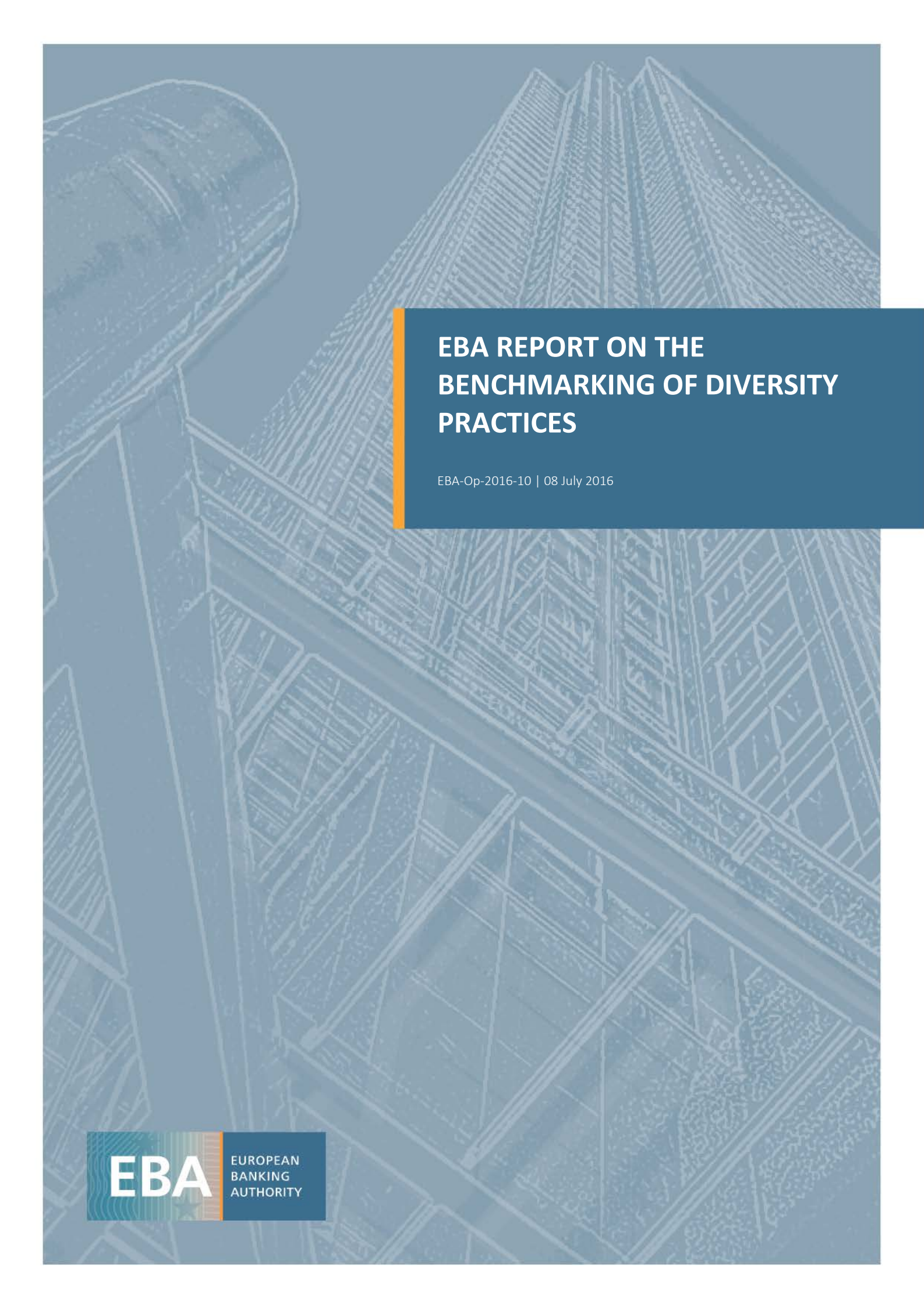




EBA REPORT ON THE BENCHMARKING OF DIVERSITY PRACTICES

EBA-Op-2016-10 | 08 July 2016



EBA

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AUTHORITY

Benchmarking of diversity practices at the European Union level

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Executive summary

The report presents the analysis of diversity data reported by competent authorities to the European Banking Authority (EBA) under Article 91(11) of Directive 2013/36/EU. The EBA and competent authorities are required to benchmark diversity practices within institutions' management bodies. The data analysed refers to a limited but representative sample of credit institutions (of different size categories) and investment firms selected by each national competent authority on the basis of common criteria set by the EBA.

Directive 2013/36/EU introduced the requirement that institutions shall take into account the diversity of the management body when recruiting new members, and shall implement a diversity policy. The objective is, beside others, to achieve a more appropriate representation of both genders within the management body. To this end, all institutions should have a diversity policy, and significant institutions are required under Article 88(2)(a) to set a target for the representation of the under-represented gender in the management body and to take measures to increase their number in the management body to meet that target.

More diverse management bodies can help improve decision-making regarding strategies and risk-taking by facilitating a broader range of views, opinions, experience, perception, values and backgrounds. A more diverse management body reduces the phenomena of 'group think' and 'herd behaviour'.

The EBA collected data from 873 institutions from 29 European Union (EU) and European Economic Area (EEA) Member States, representing 14.30% of 6 103 institutions in those Member States, separately for credit institutions of different sizes and for investment firms.

Despite the legal requirements, only a limited number of institutions have already adopted a diversity policy. The policies adopted differ significantly between Member States, particularly regarding the aspect of gender diversity targets. Institutions' diversity policies should actively facilitate a diverse composition of the management body.

In addition, the actual level of diversity in the composition of the management body in institutions differs significantly between Member States, particularly regarding gender diversity. The representation of women within the management body is (with 13.63% in the management function and with 18.90% in the supervisory function) very low. Within smaller institutions that have a more limited number of members of the management body, diversity within the management body is lower. However, it has to be taken into account that the smaller an institution's management body, the more difficult it is to achieve a broad range of diversity within the management body. Furthermore, small investment firms are typically run by the owner, which, by nature, makes it impossible to achieve a diverse composition of executive directors. More than two thirds (69.42%) of institutions have only executive directors of one gender. Institutions, but also Member States, should consider additional measures that would promote a more balanced representation of both genders.

Diversity concerns regarding the age of directors only exist for a limited number of institutions. The same holds true for the aspect of geographical provenance, which can mainly be a concern for large, internationally active banks. Diversity with regard to educational and professional background is linked to the management bodies' collective fit and properness, and is, therefore, already better developed in many institutions than other diversity aspects.

The EBA will continue to monitor the development of diversity in management bodies and issue periodical benchmark studies. It should be recalled that the European Commission is mandated to review the appropriateness of diversity benchmarking by the end of 2016.

1. Background

Directive 2013/36/EU introduced the requirement in Article 91 that institutions shall take into account the diversity of the management body when recruiting new members. Under Article 88 of this Directive, the nomination committee, which is required for significant institutions, should set a target for the representation of the under-represented gender and prepare a policy on how to increase the number of the under-represented gender in the management body. Where such a committee does not exist, the management body should consider setting such a target as part of the diversity policy.

Article 91(10) of Directive 2013/36/EU requires institutions to adopt a policy promoting diversity in the management body. More diverse management bodies can help improve decision-making regarding strategies and risks by facilitating a broader range of views, opinions, experience, perception, values and backgrounds. A more diverse management body reduces the phenomena of 'group think' and 'herd behaviour' in the process of decision-making. Diversity can thus help members of the management body to act more efficiently and to achieve a business and risk strategy that is in the best interests of the institution.

In accordance with Article 91(11) of Directive 2013/36/EU, competent authorities shall collect the information disclosed on the policy on diversity, as well as the extent to which these objectives and targets have been achieved in accordance with Article 435(2)(c) of Regulation (EU) No 575/2013, and shall use it to benchmark diversity practices. The competent authorities shall provide the EBA with that information. The EBA shall use that information to benchmark diversity practices at the EU level. The present report deals with benchmarks at the EU level, and is based on figures aggregated by Member States. The report depicts existing diversity practices, but does not provide a review on the appropriateness of diversity policies.

2. Diversity benchmarking

During 2015, the EBA collected information from all competent authorities on the diversity policies established by institutions and the target set for the under-represented gender, together with data on the composition of the management body. Given that the requirements introduced by Directive 2013/36/EU on diversity only came into force in 2014, some institutions reported on their intended diversity policies (as the adoption and implementation were still pending). The collection was done for credit institutions of different sizes and for investment firms. The EBA will repeat the diversity benchmarking exercise periodically in order to identify trends in diversity practices.

For individual credit institutions, four different size categories based on the balance sheet total were formed (balance sheet total in EUR: <1 bn; 1 bn to <10 bn; 10 bn to <30 bn; >30 bn). For

each size category, competent authorities collected data, where available, from at least five credit institutions and separately collected data from at least five investment firms (independent of their size). Data were also collected for the subset of credit institutions and investment firms that are considered significant institutions (global systemically important institutions (GSII), other systemically important institutions (OSII) or other significant institutions determined by the competent authority). The sample of institutions covers at least 10% of all institutions in each Member State, but at a maximum 50 institutions within each size category. Not all institutions provided all the requested information; 864 institutions reported information on their diversity policy and 873 institutions (out of 6 103 institutions within 29 EU and EEA Member States) reported their actual diversity of the management body. Percentages, therefore, always refer to the number of institutions that provided a certain set of information, unless otherwise indicated.

All EU Member States (with the exception of Poland, as Directive 2013/36/EU was not yet implemented when the exercise took place), as well as Iceland and Norway, participated in the data collection exercise.

2.1 Diversity policies

Altogether, 864 institutions provided information regarding their diversity policies; only 307 thereof (35.53%) had already adopted a diversity policy. The extent to which institutions have already adopted diversity policies and particularly gender diversity policies differs significantly between Member States, as shown in Figure 1. Only around two thirds of institutions that have already adopted a diversity policy promote gender diversity as part of their policy.

Only in a very few Member States the majority of institutions have such a policy in place. In most Member States, a relatively low number of institutions have adopted a diversity policy. Interestingly, not all institutions with a diversity policy have a policy regarding gender diversity in place. Institutions must implement diversity policies under Directive 2016/36/EU and competent authorities should follow up on this as part of the ongoing supervisory review.

Figure 1: Number of institutions and institutions with a diversity and gender diversity policy

Member State	Number of institutions included in the sample	Percentage of institutions with a diversity policy	Institutions with policies promoting gender diversity in per cent of institutions that have a diversity policy in place
Austria	66	46.97%	80.65%
Belgium	22	50.00%	81.82%
Bulgaria	15	26.67%	50.00%
Cyprus	30	16.67%	80.00%
Czech Republic	25	16.00%	50.00%
Germany	132	16.67%	68.18%
Denmark	23	100.00%	65.22%

Member State	Number of institutions included in the sample	Percentage of institutions with a diversity policy	Institutions with policies promoting gender diversity in per cent of institutions that have a diversity policy in place
Estonia	10	30.00%	100.00%
Greece	10	20.00%	0.00%
Spain	26	61.54%	56.25%
Finland	11	45.45%	80.00%
France	43	39.53%	100.00%
Croatia	18	38.89%	42.86%
Hungary	13	0.00%	-
Iceland	3	100.00%	100.00%
Ireland	23	69.57%	100.00%
Italy	67	29.85%	55.00%
Lithuania	7	14.29%	100.00%
Luxembourg	36	25.00%	88.89%
Latvia	16	62.50%	50.00%
Malta	9	11.11%	0.00%
Netherlands	25	52.00%	61.54%
Norway	28	39.29%	72.73%
Poland	-	-	-
Portugal	22	54.55%	75.00%
Romania	30	43.33	46.15%
Sweden	30	93.33%	60.71%
Slovenia	17	11.76%	50.00%
Slovakia	11	0.00%	-
United Kingdom	97	15.46%	73.33%
Total	864	35.53%	69.06%

With regard to gender diversity, some institutions have set a target percentage for the under-represented gender, as shown in Figure 2. However, in many cases, even when a policy was adopted, the target was set at 0% within the adopted policy, which is not in the spirit of Directive 2013/36/EU as no diverse composition of the management board would be desired.

Figure 2: Number of institutions setting a specific minimum percentage in the diversity policy for the management body with regard to the under-represented gender

Gender policy objectives	0%	>0% to 25%	25% to 33.4%	>33.4% to 50%	No percentage set, but general target defined
Number of institutions	92	46	55	55	56

In most cases, the targets for gender diversity have not been met. The ratio of institutions meeting their set diversity target is low overall, with higher percentages for large institutions.

Figure 3: Credit institutions by size (balance sheet total) and investment firms who already meet the gender diversity target set for the gender diversity of their management body

Number/size	EUR <1 bn	EUR 1 to <10 bn	EUR 10 to <30 bn	EUR >30 bn	Investment firms
Number of institutions	11	26	18	31	4
Percentage of institutions meeting the target, based on the number of institutions that set a target for gender diversity	12.64%	27.37%	40.91%	44.93%	18.18%

Most frequently, institutions did not indicate a timeline within which they intend to achieve their target or any target outlined under a future policy. Most of the institutions reporting a planned timeline in order to meet a gender diversity target had not formally adopted a diversity policy when reporting the figures.

Figure 4: Time frame in which the target for gender diversity should be met. Information shown separately for credit institutions (CI) of different sizes and investment firms

Size/timeline	Target for diversity defined, but no timeline set	2015-2016	2017-2018	2019-2020	2021 and later
CI EUR <1 bn	15	5	4	2	1
CI EUR 1 to <10 bn	13	8	10	5	2
CI EUR 10 to <30 bn	5	0	6	5	2
CI EUR >30 bn	13	6	12	8	1
Investment firms	8	3	3	0	0
Total	54	22	35	20	6
Thereof significant institutions	18	9	16	5	1

Institutions that had already adopted a policy have included other aspects of diversity (other than gender diversity) in their policy, e.g. diversity regarding age, geographical provenance, and

educational and professional background. The aspect most frequently included in such policies is the professional background of members of the management body.

However, many institutions do not meet the targets set (Figure 5). Only 22 institutions indicated a time frame within which they aim to achieve their set target for other diversity aspects.

Geographical provenance means the area where a person has gained a cultural, educational or prior professional background. The geographical provenance is of particular relevance to internationally active firms, which should strive to match their main business areas with specific expertise for the relevant market at the level of the management body. Diversity regarding geographical provenance improves the experience of the management body with regard to the business activities pursued in a business area, and enables the body to better take into account the cultural values and the legal and market specificities relevant for those areas.

Institutions must ensure that their members of the management body individually and collectively have sufficient knowledge, skills and experience. This aspect of collective knowledge and skills is easier to comply with where members have different educational and professional backgrounds. This leads to a good number of institutions already meeting the diversity targets set within their policy regarding educational and professional background.

Figure 5: Other aspects of diversity

	Number of institutions with a diversity policy in place for the aspect named	Percentage of institutions having a policy, based on all institutions	Number of institutions meeting the target set	Percentage of institutions having a policy meeting the target set
Age	157	18.17%	88	28.66%
Geographical provenance	135	15.63%	83	27.04%
Educational background	204	23.61%	128	41.69%
Professional background	235	27.20%	161	52.44%

2.2 Diversity practices

Altogether, 873 institutions provided information regarding the actual diversity of their management bodies. Not all institutions provided the full set of requested information for all their members of the management body. However, this has no impact on the findings within this report. Percentages are calculated based on the set of information available for the specific table and not as a percentage of the total number of directors included in the sample, unless stated otherwise.

The analysis of diversity practices differentiates between the members of the management body in its management function (executive directors) and in its supervisory function (non-executive directors). Establishing diverse management bodies can be particularly challenging when the management body has a low number of members.

Gender diversity is a key aspect of diversity, as different attitudes and behaviours can be observed in persons of different gender. The same holds true for age, as the time period in which a person has grown up influences his or her values and risk culture. This is also valid for geographical provenance. In this regard, it is important that some directors understand the cultural values, market specificities and legal frameworks present in the main business hubs the institutions are active in, in order to facilitate well-informed decision-making regarding the business strategy within those countries and areas. Naturally, educational and professional background are relevant for the fit and properness of the members of the management body, and it is required that the management body collectively understands all relevant economic, legal, managerial and procedural aspects of the institutions' activities.

2.2.1 Gender diversity

Within the EU, the number of male executive directors by far exceeds the number of female executive directors. Within the group of younger executive directors, the representation of women is not as low as in the higher age brackets. Only 94 (11.06%) out of 850 chief executive officers are female. **More than two thirds (69.42%) of the total number of institutions only had executive directors of one gender.**

Figure 6: Number and percentage of executive directors for different age and gender categories

Gender/age	<30	30-40	41-50	51-60	61-70	over 70	Total
Total number	6	316	1 089	1 138	288	32	2 869
Percentage male	83.33%	79.75%	83.20%	89.10%	93.75%	96.88%	86.37%
Percentage female	16.67%	20.25%	16.80%	10.90%	6.25%	3.13%	13.63%

Within the EU, the number of male non-executive directors by far exceeds the number of female non-executive directors. Within the group of younger non-executive directors, the representation of women is less unbalanced than in the higher age brackets. Only 80 (8.06%) out of 992 chairpersons are female. This ratio is even lower than that within the management function, but this may be linked to the fact that the average age of persons in the supervisory function is higher

than in the management function. After all, nearly two thirds (60.82%) of institutions had at least one non-executive director of each gender. However, one needs to consider that the number of non-executive members is higher than the number of executive members and, therefore, a diverse composition within the supervisory function is easier to achieve.

Figure 7: Percentage of non-executive directors for different age and gender categories

Gender/age	<30	30-40	41-50	51-60	61-70	over 70	Total
Total number	15	388	1 433	2 497	1 661	378	6 372
Percentage male	60.00%	72.42%	73.55%	78.89%	89.89%	95.50%	81.10%
Percentage female	40.00%	27.58%	26.45%	21.11%	10.11%	4.50%	18.90%

The representation of women is particularly low in investment firms. Large and significant credit institutions show a slightly lower representation of women than smaller credit institutions. In particular, significant institutions should aim at increasing the representation of the under-represented gender in their management bodies, e.g. by taking career development measures and including these in their succession planning.

Figure 8: Percentage of institutions of a specific size and level of representation of women in an executive director position in credit institutions (CI) by size (balance sheet total) and investment firms

Size	0%	>0% to 25%	>25% to 33.4%	>33.4% to 50%	>50% to 66.7%	>66.7% to <100%
CI EUR <1 bn	54.24%	26.10%	7.46%	7.80%	1.69%	2.71%
CI 1 to <10 bn	60.00%	18.14%	6.05%	11.16%	0.93%	3.72%
CI 10 to <30 bn	58.23%	24.05%	10.13%	6.33%	0.00%	1.27%
CI EUR >30 bn	63.81%	21.90%	4.76%	4.76%	0.00%	4.76%
Investment firms	69.93%	15.38%	6.29%	6.99%	0.70%	0.70%
Thereof significant institutions	60.34%	22.35%	7.26%	7.82%	0.00%	2.23%
Total	59.98%	21.51%	6.81%	8.00%	0.96%	2.75%

Within significant and larger credit institutions, the representation of women in the supervisory function is significantly higher than in smaller credit institutions and investment firms; this may be correlated to the larger size of the management body that can very often be found in larger institutions. However, within the supervisory function of the management body, institutions could aim at improving the representation of the under-represented gender.

Figure 9: Percentage of institutions of a specific size and level of representation of women in a non-executive director position in credit institutions (CI) by size (balance sheet total) and investment firms

Size	0%	>0% to 25%	>25% to 33.4%	>33.4% to 50%	>50% to 66.7%	>66.7% to <100%
CI EUR <1 bn	38.05%	41.75%	11.11%	6.40%	2.02%	0.67%
CI EUR 1 to <10 bn	31.56%	40.44%	11.56%	12.89%	3.56%	0.00%
CI EUR 10 to <30 bn	18.75%	50.00%	16.25%	11.25%	3.75%	0.00%
CI EUR >30 bn	5.66%	50.94%	16.98%	23.58%	2.83%	0.00%
Investment firms	64.29%	12.50%	8.04%	9.82%	3.57%	1.79%
Thereof significant institutions	18.72%	44.39%	14.97%	16.04%	4.28%	1.60%
Total	33.78%	39.39%	12.07%	11.34%	2.93%	0.49%

Institutions provided information on the number of directors recruited in recent years. It can be observed that there is a slight change in the recruitment outcome, leading to a slightly higher representation of women in management bodies (Figure 10). The vast majority of directors appointed are male in most Member States. However, in a few Member States, a strong increase in the percentage of women being recruited can be observed (Figure 11). In contrast, institutions in other Member States reported that, in 2014, fewer women were being recruited than was the case in previous years (numbers shown in red). However, particularly in Member States with a lower number of institutions, the results will be volatile due to the relatively low number of new appointments.

Figure 10: Number and percentage of newly recruited directors by gender

Gender	Executive directors recruited 2010-2013	Executive directors recruited 2014	Non-executive directors recruited 2010-2013	Non-executive directors recruited 2014
Total	1 523	588	3 378	1 341
Male	84.83%	80.61%	81.48%	77.85%
Female	15.17%	19.39%	18.52%	22.15%

Figure 11: Percentage of newly recruited female directors by Member State

Member State	Female executive directors 2010-2013	Female executive directors 2014	Change in percentage points	Female non-executive directors 2010-2013	Female non-executive directors 2014	Change in percentage points
Austria	12.12%	3.70%	-8.42%	21.10%	22.47%	1.37%
Belgium	7.32%	35.00%	27.68%	22.22%	25.00%	2.78%
Bulgaria	38.71%	40.00%	1.29%	17.39%	23.08%	5.69%
Cyprus	7.14%	20.00%	12.86%	6.62%	10.71%	4.09%
Czech Republic	6.90%	10.71%	3.82%	12.90%	20.00%	7.10%

Member State	Female executive directors	Female executive directors	Change in percentage points	Female non-executive directors	Female non-executive directors	Change in percentage points
Germany	10.14%	13.33%	3.20%	20.55%	22.74%	2.19%
Denmark	0.00%	0.00%	0.00%	19.18%	75.86%	56.68%
Estonia	26.09%	25.00%	-1.09%	15.63%	22.22%	6.60%
Greece	4.35%	8.33%	3.99%	12.50%	5.56%	-6.94%
Spain	11.90%	22.22%	10.32%	17.18%	18.18%	1.00%
Finland	24.14%	0.00%	-24.14%	24.32%	12.50%	-11.82%
France	15.00%	13.64%	-1.36%	24.77%	28.21%	3.44%
Croatia	20.69%	35.29%	14.60%	17.20%	45.00%	27.80%
Hungary	12.73%	36.36%	23.64%	35.00%	0.00%	-35.00%
Ireland	14.71%	6.67%	-8.04%	14.77%	20.00%	5.23%
Italy	9.38%	9.52%	0.15%	15.89%	12.00%	-3.89%
Lithuania	33.33%	25.00%	-8.33%	24.00%	50.00%	26.00%
Luxembourg	40.26%	19.35%	-20.90%	11.58%	15.69%	4.11%
Latvia	28.85%	18.18%	-10.66%	15.52%	27.27%	11.76%
Malta	18.18%	0.00%	-18.18%	5.56%	11.11%	5.56%
Netherlands	19.57%	14.29%	-5.28%	21.74%	21.05%	-0.69%
Poland	-	-	-	-	-	-
Portugal	6.82%	19.05%	12.23%	12.90%	11.11%	-1.79%
Romania	17.53%	38.24%	20.71%	9.48%	25.53%	16.05%
Sweden	8.00%	37.50%	29.50%	27.97%	34.15%	6.18%
Slovenia	14.71%	27.78%	13.07%	16.00%	16.67%	0.67%
Slovakia	10.34%	0.00%	-10.34%	14.63%	25.00%	10.37%
Iceland	-	-	0.00%	43.48%	66.67%	23.19%
Norway	23.19%	28.95%	5.76%	36.46%	38.30%	1.84%
United Kingdom	10.05%	19.23%	9.18%	15.34%	18.68%	3.35%

On a national level, the representation of women within the management body differs significantly, as shown in Figure 12 below. There is also a big difference in some countries between the targets defined by institutions and the extent to which the targets are effectively met (compare Figure 1). The figures underline that it is possible to increase the representation of women in management bodies. However, this is not only the responsibility of institutions, but also of Member States in terms of developing a social framework that supports equal opportunities.

Figure 12: Representation of genders within the management body in percentages

Member State	Male executive directors	Female executive directors	Male non-executive directors	Female non-executive directors
Austria	92.44%	7.56%	82.14%	17.86%
Belgium	87.76%	12.24%	82.24%	17.76%
Bulgaria	59.65%	40.35%	77.36%	22.64%
Cyprus	83.64%	16.36%	91.08%	8.92%
Czech Republic	91.82%	8.18%	80.95%	19.05%
Germany	95.18%	4.82%	81.07%	18.93%
Denmark	96.08%	3.92%	82.42%	17.58%
Estonia	75.00%	25.00%	83.33%	16.67%
Greece	97.37%	2.63%	86.67%	13.33%
Spain	85.07%	14.93%	84.42%	15.58%
Finland	69.23%	30.77%	76.00%	24.00%
France	87.16%	12.84%	74.00%	26.00%
Croatia	67.80%	32.20%	80.30%	19.70%
Hungary	83.15%	16.85%	71.43%	28.57%
Ireland	82.00%	18.00%	82.40%	17.60%
Italy	92.65%	7.35%	84.02%	15.98%
Lithuania	70.59%	29.41%	77.42%	22.58%
Luxembourg	83.49%	16.51%	89.57%	10.43%
Latvia	75.31%	24.69%	82.26%	17.74%
Malta	91.67%	8.33%	93.62%	6.38%
Netherlands	85.87%	14.13%	78.76%	21.24%
Poland	-	-	-	-
Portugal	92.00%	8.00%	91.30%	8.70%
Romania	75.00%	25.00%	85.19%	14.81%
Sweden	86.67%	13.33%	72.04%	27.96%
Slovenia	81.25%	18.75%	83.72%	16.28%
Slovakia	91.07%	8.93%	91.38%	8.62%
Iceland	-	-	47.62%	52.38%
Norway	72.93%	27.07%	65.00%	35.00%
United Kingdom	90.50%	9.50%	78.96%	21.04%
Total	86.37%	13.63%	81.10%	18.90%

2.2.2 Diversity regarding the age of directors

The number of executive directors within a certain age range differs for institutions of different sizes. Credit institutions with a balance sheet total of less than EUR 10 bn and particularly investment firms have a higher number of executive directors within the lower age bands compared to larger and significant institutions (Figure 13). Correspondingly, large and significant

institutions have a higher percentage within the higher age brackets. The same holds true with regard to non-executive directors (Figure 14).

Figure 13: Size (balance sheet total) in EUR and percentage of executive directors within a certain age band

Size/age	<30	30-40	41-50	51-60	61-70	Over 70
CI EUR <1 bn	0.11%	13.01%	35.60%	36.26%	12.68%	2.34%
CI EUR 1 to <10 bn	0.00%	12.87%	43.17%	35.24%	7.93%	0.78%
CI EUR 10 to <30 bn	0.00%	8.96%	33.33%	48.03%	8.60%	1.08%
CI EUR >30 bn	0.00%	4.98%	30.57%	50.95%	12.56%	0.95%
Investment firms	0.66%	11.79%	44.10%	37.55%	5.46%	0.44%
Thereof significant institutions	0.00%	7.40%	39.14%	41.89%	10.98%	0.60%

Figure 14: Size (balance sheet total) in EUR and percentage of non-executive directors within a certain age band

Size/age	<30	30-40	41-50	51-60	61-70	Over 70
CI EUR <1 bn	0.93%	9.29%	23.63%	36.69%	24.10%	5.37%
CI EUR 1 to <10 bn	0.20%	6.80%	24.23%	39.60%	24.08%	5.09%
CI EUR 10 to <30 bn	0.00%	4.60%	21.84%	39.08%	26.69%	7.79%
CI EUR >30 bn	0.00%	2.18%	17.56%	41.91%	31.72%	6.63%
Investment firms	0.47%	7.24%	29.91%	35.98%	19.86%	6.54%
Thereof significant institutions	0.05%	3.94%	20.45%	39.58%	29.75%	6.23%

The demographical structure of directors differs significantly between Member States, as indicated in Figure 15 below. On average, the non-executive members are of higher age compared to the executive directors. However, in the category of directors under 40 in a few Member States, higher percentages can be observed for non-executive directors than for executive directors.

Figure 15: Percentage of executive and non-executive directors within a certain age category by Member State

Member State	Age of executive directors			Age of non-executive directors		
	<40	40-60	>60	<40	40-60	>60
Austria	5.23%	86.63%	8.14%	9.42%	68.21%	22.36%
Belgium	4.85%	87.38%	7.77%	3.29%	65.79%	30.92%
Bulgaria	9.43%	64.15%	26.42%	10.53%	73.68%	15.79%
Cyprus	18.18%	69.09%	12.73%	19.75%	56.05%	24.20%
Czech Republic	25.00%	71.67%	3.33%	31.03%	59.31%	9.66%
Germany	2.06%	87.61%	10.32%	4.90%	63.94%	31.15%
Denmark	0.00%	90.20%	9.80%	3.85%	64.84%	31.32%
Estonia	38.64%	56.82%	4.55%	16.67%	72.22%	11.11%

Member State	Age of executive directors			Age of non-executive directors		
	<40	40-60	>60	<40	40-60	>60
Greece	2.63%	52.63%	44.74%	5.33%	50.67%	44.00%
Spain	2.99%	73.13%	23.88%	3.26%	46.01%	50.72%
Finland	16.67%	75.00%	8.33%	7.55%	66.04%	26.42%
France	5.69%	82.93%	11.38%	3.57%	58.04%	38.39%
Croatia	15.25%	77.97%	6.78%	13.64%	56.06%	30.30%
Hungary	35.83%	63.33%	0.83%	12.35%	77.78%	9.88%
Ireland	11.43%	87.14%	1.43%	1.38%	63.45%	35.17%
Italy	4.41%	54.41%	41.18%	6.39%	55.48%	38.13%
Lithuania	29.41%	67.65%	2.94%	19.35%	70.97%	9.68%
Luxembourg	5.50%	87.16%	7.34%	3.85%	68.27%	27.88%
Latvia	41.98%	55.56%	2.47%	9.68%	74.19%	16.13%
Malta	16.67%	66.67%	16.67%	6.82%	47.73%	45.45%
Netherlands	5.43%	88.04%	6.52%	0.00%	52.07%	47.93%
Poland	-	-	-	-	-	-
Portugal	7.63%	77.97%	14.41%	0.87%	42.61%	56.52%
Romania	24.19%	69.35%	6.45%	10.49%	60.49%	29.01%
Sweden	16.67%	80.00%	3.33%	7.58%	61.61%	30.81%
Slovenia	10.42%	85.42%	4.17%	12.79%	62.79%	24.42%
Slovakia	15.69%	80.39%	3.92%	17.24%	62.07%	20.69%
Iceland	-	-	-	-	-	-
Norway	16.02%	77.90%	6.08%	8.33%	67.78%	23.89%
United Kingdom	4.64%	87.00%	8.36%	1.80%	59.46%	38.74%
Total	11.32%	77.61%	11.07%	6.80%	61.71%	31.49%

When setting diversity policies, the principle of proportionality should be taken into account. A diverse management body should consist of members of different ages. Given the size of the management body, this is a target that can be better achieved within the supervisory function. For executive directors, such diversity targets are less relevant in many institutions, given the small number of executive directors.

In roughly 7% of all institutions, all non-executive directors were within the same age category (as defined and used in the figures above); 25% of institutions had non-executive directors only in two different age categories. Institutions should aim to increase the diversity of the age of the members of the management body to ensure an appropriate mix of very experienced members and members who have up-to-date work experience.

2.2.3 Educational and professional background

Institutions provided information on the length of experience of their directors. Around half of the directors have professional experience of 20 years or more.

Figure 16: Percentage of directors with a given number of years of professional experience

	Less than 1 year	1-5 years	6-10 years	11-15 years	16-20 years	More than 20 years
Executive directors, financial sector experience	0.78%	3.40%	8.72%	15.07%	15.31%	56.72%
Executive directors, management experience	1.52%	6.68%	15.48%	20.27%	19.89%	36.17%
Non-executive directors, financial sector experience	9.02%	11.07%	11.03%	12.63%	12.19%	44.07%
Non-executive directors, academic experience	34.58%	13.24%	7.11%	8.72%	8.20%	28.14%

There is a strong correlation between the age of a person and the length of their managerial experience and their experience in the financial sector. When asked about the concentration of members with a certain length of experience, ca. 6% of institutions responded that all of their directors have a managerial experience of less than 6 years and experience in the financial sector of less than 11 years. Thirty-three per cent of institutions responded that all executive directors have more than 20 years of experience in the financial sector, and in 17% of institutions, all non-executive directors had more than 20 years of experience in the financial sector. In the supervisory function, the value is lower than in the management function due to the high number of members with a long academic experience.

In Member States where directors have, on average, a lower number of years of experience, the representation of women is often higher. Logically, experience is also linked to the average age of directors. The table below depicts the percentage of directors with an experience of more than 20 years per Member State out of the aggregated number of directors for which this information was available, and lists this information separately for each type of experience.

Figure 17: Percentage of directors with an experience of 20 years or more

Member State	Executive directors, financial sector experience	Executive directors, management experience	Non-executive directors, financial sector experience	Non-executive directors, academic experience
Austria	63.13%	39.10%	43.64%	36.36%
Belgium	53.40%	31.07%	40.79%	5.92%
Bulgaria	35.71%	19.64%	45.65%	16.67%
Cyprus	59.62%	35.29%	43.20%	21.62%
Czech Republic	37.27%	36.97%	35.85%	5.41%
Germany	69.04%	33.49%	30.19%	12.47%
Denmark	72.55%	55.77%	44.67%	53.49%
Estonia	20.45%	12.20%	38.78%	44.44%
Greece	68.18%	47.62%	50.98%	55.56%
Spain	67.92%	47.92%	41.74%	43.64%
Finland	52.94%	48.78%	51.11%	20.00%
France	68.81%	54.13%	59.89%	43.04%
Croatia	15.25%	13.46%	39.22%	46.34%
Hungary	29.79%	28.57%	31.03%	0.00%
Ireland	52.38%	21.28%	71.82%	4.42%
Italy	39.55%	42.54%	32.46%	43.96%
Lithuania	32.35%	17.65%	27.59%	0.00%
Luxembourg	70.59%	40.38%	65.41%	27.45%
Latvia	27.16%	19.75%	46.77%	38.46%
Malta	41.67%	41.67%	76.92%	50.00%
Netherlands	59.34%	53.49%	54.55%	45.83%
Portugal	65.00%	41.25%	43.69%	48.48%
Romania	36.29%	17.65%	57.72%	41.18%
Sweden	55.17%	27.59%	49.44%	50.00%
Slovenia	36.96%	22.92%	30.99%	43.75%
Slovakia	4.08%	0.00%	23.08%	0.00%
Iceland	-	-	42.86%	23.81%
Norway	42.53%	25.58%	32.59%	49.23%
United Kingdom	82.60%	56.74%	77.56%	24.39%
Total	56.72%	36.17%	44.07%	28.14%

Institutions provided information on the educational background of their members of the management body. Business administration and economics is the most common educational background. The educational background of non-executive directors is more diverse than that of executive directors.

Figure 18: Educational backgrounds of directors

Educational background	Percentage of executive directors	Percentage of non-executive directors
Law (Master's, Bachelor's or comparable)	8.99%	12.60%
Business Administration or Economics (Master's, Bachelor's or comparable)	60.16%	40.67%
Mathematics, Physics, Engineering, other natural science (Master's, Bachelor's or comparable)	9.46%	11.47%
Degree in another subject (Master's, Bachelor's or comparable)	7.91%	11.91%
Other experience – Professional background from the financial sector, e.g. professional training in banking (only directors where none of the above educational backgrounds apply)	9.80%	13.60%
Other experience (only directors where none of the above educational backgrounds apply)	3.68%	9.75%

The higher level of diversity in educational background within the group of non-executive directors is, among other reasons, a result of the higher number of members within the management body in its supervisory function compared to its management function. However, for some institutions, the level of diversity achieved is insufficient, as only one educational background is present within the management body.

Figure 19: Percentage of institutions with a management body where, for the executive directors, the given number of different educational backgrounds are present

Size/number of different educational backgrounds per institution	1	2	3	4	5	6 or more
CI EUR <1 bn	43.04%	36.32%	14.94%	4.27%	1.42%	0.00%
CI EUR 1 to <10 bn	45.61%	33.65%	15.66%	3.70%	0.92%	0.46%
CI EUR 10 to <30 bn	33.30%	42.04%	15.93%	5.84%	2.90%	0.00%
CI EUR >30 bn	27.78%	38.89%	25.92%	7.41%	0.00%	0.00%
Investment firms	36.68%	38.15%	15.10%	8.63%	1.44%	0.00%
Thereof significant institutions	27.69%	35.39%	26.15%	8.72%	1.54%	0.51%

Figure 20: Percentage of institutions with a management body where, for the non-executive directors, the given number of different educational backgrounds are present

Size/number of different educational backgrounds per institution	1	2	3	4	5	6 or more
CI EUR <1 bn	14.68%	23.43%	29.01%	22.74%	9.09%	1.05%
CI EUR 1 to <10 bn	9.82%	20.53%	33.47%	18.77%	12.50%	4.91%
CI EUR 10 to <30 bn	4.16%	15.27%	31.92%	26.44%	18.04%	4.16%
CI EUR >30 bn	2.80%	15.90%	20.56%	31.77%	17.76%	11.21%
Investment firms	28.06%	40.37%	21.05%	8.77%	1.75%	0.00%
Thereof significant institutions	5.76%	18.85%	29.32%	25.13%	14.66%	6.28%

2.2.4 Geographical provenance

Institutions that are internationally active should have a management body that is diverse regarding the geographical provenance of its members. This ensures that the management body collectively has sufficient knowledge about the culture, market specificities and legal frameworks of the areas the institution is active in. For the collection of data, the EBA specified the following areas: EU/EEA; Europe (non-EU/EEA); Africa; America; Asia and Australia.

The tables below show the percentage of institutions and the extent to which the professional and cultural background of the executive directors and non-executive directors match the areas they are active in. In particular, the main business areas should be covered by directors who have an appropriate understanding of the relevant business area. The significance of the business activities of institutions in other continents or regions has not been reported, and could not therefore be analysed.

In particular, for smaller firms, it can be assumed that the level of international activity is very limited; for them, geographical provenance is a less relevant factor. Institutions that are active internationally should have some directors who are familiar with the culture, language, market specificities and legal frameworks of the Member State they are active in. In large and significant institutions, there is a high percentage of institutions where the geographical business activities and the geographical provenance of the directors do not match.

Figure 21: Institutions' coverage of business areas by executive directors

	All areas covered	All but 1 area covered	All but 2 areas covered	All but 3 areas covered	4 or more areas not covered
CI EUR <1 bn	55.30%	7.62%	2.65%	0.66%	33.77%
CI EUR 1 to <10 bn	56.22%	7.73%	5.15%	2.58%	28.33%
CI EUR 10 to <30 bn	36.56%	12.90%	4.30%	10.75%	35.48%
CI EUR >30 bn	34.86%	11.01%	14.68%	11.01%	28.44%
Investment firms	35.92%	13.38%	4.93%	9.15%	36.62%
Thereof significant institutions	34.68%	10.81%	9.46%	10.81%	34.23%

Figure 22: Institutions' coverage of business areas by non-executive directors

	All areas covered	All but 1 area covered	All but 2 areas covered	All but 3 areas covered	4 or more areas not covered
CI EUR <1 bn	54.97%	7.95%	1.32%	4.30%	31.46%
CI EUR 1 to <10 bn	55.97%	7.00%	6.17%	5.35%	25.51%
CI EUR 10 to <30 bn	40.86%	8.60%	8.60%	15.05%	26.88%
CI EUR >30 bn	39.09%	15.45%	8.18%	14.55%	22.73%
Investment firms	35.71%	19.05%	9.52%	7.94%	27.78%
Thereof significant institutions	35.84%	12.39%	7.52%	13.27%	30.97%



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