

Women's Role in Investment Banking

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1. Introduction

This research paper explores the complex landscape of women's representation in investment banking, a sector historically dominated by men. Despite ongoing efforts to promote gender equality and enhance diversity, women continue to encounter significant barriers, including the persistent glass ceiling that limits their advancement to leadership roles. The discussion highlights the importance of women empowerment initiatives in creating inclusive environments that support women's career progression. It also delves into the historical context, illustrating how women have often been relegated to lower-paying positions and how advocacy for gender equality has led to gradual changes. However, the lack of strong female role models remains a significant challenge for aspiring women in the industry. Additionally, the impact of legislative changes, such as Title VII of the U.S. Civil Rights Act, is examined, providing a framework for addressing workplace discrimination. Ultimately, this paper underscores the ongoing journey that women face in investment banking.

2. Historical Trends in Gender Diversity

The historical trajectory of women in investment banking reflects broader societal changes regarding gender roles. Initially, women were largely excluded from high-paying financial careers, relegated to lower-paying positions or roles perceived as "appropriate" for their gender.

Over the decades, movements advocating for women's rights and gender equality have prompted some shifts in workplace dynamics. The introduction of policies aimed at promoting diversity and inclusion has seen a gradual increase in the number of women in investment banking roles. However, these changes have not been uniform or sufficient to overcome deeply entrenched biases.

Historically, women's roles in the workforce have been constrained by societal expectations and economic necessity. Until the mid-1800s, paid employment was predominantly reserved for white men, with women largely confined to domestic roles. The industrial revolution catalysed a

shift, allowing women to enter the workforce but often relegating them to lower-paying positions. The Women's Rights Movement of the 1960s challenged these norms, advocating for equal treatment and opportunities in various fields, including investment banking.

The absence of strong female role models in finance contributes to gender inequality. Globally, women's representation in senior leadership and next-generation roles has shown slower growth compared to C-suite positions (C-suite is the widely used term that describes an organization's senior executives). If current trends persist, the proportion of women in senior leadership roles may stay stagnant. This underscores the significance of gender-equity initiatives and the necessity to establish a sustainable talent pipeline across organizations and regions.

Despite the challenges, in the past decade more women have been appointed to FSI C-suites than men. According to Deloitte, currently, 18 percent of women hold C-suite positions globally and to be specific the McKinsey & Company report from 2021 indicates that women represent 30% of senior vice presidents and only 21% of C-suite executives in the financial services sector only. Without a more concerted effort, the global growth in the share of women financial leaders may not even reach 25 percent by 2031. Young women often struggle to envision themselves in leadership positions without visible examples of successful female leaders, leading to feelings of inadequacy and a lack of confidence. This absence of role models also impacts career aspirations, as women may hesitate to pursue ambitious goals in a male-dominated industry.

The current representation of women in investment banking varies significantly across global and regional contexts. Historically, investment banking has been a male-dominated field, characterized by a persistent gender imbalance. Despite recent efforts to enhance gender diversity, women continue to face significant barriers in achieving leadership roles within the industry. Challenges such as gender discrimination, stereotyping, and unequal opportunities persist, limiting women's advancement. Moreover, women often juggle family responsibilities alongside their careers, which can further complicate their professional trajectories.

3. Challenges Faced by Women in Investment Banking

Gender is fundamentally a social construct, shaped by societal norms and expectations. Misogyny, oppression, and sexism are pervasive issues that impact women's experiences in investment banking and other sectors. The workplace often reflects these constructs, where women are subjected to stereotypes that dictate their roles and capabilities. The concept of privilege highlights the systemic advantages that men often enjoy, which can hinder women's progress. As organizations strive for diversity and inclusion, understanding these constructs becomes essential in dismantling barriers and fostering equitable work environments. The World

Economic Forum reported in its 2021 Global Gender Gap Report that the global gender pay gap is estimated to take 135.6 years to close, with women in finance earning approximately 60-70% of what their male counterparts earn for similar roles.

The concepts of the glass ceiling and glass escalator illustrate the contrasting experiences of women and men in the workforce. While women often encounter invisible barriers to advancement in male-dominated fields, men in traditionally female occupations may experience a "glass escalator," where they are more readily promoted despite being in the minority while women often experience lack of support and isolation hindering opportunities for career advancement. A study by Catalyst found that women of colour face even greater barriers, with only 4% of executive positions held by women of colour in the financial services industry, illustrating the compounded effects of gender and racial discrimination. This phenomenon highlights the need for continued advocacy for women's rights and equitable treatment in all professions, including investment banking.

4. The Importance of Female Leadership in Finance

Although investment banking is a male-dominated field, several female leaders have successfully navigated their investment banking careers and become the catalysts for change, inspiring many.

- **Lori Beer**

The Global Chief Information Officer (CIO) at JPMorgan Chase & Co., Lori Beer is also a member of the operating committee. With oversight of the company's global IT infrastructure and systems, she manages a USD 14 billion budget and leads over 55,000 technicians across various operations. Beer's exceptional leadership has earned her recognition as one of Barron's Most Important Women in US Finance and American Banker's Most Powerful Women in Banking. She is even a recipient of the Women's Bond Club's Merit Award.

- **Mary Callahan Erdoes**

Mary Callahan Erdoes, the (chief executive officer, the [highest-ranking](#) person in a company or other institution, ultimately responsible for taking [managerial](#) decisions) CEO of Asset and Wealth Management at [JPMorgan Chase & Co.](#), oversees a division that thrives amidst challenging times in the banking industry. During a recent period marked by regional bank failures, clients further bolstered the company's wealth management business by entrusting it with additional funds. Under Erdoes' leadership, JPMorgan's asset and wealth management division has capitalized on its reputation for stability and reliability to attract and retain affluent clientele during turbulent times in the banking industry.

- **Thasunda Brown Duckett**

The President and CEO of TIAA, Thasunda Brown Duckett is a prominent financial services company boasting assets under management totalling USD 1.3 trillion. With over 4.7 million individual customers and 12,000 institutional clients, TIAA is a major player in the industry. In her role, Duckett is dedicated to advancing TIAA's mission of helping Americans save adequately for retirement. Through her leadership, Duckett is intensifying efforts to promote retirement savings and financial security among TIAA's diverse clientele.

Research from LeanIn.org and McKinsey & Company indicates that 60% of women in entry-level positions aspire to be promoted to managerial roles, but only 30% of women in senior roles report having a mentor, which significantly impacts their career progression even though women bring distinct strengths to the business landscape, particularly in investment banking. Their leadership often emphasizes mentorship and the empowerment of other women, fostering a culture that values collaboration and inclusivity. Women leaders tend to prioritize creating workplaces that benefit not only the organization but also society at large, promoting positive working environments. Resilience is a common trait among women in investment banking, as they navigate the challenges posed by a traditionally sexist industry. According to a 2020 survey by PwC, 70% of women in financial services reported that they felt pressure to manage both work and family responsibilities, which often leads to burnout and career stagnation. Women leaders often advocate for family-friendly workplace policies, recognizing the importance of balancing professional and personal responsibilities.

5. Workplace Changes and Policies That Promote Diversity

Investment banks are implementing various policies to enhance diversity for women. Key changes include establishing mentorship programs, flexible work arrangements, and transparent pay practices to ensure equal compensation. Recruitment strategies are being revised to attract diverse talent, while leadership commitment is crucial for fostering an inclusive culture. Additionally, employee resource groups (ERGs) provide support networks for women. These initiatives aim to address gender imbalances and create equitable opportunities within the industry.

6. The Role of Intersectionality in Women's Career Growth

The intersectionality of gender and race plays a crucial role in understanding the complexities of oppression within investment banking. Historically, women's rights movements have often intersected with issues of race, revealing how privilege and oppression can overlap. For instance, the fight for women's suffrage in the U.S. was often intertwined with racial dynamics, as the

interests of white women were sometimes prioritized over those of women of colour. Recognizing these intersections is vital for addressing the multifaceted nature of discrimination and working towards genuine equity in the workplace. A report by The Centre for American Progress highlights that women of colour face a double disadvantage in the workplace, with nearly 50% of Black women and 45% of Latina women reporting experiences of discrimination based on both gender and race.

The challenges faced by LGBTQ+ employees in investment banking further complicate the landscape of gender diversity. Despite legal protections in many countries, discrimination and hostility remain prevalent. LGBTQ+ individuals often experience heightened discrimination, particularly transgender employees. The fear of not being accepted can lead many LGBTQ+ individuals to conceal their identities at work, resulting in increased stress and decreased well-being. Organizations must prioritize creating inclusive environments where all employees feel safe and valued.

7. Policy Recommendations and Solutions for Promoting Gender Inclusion

To promote gender inclusion in investment banking, several key policy recommendations are essential. First, organizations should implement comprehensive diversity and inclusion training to raise awareness of biases. Establishing mentorship and sponsorship programs can connect aspiring female leaders with senior executives, providing guidance and support. Promoting flexible work arrangements will help women balance professional and personal responsibilities. Setting measurable gender diversity targets and enhancing recruitment practices to eliminate biases are crucial steps. Additionally, fostering a supportive workplace culture through employee resource groups and highlighting female role models can inspire confidence among women. Addressing intersectionality in diversity initiatives ensures that the unique challenges faced by women of colour and LGBTQ+ employees are recognized. Leveraging technology for inclusion and advocating for supportive legislation will further strengthen these efforts. By adopting these strategies, investment banks can create a more equitable environment that supports women's advancement and enhances overall organizational performance.

8. Conclusion

In conclusion, the role of women in investment banking is shaped by a complex interplay of historical, social, and institutional factors. While strides have been made toward achieving gender diversity, significant challenges remain. Addressing issues of discrimination, privilege, and intersectionality is essential for fostering an inclusive environment where women can thrive. The ongoing fight for equality and representation in investment banking is not only a women's issue but a broader societal concern that requires

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