemics have far reaching gendered implications which exploit and entrench pre-existing norms and inequalities. These range from violence against women to disproportionately impacting women's finances and restricting women's engagement in the workplace. In 2020 we conducted research into how the pandemic was affecting women in the UK. As a result, we convened a Women's economic empowerment TechSprint and conference in March 2021.

140 participants formed majority female TechSprint teams to create 9 solutions over 4 days. Each was designed to enable women to increase their participation in financial services or safeguard them in the event of financial or domestic abuse. Many of these solutions will continue to be developed with our support. In addition, we also supported a parallel TechSprint in the U.S. where 80 participants collaborated around the same problem with regulators and industry.

Alongside the TechSprint, over the 4 days we convened over 50 speakers from around the world to discuss the challenges that women face and share ideas on how technology and innovation can improve inclusion, access and resilience for millions of women as well as vulnerable consumers. The conference showcased female talent throughout the technology, data and financial services sectors, as well as the leaders and champions who advocate for vulnerable women every day. To support future talent and the pipeline of women in tech, we also held a mini TechSprint with Code First Girls. Four all-female teams created viable products that focused on increasing women's resilience in financial services.

6 Leading by example – our role as a regulator

We reinvigorated work to progress our Public Sector Equality Duty (PSED) into a regulatory diversity and inclusion strategy. Our aim is to reflect our recognition of the importance of diversity and inclusion in the firms that we regulate. A truly diverse and inclusive environment is key to minimising the risk of groupthink and encouraging innovation. We believe that diverse perspectives support our statutory objectives and lead to better outcomes for diverse consumers and markets. To recognise the importance of this work, Georgina Philippou (formerly the FCA's Chief Operating Officer) was formally appointed as Senior Advisor on the FCA's Public Sector Equality Duty (PSED), to take forward this work with appropriate seniority and expertise, internally and externally.

As a regulator, we recognise the need for an integrated approach to diversity and inclusion in the work that we do – it is not an 'add-on' to our day to day work. It needs to be integrated into the discussions we have, the requirements we set, and the decisions we make in pursuit of our statutory objectives. The importance of this work has inevitably been bolstered by Covid-19, and the disproportionate impacts of Covid-19 upon certain underrepresented groups. These impacts have further entrenched existing inequalities, and led to Black, Asian and minority ethnic adults now being disproportionately represented among the growing number of vulnerable consumers. More information can be found in our [FCA Insights](#). This intersect with vulnerability is significant, as is the intersect between diversity and inclusion and culture – 2 issues on which we have recently focused significant attention. For more information see, respectively, [our guidance on the fair treatment of vulnerable consumers](#), and our Discussion Paper on [transforming culture in financial services](#). What is clear is that diversity and inclusion are indicators of firm culture, which in turn is an indicator of how a firm meets the needs of its consumers. So, these considerations are inextricably linked. We are in an optimum position to draw those links together, and to help shape a financial services industry that is more diverse, more inclusive, and more representative of the consumers that it serves.

We have, for some time, signalled stronger and bolder intent in our external (and senior level) communications on the importance of diversity in financial services, such as in the following recent speeches:

- Jonathan Davidson, Executive Director of Supervision – Retail and Authorisations, made a speech on ['The Business of Social Purpose'](#) at the 6th Annual Culture & Conduct Forum on 26 November 2020
- Georgina Philippou, Senior Adviser to the FCA on the Public Sector Equality Duty, made a speech, entitled ['Why do we care about Diversity and Inclusion as a regulator?'](#) at the Ethnic Diversity in the City and Corporate UK Summit on 21 January 2021
- Nikhil Rathi, CEO, made a speech on ['Why diversity and inclusion are regulatory issues'](#) at the launch of the HM Treasury Women in Finance Charter Annual Review on 17 March 2021

The Treasury and the Department for Business, Energy and Industrial Strategy (BEIS) have commissioned the City of London Corporation (CoLC) to lead an independent taskforce intended to improve socio-economic diversity at senior levels in UK financial and professional services. We are delighted that both Georgina Philippou, Senior Adviser, Public Sector Equality Duty, and Sheldon Mills, Executive Director of Consumers and Competition, have been appointed to this taskforce as member and observer, respectively.

7 Workforce profile and network groups

Self-identification is an important tool. It allows our employees to share their diversity data so that we can implement strategies to build a culture that supports all employees, and measure our progress towards our diversity goals. We continue to focus on increased declaration rates for our diversity information. A new HR system implementation during March 2021 supports this approach as we encourage employees to share their data.

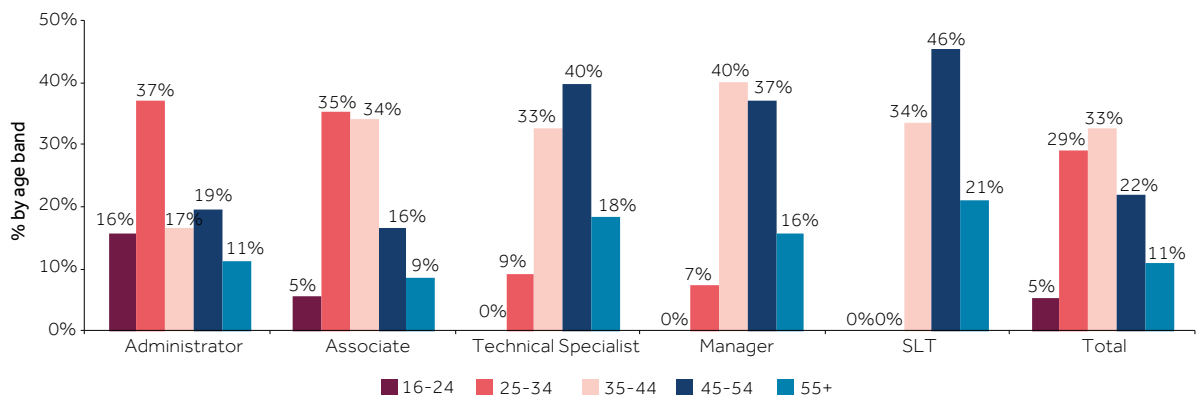
This Section reports against each of the 9 'protected characteristics' under the Equality Act 2010, as well as additional metrics, including educational background and caring responsibilities. We share this data even though there is not a legal requirement to report these as it shows our commitment to transparency and to owning our challenges. This sets an important example to industry.

These figures include both the FCA and our subsidiary, the Payment Systems Regulator. References to 'SLT' below, refers to our Senior Leadership Team which is made up of Heads of Department, Directors, Chair, Chief Executive and Senior Advisors. For the purposes of this report, data is published to the nearest percentage. Some figures add up to more than or less than 100% due to rounding. Any data used is for the year ending 12 March 2021, unless otherwise stated. This slightly earlier date has been used this year because of moving to a new HR system. For future reports we plan to revert to publishing data for year ending 31 March, unless otherwise stated.

Age

We have a 100% declaration for this category:

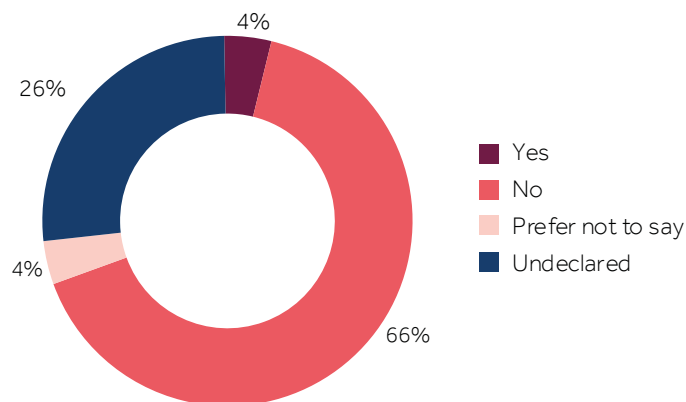
- The largest group of colleagues by age fall within the 35-44 age bracket (33%).
- Most of our Senior Leadership team and Technical Specialists fall within the 45-54 age bracket; Administrators and Associates fall mainly in the 25-34 age bracket.



Disability

We hold data on this area for 74% of our people, an increase from 71% in 2020. Of those colleagues:

- 66% do not have a disability
- 4% have a disability
- 4% prefer not to say

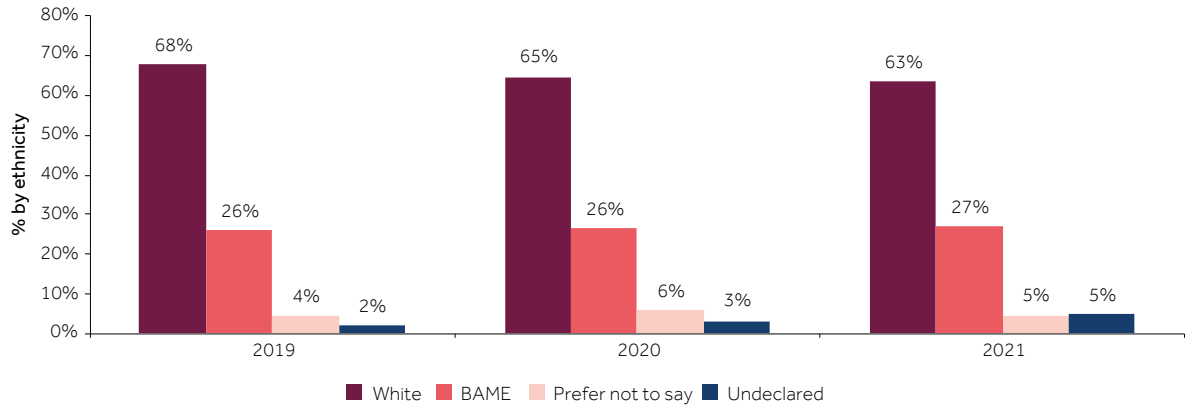


We want to ensure we support people affected by both mental and physical wellbeing issues. The FCA's network group for disability, physical and mental health, Embrace, have worked closely with HR to provide support to colleagues throughout the pandemic. As colleagues adjusted to working remotely, Embrace significantly increased its activities throughout the year, starting with a wide range of events and activities during May's Mental Health Awareness Week, which was extended to cover the whole month in May 2020. Embrace celebrated International Day of People with Disabilities in December 2020, including an impactful panel event where colleagues at different seniority levels discussed their own experience in dealing with physical, mental and hidden conditions. For 'Time To Talk Day' in February 2020, Embrace worked collaboratively with other FCA networks and clubs to deliver a schedule of wellbeing activity randomisers, encouraging colleagues to connect and share their experiences of a wellbeing activity, ranging from baking to gardening to open-water swimming. Embrace have also been active behind the scenes, working with internal stakeholders to review HR policies and practices relating to physical and mental health, and to ensure an inclusive approach is taken as the organisation develops new ways of working and plans the gradual return to the office.

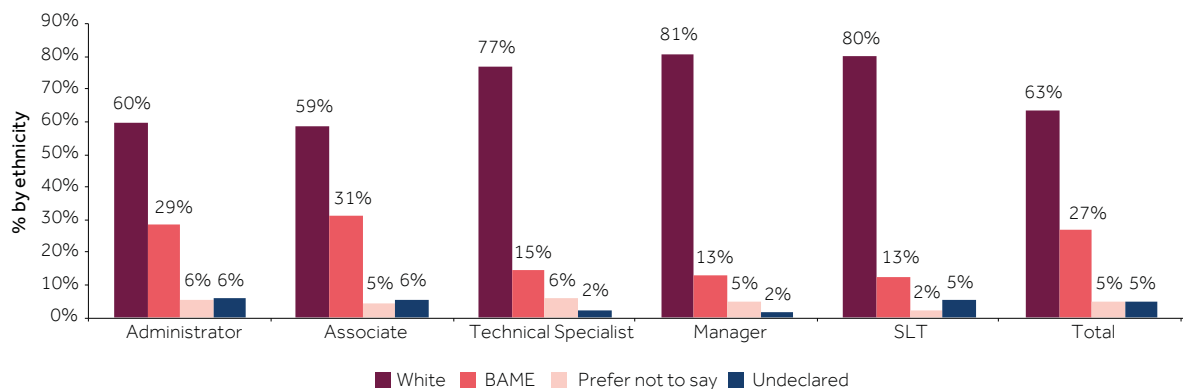
Ethnicity

We hold data for 95% of our people.

The chart below shows that our overall representation of BAME colleagues has increased to 27%, an increase from 26% in 2020.



The chart below shows the ethnic breakdown, by contractual grade and overall figure, for 2020/21.



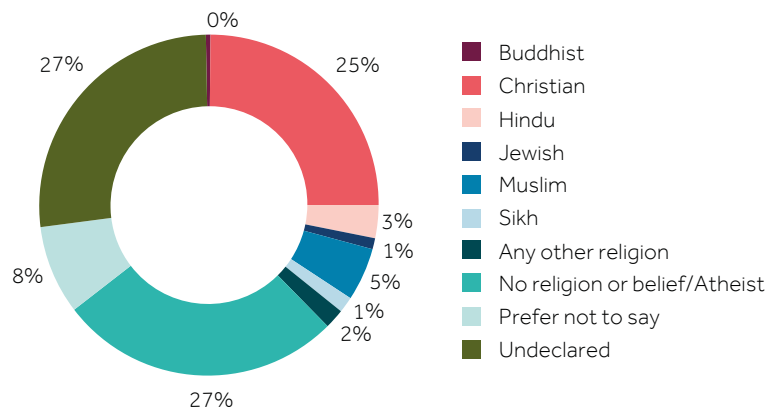
We are seeing a steady significant increase in BAME representation in our SLT. 13% of our SLT are from the BAME community, an increase of 3 percentage points from 10% in 2020; in 2019 this figure was 7% and in 2018, this figure was 4%. This year, 31% of our Associates are from the BAME community; the figure in 2020 was 30%. During this period, 24% of all people promoted were from the BAME community; the figure in 2020 was 21%.

Our Race and Ethnicity network group, Spectrum, have played a pivotal role in supporting colleagues, and creating safe spaces to share experiences, opportunities and challenges. They are a committed strategic partner to the organisation, continuing to recognise intersectionality through cross-network activity. In 2019, the success of the network expanding its membership and reach was due to their innovative large-format events and in-person networking and powerful blog content. However, Spectrum ensured their progress didn't stall in 2020 with the move to 'online-only' activities. Recognising the disproportionate impact of Covid-19 on minority groups and the upswell of emotion after the killing of George Floyd, the network was quick to adapt to the virtual environment, hosting various online sessions, open to all colleagues.

Seeing ally engagement as a key driver of change, Spectrum provide a safe space for allies to join the conversation. Spectrum partnered with divisional colleagues to support the Better Allies Self-Education Club (BASEC) pilot, with network members sharing their stories as part of this programme. In collaboration with BASEC, Spectrum shaped an impactful video series, Honest Talks, featuring white and BAME colleagues having candid, two-way conversations about race in a safe environment. The network engaged in annual commemorative events. It purposefully struck a positive and celebratory tone for Black History Month (BHM), stepping away from the more sombre mood of previous events and the year to-date, giving colleagues opportunities to 'dig deeper, look closer and think bigger', as per the theme of BHM for 2020. They also marked the UK's first Race Equality Week in February 2021.

Religion/belief

We hold data for 73% of our people, an increase from 71% in 2020.

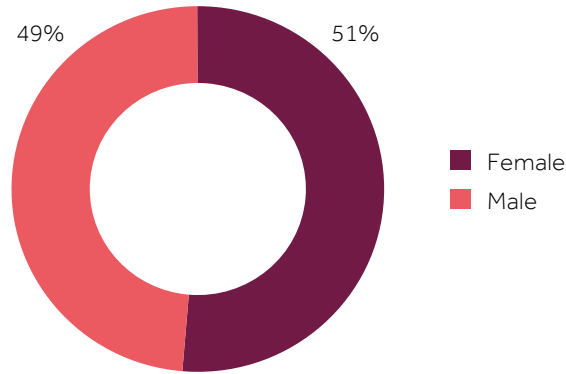


The 73% includes 25% who identify as Christian, 27% no religion or belief/atheist, 8% prefer not to say, 5% who identify as Muslim, 3% who identify as Hindu, 2% who identify as 'any other religion', 1% who identify as Sikh and 1% who identify as Jewish. We also have employees who identify as Buddhist but this groups forms less than 1% and is rounded to 0%.

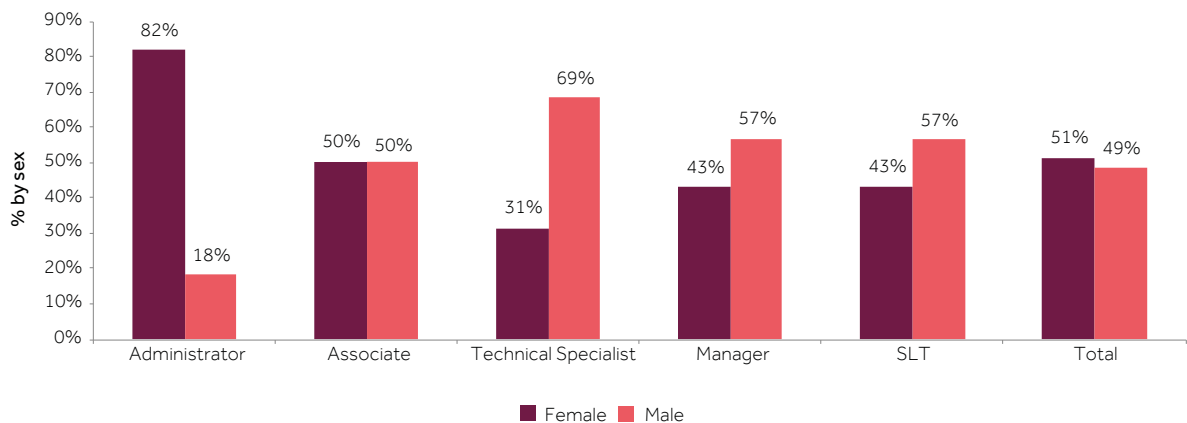
Our multi-faith network group, Faith and Roots, have continued to support individual faith groups internally to mark significant dates in their respective calendars, and to raise awareness and education across the organisation. There has been a significant increase in the use of our internal blogging platform to share stories of how colleagues are celebrating religious occasions remotely during the pandemic period and sharing more information on these significant dates. Faith and Roots also collaborated with the International Network and Spectrum to host an impactful intersectional speaker event during Black History Month, entitled 'Faith, Culture and Black History Month', with the overarching theme of bringing one's whole self to work, and 2 poignant events for Holocaust remembrance and remembering Srebrenica.

Sex

We hold data for 100% of our people. The chart below shows the overall split of our employees is 51% female to 49% male.



As the chart below shows, 43% of our Senior Leadership Team (SLT) are female, an increase from 40% in 2020.



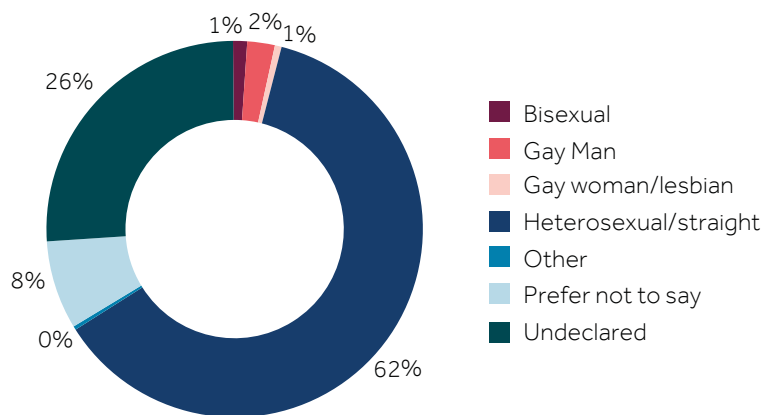
Over the last year, our gender network, Balance, have continued to positively promote gender equality throughout the organisation through several key events, programmes and initiatives. In particular, they reinvigorated a parental buddying scheme, which supports all parents in balancing their work and home lives. Balance also supported a series of menopause yoga sessions and circles, facilitated by an accredited FCA colleague, to provide support for colleagues managing the symptoms of menopause. The network has continued to act as a strategic partner supporting the organisation to adapt internal policies and has engaged with the FCA's work aligned to the Women in Finance Charter, and with other regulators' networks to influence change. They have also focused on supporting career progression through an organisational mentoring scheme, and hosted an impactful virtual panel discussion, entitled 'leaders not bosses' focused on diverse leadership and being a leader at any level. Balance also partnered with the FCA's Speaker's Club to host a virtual Amplified Allied Voices event in celebration of gender diversity as part of International Women's Day, seeing several colleagues present speeches on the theme of 'Choose to Challenge'.

Our BAME Women's group recognises the intersectional nature of the challenges for BAME women, providing a forum for BAME women to meet and empowering them to reach their full potential. This year, the BAME Women's Group championed and promoted intersectionality through work with other Networks and groups. They launched a pilot Support Group Series,

focused on personal development and career progression, ensuring BAME women feel confident and adequately prepared to take the next step in their career, while building a strong network along the way. Due to the success of the pilot, the Support Group Series is now on its third cohort with more people anticipated to join the Series in the coming months. They also launched an impactful SLT Series, where internal leaders hosted virtual sessions, sharing their own career journeys, as well as providing advice and guidance to attendees. The SLT Series has received great feedback and continues to be popular among BAME and non – BAME colleagues alike.

Sexual orientation

74% of our employees shared information about their sexual orientation, a decrease from 80% in 2020. This year the data shows 2% identify as gay men, 1% identify as lesbians and 1% identify as bisexual. The group that selected 'Other' was less than 1%, so shows on the chart as 0%.

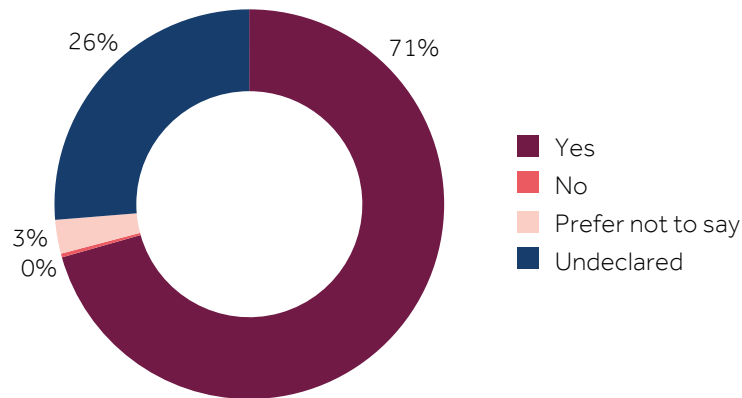


Our LGBT+ network, InsideOut, with nearly 400 members, has focused on highlighting the intersectionality between the LGBT+ community and areas including race, religion and mental health. Using key dates within the LGBT+ calendar, such as LGBT+ History Month and National Coming Out Day, and partnering with other FCA network groups, they hosted and promoted several events to raise awareness of and celebrate every aspect of the LGBT+ experience. This ranged from the impact of Section 28, through our rich Bi+ culture, to the lives of LGBT+ parents and people with LGBT+ children, collaborating with the Carers and Parents network group. A lesbian visibility session showcased members of our SLT, as well as an external publisher, discussing issues facing the lesbian community. Alongside these events, they've hosted regular sessions to support the BAME LGBT+ community, our Bi+ group and women and non-binary colleagues, providing a safe space for colleagues to learn about these areas. They also continue to coordinate a key network of networks externally to advise other groups and provide networking opportunities. InsideOut has influenced policy at the FCA, improving inclusion in diversity monitoring and spearheading a campaign to update systems to enable the use of pronouns on the intranet directory. They maintain regular communication with the network using newsletters and intranet pages and members are encouraged to network externally. As part of its community engagement InsideOut launched their partnership with Stonewall Housing, a charity reflecting the diversity of the LGBT+ community.

Trans Identity

On our HR system, we ask the question, 'is your gender the same as the one you were assigned at birth' and we hold this data for 74% of our employees, an increase from 71% in 2020.

The chart below shows that 71% of those employees told us that their gender is the same, and 3% preferred not to say. The group that said it was not the same was less than 1%, so shows on the chart as 0%.



Marriage/civil partnership

We hold data about marriage and civil partnership for 33% of our employees:

- 26% are married/civil partnership
- 1% are separated/divorced/widowed
- 6% are single

Pregnancy/maternity

Over the past year:

- 204 women took maternity leave
- 35 men and 10 women took shared parental leave
- 2 men and 3 women took adoption leave
- 77 men and 1 woman took paternity leave

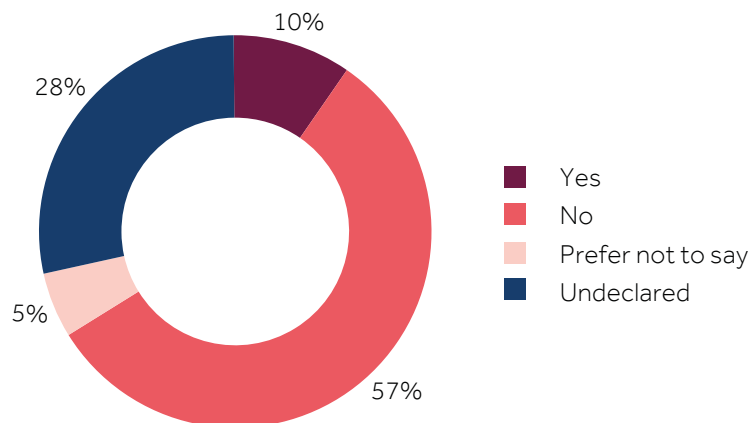
Our data on shared parental leave shows the same number of people took this leave compared to 2020. However, the number of women taking shared parental leave increased from 5 to 10, whereas the number of men taking shared parental leave decreased from 40 to 35.

Additional data

The following section contains data that we are not obliged to collect but do so as part of our commitment to go beyond our diversity and inclusion statutory obligations.

Carers

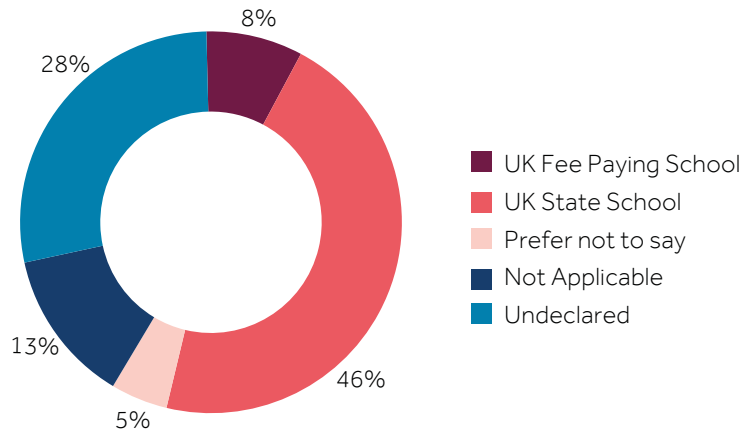
We ask our employees if they have caring responsibilities, aside from being a carer for a child. We hold data for 72% of our workforce, an increase from 69% in 2020. 10% say that they do have caring responsibilities, the same as in 2020. 57% say they don't and 5% preferred not to say.



The Carers and Parents network have provided consistent support to colleagues throughout the pandemic, sharing advice and both internal and external resources for carers and parents. This has included helping our people make good use of the flexible working arrangements made available to them, including the introduction of paid leave for caring and parenting responsibilities arising from lockdown measures. Employee feedback through surveys has reflected a positive response to the flexibility offered to colleagues during this difficult time. The network hosted monthly 'Carers/Parents Connect' virtual sessions, bringing colleagues together to discuss different topics, often with external specialist speakers bringing their expertise. For Carers Week in June 2020, the network supported the theme of 'making caring and parenting visible' by highlighting resources available to carers and parents. They ran an impactful webinar with an external speaker from Carers UK, and also shared stories from colleagues who discussed their experiences of working and caring/parenting during the coronavirus pandemic. These stories also featured in popular staff blogs and the key messages were reinforced at our SLT forum to further raise awareness.

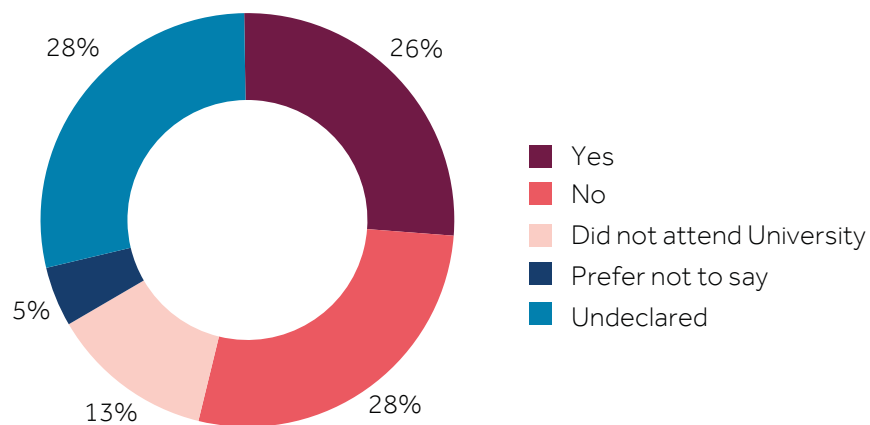
Educational background

We ask our employees what type of school they went to. We hold this data for 72% of our employees, an increase from 69% in 2020. It tells us that 46% went to a UK state school, 8% went to a UK fee-paying school, 5% preferred not to say and 13% said not applicable as, for example, they were educated abroad.



University

We ask our employees whether, if they went to university, they were the first in their family to do so. We hold this data for 72% of our workforce, an increase from 69% in 2020. It tells us that 26% were the first in their family, 28% were not the first, 13% did not attend university and 5% preferred not to say.



This year, the Social Mobility Network coordinated the FCA and PSR's participation in the Bridge Group's Research, 'Who gets ahead, and how?', commissioned by the City of London Corporation. This contributed to a key [report](#) on socio-economic background and career progression in financial services. As noted in Section 5, both Georgina Philippou and Sheldon Mills, have been appointed as member and observer, respectively, to the Treasury, BEIS and City of London Corporation independent taskforce to improve socio-economic diversity at senior levels in UK financial and professional services. As mentioned in Section 3, we were also ranked 27th in the 2020 Social Mobility Employer Index (SMEI), retaining a strong position within this key benchmarking initiative, operated by the Social Mobility Foundation. Based on data and feedback provided through both the Bridge Group's research, and the SMEI, the Social Mobility

Network have formulated a robust social mobility action framework, in consultation with key stakeholders across the organisation. To show our commitment to social mobility, the FCA and PSR signed the [Social Mobility Pledge](#), driving action on social mobility. In addition to the key strategic work that the Social Mobility Network continue to deliver, the network group have also hosted a number of impactful virtual events for colleagues; in particular they launched a monthly 'Coffee Hour', collaborating with other network groups to co-host virtual events focussed on different topics, such as 'Class and Wellbeing' and 'Race and class – two sides of the same coin?' for Black History Month.

International

Our International Network has continued to support employees after Brexit and as immigration system changes have been introduced, working with HR to ensure international colleagues have the resources they need and feel supported. Over the past year, the International Network has played a key role in channelling questions and feedback from international staff during the pandemic period and providing considerations for the FCA's International Working policy.

Annex

The impact of coronavirus (Covid-19) on the financial lives of women and of BAME adults

Introduction

In the Annex to last year's Annual Diversity Report we used Financial Lives 2020 survey results to highlight differences between men and women and between White adults and adults from ethnic minorities: differences in demographics, in characteristics of vulnerability, and in the financial products they held. These valuable baseline statistics highlight disparities by gender and ethnicity before the coronavirus pandemic.

In this Annex we examine how the pandemic has affected these groups differently so far – as at October 2020. We look at how their working status and overall financial situation has been affected, before looking at the different coping mechanisms people have used to deal with their worsened finances. We also explore changes over March to October 2020 in people's emotional resilience. The results will inform our thinking – and we encourage our stakeholders to use them in their own work.

The picture is more complex than we can describe here in a few pages. People's starting situations early last year and how they were affected by the pandemic will depend on many factors such as wealth, health, family structure and where they live. Whether women and ethnic minorities are at a disadvantage because of their gender and ethnicity is an important question – and one we start to look at in articles published on [FCA Insights](#).

In this Annex we provide data at an aggregate level for Black, Asian and Minority Ethnic (BAME) adults and for White adults. We are aware that these groupings can hide large differences in outcomes between ethnic groups and that BAME excludes some ethnic minorities, for example White minorities, such as Gypsy, Roma and Irish Traveller groups. Where possible – survey sample sizes do pose some limitations – we draw out differences for Black, Asian and Mixed-race adults.

We also recognise that a small percentage (< 0.5%) of UK adults prefer to self-define their gender. Sample sizes, however, only allow us to report results for men and women.

Women

Before Covid-19 women on average were in a poorer financial situation than men

In February 2020, more women had low financial resilience (23%) than men (18%), meaning they were more likely to be over-indebted, have low or erratic incomes or low savings. These adults had little capacity to withstand financial shocks at the start of the pandemic.

Women, on average, had 35% less in investible assets (savings and/or investments) than men. Excluding those adults who did not know how much they had or refused to say, 38% of women had no investible assets or only assets of less than £1,000, compared with 31% of men. Of adults with £10,000 or more (34% of women, vs 43% of men), women were more likely to be holding all or most of their money in cash (rather than its being invested): 61% of women did, compared with 50% of men. Investing is not for everyone and it comes with risks. But this suggests that a significant proportion of adults are holding far more money in cash than they

are likely to need for an emergency savings buffer and that more women than men are losing out on the opportunity to make their money work harder by investing. Lower average wealth levels and a greater aversion to risk may also help to explain why just 12% of women hold a stocks and shares ISA, compared with 19% of men, whereas proportions are similar for cash ISAs (37% women, vs 35% men). Fewer women had a pension in accumulation (54%) or were currently contributing to a pension (44%) than men (62% and 50%, respectively). Age, working status, income and confidence all help to explain these differences:

- Women have a higher average age than men and are more likely than men to be retired: among adults aged 65+, 54% were women and 46% are men, in early 2020. And more women (5%) than men (<1%) looked after the home.
- Fewer women were working (this includes those that were: employed, self-employed, semi-retired, other employed) (58%, vs men 67%). Put another way: among working age adults (18-64) 74% of women were working (48% full-time and 25% part-time), compared with 82% (73% and 8%) of men.
- The mean personal incomes of working women were around 24% lower than those of working men. Of the 13% of adults in part-time employment, three-quarters (75%) were women. As there is an earnings threshold for being automatically enrolled into a workplace pension, these factors collectively help to explain why fewer women than men have a pension in accumulation.
- More women rated themselves as having low knowledge about financial matters (42%, vs men 32%) or as confident and savvy consumers of financial products and services (55%, vs 67% men). Fewer women are natural risk takers: just 18% of women classed their willingness to take risks as moderate to high (vs men 31%).

Although the proportions using FCA-regulated credit are similar (men 83%, vs women 80%), men are more likely be comfortable using credit (51%, vs women 43%). More men held mainstream credit products like credit cards and personal loans (72% and 17% for men, vs women 64% and 14%), whereas more women held high-cost loans (13%, vs men 8%). This is largely due to more women using catalogue credit on which they revolve (do not pay off in full) a balance every or most months (9%, vs men 4%). Women were also more likely to have used a 'buy now pay later' arrangement on their catalogue credit in the last 12 months (19%, vs men 12%).

Average unsecured debt levels (excluding mortgage and student loans) are higher for men than women: around £3,600 for men and around £2,400 for women. Being in full-time employment, higher incomes and greater confidence are all likely contributing factors to account for the difference in debt levels between the genders – as well as the asset gap.

More pronounced differences emerge, to the disadvantage of women among those whose overall financial situations are worse due to Covid-19

Looking only at those working for an employer at the start of the pandemic, between March and October 2020, 43% of female employees and 46% of male employees, equating to 23% of women and 28% of men, were negatively affected by the pandemic in that:

- Over a quarter (24%) of all employees were furloughed under the Government's Coronavirus Job Retention Scheme for any length of time: higher for women (25%) than men (23%).
- 17% of employees had their hours or pay cut: lower for women (13%) than men (20%).
- 7% of both male and female employees were made redundant or lost their job because their employer ceased trading.

- 4% of employees said they had reduced their working hours to care for children or others, or had stopped work to become full-time carers: around the same for women (5%) as men (4%) – but considerably higher for single parents (9%), the majority (62%) of whom are women. (9% statistic comes from a September 2020 recontact survey of 1,528 respondents who took part in the Financial Lives 2020 survey.)

Considering their financial situations overall, and not just changes to their own working status, 20.0m adults (38%) said their situation had worsened – 3.4m (or 6%) said it had worsened a great deal. Slightly more women than men are in these groups: women 39% and 7%, vs men 37% and 6%. Across the genders the least affected adults were older and retired adults, e.g. just 12% of both women and men aged 75+ were worse off.

The difference in the proportion of men and women saying they were financially worse off because of Covid-19 was more pronounced among the worst hit groups:

- those laid off or made redundant (women 78%, vs men 69%)
- those whose hours or pay had been cut (women 75%, vs men 70%)
- those at the end of February 2020 on zero-hour contracts (women 73%, vs men 64%) or self-employed (women 65%, vs men 59%)
- those aged 18-24 (women 53%, vs men 46%).

This same pattern holds for decreased household income over March to October 2020: 32% of women and 30% of men reported a decrease in their household income, but, for example, the result among those laid off or made redundant was 76% for women and 58% for men.

Coping mechanisms were different among the men and women whose jobs were affected by Covid-19 or whose overall financial situation worsened

As Table A.1 shows, there are some small differences in how men and women coped with the impacts of Covid-19. Again we see that results are usually worse for those women laid off/ made redundant or generally worse off due to Covid-19, compared with men in the same situation. (Similar results are available for those who have had their hours or pay cut or have been put on furlough; our example here is for those laid off or made redundant.)

In brief, men are more likely than women to dip into their investments for essential purchases and, among those aged 55+, to dip into their pension. While unsecured debt increases for roughly the same proportions of men as women, more men stop making loan repayments; borrow on one loan to make another loan repayment or take on new credit. Women, on the other hand, are more likely than men to dip into savings, and to cut back on essentials.

Linking back to the point that men are more willing to take on risk, we see, that more men whose financial situations have worsened overall, compared with women in the same position, act in a riskier way. For example, more men invested in high-risk investments more or for the first time (7%, vs women 4%) or gambled more (5%, vs women 2%). Among adults declined a loan since February 2020 whose financial situations were worse more men turned to an unlicensed money lender (15%, vs women 7%), while more women went without (45%, vs 36% men).

Table A.1 – Activities undertaken between February and October 2020 by gender (percentage of adults)	All UK adults	Men	Women	Laid off or made redundant since March 2020		Financial situation overall worse due to Covid-19	
				Men	Women	Men	Women
All UK adults							
Household spending decreased	37	36	38	55	64	50	52
Adults who had savings in Feb 2020							
Cash savings decreased	34	31	37	45	63	61	68
Adults with investments in Feb 2020							
Withdrew money from investments to make essential purchases	13	14	12	35	24	20	19
Invested more or for the first time in high-risk investments	6	7	4	13	9	7	4
Adults with savings and/or investments in Feb 2020							
Used savings to cover day-to-day expenses	22	22	22	41	42	40	42
Used savings to make loan repayments	7	8	6	17	15	15	11
Used savings to pay rent or mortgage	6	6	7	12	19	11	13
Cut back on essentials (eg food, clothing, medical care, housing)	18	15	21	31	45	27	38
Gambled more	3	4	2	6	3	5	2
Stopped making loan repayments	4	5	3	23	12	9	6
Borrowed on one loan to help make payments on another	5	7	4	22	12	12	6
Took out additional credit or an overdraft	8	9	6	20	14	14	10
Adults 55+ with a DC pension in income drawdown or a pension not yet accessed in Feb 2020							
Taken a cash lump sum from their pension	4	5	2	[3]	-	6	2
Adults who hold a credit or loan product in Oct 2020							
Unsecured debt increased	20	20	21	31	33	36	38
Adults who have been turned down for loan or credit since Feb 2020							
Used an unlicensed money lender	12	14	8	28	22	15	7
Went without	39	35	44	28	40	36	45

Within this table, a square bracket indicates a low base of 50–99 interviews. A dash indicates no observations.

Half of women and just over a third of men have felt more anxious generally due to Covid-19

UK adults have faced many potentially stressful changes to their daily lives, including the fear of contracting the virus, new realities of working from home, self-isolating, and a lack of physical contact. As we reported above, very few employees have reduced their hours to look after children or others – meaning that many adults attempting to home-school are also working their normal hours.

In October 2020, over two in five adults (43%) said they felt more anxious generally because of Covid-19, this increased anxiety affecting one in two women (50%) and just under four in ten (37%) men. This rises to 57% of 18-24-year-old women (vs men 41%) and to 63% of women laid off or made redundant (vs men 42%).

Asked if they have felt 'more stressed because their financial situation had worsened,' 20% of adults agreed – 22% of women and 19% of men. This rose to 56% of women and to 40% of men who had been laid off or made redundant, and to 49% of women and 41% of men whose overall financial situation had worsened. A quarter (24%) of adults told us it is very difficult for them to recover from negative experiences: 27% of women and 19% of men, rising again for men and women laid off/ made redundant or in worsened financial situations.

These figures tell not only that many people are now having to engage with financial firms and make financial decisions at a time when they are feeling more stressed, but also that the reasons for the stress may not be as obvious as redundancy or reduced income.

Especially during difficult times, it is important to have support. Around a third (29%) of adults say they do not have anyone they could turn to for help with tasks related to financial services, with more men (33%) than women (26%) saying this. That lack of support is similarly more lacking for men laid off or made redundant or whose financial situations have been made worse by Covid-19.

Debt advice can make a difference to those who are struggling. A total of 1.7 million people in the UK accessed debt advice between March and October 2020. More men than women have done so (4%, vs women 3%), especially among those laid off or made redundant (15%, vs women 10%).

Ethnic minorities

It has been widely reported that BAME adults have been particularly affected by Covid-19's direct health effects. As we discuss here, the pandemic has also had a disproportionate effect on the finances of these ethnic minorities.

The UK BAME population is younger on average, and less financially resilient – and so more prone to the economic impacts of Covid-19

One in eight (12%) UK adults are BAME. On average, BAME adults are younger, e.g. 40% of BAME adults are aged 18-34 (49% of Mixed-race adults, 41% of Asian adults and 32% of Black adults), compared with just 27% of White adults. Given that Covid-19 has had a disproportionate impact on younger working-age adults (e.g. 18-24 year olds are the age group most likely to have lost their job between March and October 2020: 13%, compared with 7% of all adults), BAME adults are also more likely to have been more disadvantaged through loss of earnings and/or roles.

Going into the crisis, average household incomes for White and BAME adults were roughly similar – although this was due to a greater proportion of BAME adults being of working age. Looking only at adults of working age, average household incomes for BAME adults were around 1% lower than for White adults. These figures, however, hide some notable differences between ethnic groups. For example, the average household income of Black adults aged 18-64 was around 11% lower than for White adults of the same age, while the average household income of Asian adults aged 18-64 was around 4% higher than for White adults of the same age.

Such income differences have created wealth differences. Fewer BAME adults held any savings products (67%, vs White adults 79%) or investments products (35% vs White adults 39%). Investible assets levels (investments and/or savings) were also lower. Of Black adults 21% had no savings or investments, compared with 12% of White, 14% of Asian, and 18% of Mixed-race adults. Of adults with £10,000+ in investible assets, BAME adults were more likely to hold all or most of their money in cash: 60% of BAME adults did, compared with 54% of White adults.

Before Covid-19, 28% of BAME adults had low financial resilience, compared with 19% of White adults. Black adults were the most likely to have low financial resilience: 34%. Black adults (60%) were least likely to have no unsecured debt (excluding mortgage and student loans), compared to White (62%) and Asian (73%) adults.

BAME adults were no more or less likely than White adults to be working in sectors of the economy particularly affected by Covid-19, but were more likely to be employed on non-permanent employment contracts

Before Covid-19, 72% of BAME adults of working age and 79% of White adults were working. The higher proportion for White adults is due, among other factors, to a lower female participation rate among BAME adults (66% of 18-64-year-old BAME women were working, vs 76% of White women of the same age).

Six in ten (62%) self-employed businesses experienced a reduction in business revenues between March and October 2020, and a further one in ten (9%) ceased trading altogether. Before the pandemic, of those working, 14% of Black adults were self-employed, compared with 11% of White adults and just 9% of Asian adults.

The economic impacts of Covid-19 have fallen harder on adults who were not on permanent employment contracts at the start of the pandemic. More BAME employees were on fixed-term or temporary employment contracts (7% of all BAME adults working for an employer in February 2020, vs 4% of White adults). A similar proportion of each group was on zero-hour (3-4%) or agency staff (1%) contracts. BAME adults were more likely to be part of the gig economy in the 12 months to February 2020: 8% of all BAME adult of working-age, vs 4% of White adults.

The economic impacts of Covid-19 have also not been felt equally across employment sectors. The accommodation and food services, and the arts, entertainment and recreation sectors have placed the highest proportion of employees on furlough and made the highest proportion of employees redundant. Roughly similar proportions of White and BAME adults were working in these sectors before the pandemic.

A higher than average proportion of Black employees were working in the health (14%, vs White adults 11%), information and communication (10%, vs White adults 5%), and transport and storage (7%, vs White adults 5%) sectors, while a lower than average proportion were working in the retail sector (8%, vs White adults 12%). Asian adults were over-represented in the finance and insurance (11%, vs White adults 6%) and food services (5%, vs White adults 4%) sectors, but under-represented in the construction sector (2%, vs White adults 5%).

BAME employees (especially Mixed-race and other non-Black and non-Asian ethnic groups) were more likely to have been laid off/ made redundant or had their hours cut

Between March and October 2020, BAME employees were less likely to be furloughed or put on paid leave than White adults (23%, vs 28%), but more likely to be laid off or made redundant (9%, vs 7%), have had their hours or pay cut (24%, vs 16%), used annual leave while not working (8%, vs 5%) and have had to self-isolate or take sick leave (10%, vs 7%).

However, looking at BAME adults as one group masks important variations: e.g. 23% of Black employees and 21% of Asian employees were furloughed or put on paid leave during this period, compared with 27% of Mixed-race employees and 28% of employees from other ethnic groups (i.e. similar to the rate among White adults). Only 8% of Black and Asian employees were laid off or made redundant, compared with 14% of Mixed-race employees and 14% of employees of other ethnic groups.

Of those BAME employees on fixed-term or temporary employment contracts, zero-hour contracts or working as agency staff at the start of the pandemic, 87% had their work negatively impacted in some way by Covid-19 between March and October. This compares to 75% of White employees on these non-permanent employment contracts.

For BAME adults who were self-employed prior to the pandemic, 71% experienced a reduction in business revenues between March and October 2020 or their business ceased trading altogether, which was not statistically different from the 71% of White self-employed adults who experienced the same.

Black adults were worst off before the pandemic – which helps to explain the differences in how they have coped with the pandemic

Overall, a higher proportion of BAME adults reported in October 2020 that their financial situation overall had worsened during the pandemic: 46%, vs White adults 37%. Asian adults were most likely to report this (48%), followed by Mixed-race adults (44%) and Black adults (43%).

Age partly helps to explain why more BAME adults were made worse off by Covid-19: the BAME population is younger than the White population and Covid-19 has had a disproportionate impact on younger, working-age adults. But different age distributions are only part of the answer. Among 18-24-year olds, more BAME (51%) than White adults (48%) said their financial situation had worsened, and more BAME (44%) than White Adults (39%) said their household income had decreased since February 2020.

Another part of the answer is that more BAME adults were already in poorer financial positions before the pandemic. More BAME adults had low financial resilience (28%, compared with 19% of White adults), not least because more were managing to pay domestic bills or make credit commitments but finding it a heavy burden to do so (17%, vs White adults 9%). While we cannot explore the results too much by the different ethnic minorities, we do see that things have got worse for Asian adults than for Black adults, whose financial situations were already the worst among ethnic minorities before the pandemic.

As more BAME adults' financial situations have worsened due to Covid-19, it is not surprising that during the first seven months of the pandemic a higher proportion of BAME adults took out credit payment deferrals (43% of BAME adults with credit, compared with just 16% of White adults with credit) and mortgage payment deferrals (23% of BAME mortgage holders, compared with 17% of White mortgage holders). See Glossary, p. 209 of the [Financial Lives 2020 survey report](#) for a full definition of 'credit deferral' and how we defined 'credit' in the October 2020 Covid-19 panel survey.

As Table A.2 shows, there are differences in how BAME and White adults coped during the pandemic, between March and October 2020. More BAME adults drew on savings; among adults whose financial situations had worsened, the group drawing most on savings were Black adults (73%). And the way those savings have been used also differs significantly between ethnic groups. A higher proportion of BAME adults used their savings to cover their expenses, more so BAME adults in a worsened situation and among them Black adults most of all:

- 31% of BAME adults with savings have used their savings for day-to-day expenses, compared with 21% of White adults
- 13% of BAME adults with savings have used their savings to cover loan repayments, compared with 6% of White adults – rising to 23% of Black adults whose financial situations overall had worsened
- 12% of BAME adults with savings have used their savings to cover housing costs, compared with 6% of White adults – rising to 21% of Black adults whose financial situations overall had worsened

It is also Black adults in a worsened financial situation due to Covid-19 who have cut back more than others on essentials (36%). And more Black adults in a worsened financial situation have seen their unsecured debts increase (45%): higher than the averages of 37% and 38%, respectively, for White and BAME adults in the same situation.

In terms of investments, twice as many BAME adults (24%) as White adults (12%) who had any FCA-regulated investments withdrew money from them to make essential purchases than White adults.

More BAME adults than White in a worsened financial situation borrowed on one loan to help make payments on another (17%, v 8%), stopped making loan repayments (11%, v 7%), or took out additional credit or an overdraft (8%, v 11%).

Table A.2 – Activities undertaken between February and October 2020 by ethnicity (percentage of adults)	All UK adults	White adults	BAME adults	Financial situation overall worse due to Covid-19			
				White	BAME	Asian	Black
All UK adults							
Household spending decreased	37	37	37	51	50	48	46
Adults who had savings in Feb 2020							
Cash savings decreased	34	33	40	64	66	64	73
Adults with investments in Feb 2020							
Withdrew money from investments to make essential purchases	13	12	24	18	29	24	[28]
Invested more or for the first time in high-risk investments	6	5	9	6	6	6	[3]
Adults with savings and/or investments in Feb 2020							
Used savings to cover day-to-day expenses	22	21	31	41	43	45	40
Used savings to make loan repayments	7	6	13	12	19	17	23
Used savings to pay rent or mortgage	6	6	12	11	17	15	21
Cut back on essentials (e.g. food, clothing, medical care, housing)	18	17	25	33	33	33	36

Table A.2 – Activities undertaken between February and October 2020 by ethnicity (percentage of adults)	All UK adults	White adults	BAME adults	Financial situation overall worse due to Covid-19			
Stopped making loan repayments	4	4	8	7	11	10	11
Borrowed on one loan to help make payments on another	5	4	12	8	17	16	18
Took out additional credit or an overdraft	8	7	15	11	18	18	16
Adults 55+ with a DC pension in income drawdown or a pension not yet accessed in Feb 2020							
Taken a cash lump sum from their pension	4	4	1	5	[2]	-	-
Adults who hold a credit or loan product in Oct 2020							
Unsecured debt increased	20	19	27	37	38	34	45

More BAME adults reported increased stress because their financial situation had worsened

One in four (26%) BAME adults reported feeling more stressed because their financial situation has worsened as a result of Covid-19; two in five (41%) said that they felt more anxious generally. This compares to 19% and 43% of White adults, respectively. Mixed-race adults were more likely to report this (28% and 45%, respectively) than Asian adults (26% and 42%) or Black adults (23% and 34%). Younger BAME adults were more likely to feel more stressed, e.g. 31% of 18-24-year olds and 29% of 25-34 year olds. This is because younger BAME adults have been financially impacted to a greater extent by the pandemic.

Looking at all BAME adults employed at the start of the pandemic, 41% who have had to take time off to care for children or others feel more stressed, compared with 40% who have been laid off or made redundant, 40% of those who have had to self-isolate or take sick leave, 39% who have had their hours or pay cut, and 32% of those who have been furloughed or put on paid leave. The results for White adults in the same situations are similarly high.

Looking only at those adults who say their financial situation has worsened a great deal due to the pandemic, 63% of White adults say they feel more anxious generally, compared with 58% of Asian adults and 38% of Black adults.

More BAME adults (36%) than White adults (28%) said they do not have anyone they could turn to for help with tasks related to financial services. Asian men were more likely to say they lack support (42%, vs 37% of Asian women). In contrast, 36% of Black men and of Black women say this.

BAME adults were more than twice as likely as White adults to use debt advice during March to October 2020; 7% did so, compared with 3% of White adults. Mixed-race adults were the most likely to use debt advice (9%), followed by Black adults (8%) and Asian adults (6%). Among over-indebted adults (i.e. those more likely to need debt advice), 15% of BAME adults used debt advice, compared with 12% of White adults.

