MFAA

Opportunities for Women 2019

REPORT 2

MFAA
MORTGAGE & FINANCE ASSOCIATION OF AUSTRALIA

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Opportunities for Women initiative Background

The Opportunities for Women initiative was developed by the MFAA to explore the reasons why women remain under-represented in the mortgage and finance broking industry.

The following steps were used to create this second stage report and set of recommendations.

Please note, this report is not the industry strategy, but is a forerunner to guide more detailed and investigative research in the third stage, commencing at the beginning of 2020.

Step 1

Identifying the problem: Conduct research to understand why women's participation in the industry is declining

This included a workshop, facilitated by Jane Counsel, in February 2019 with sponsor representatives, MFAA Community Panel and MFAA team members coming together to help identify key issues and themes in the broking industry regarding women's participation, as well as creating a survey with questions centred around the workshop discussion. The workshop was guided by a series of focus groups and phone interviews with industry stakeholders to further investigate findings from the initial report in 2018. The survey was then distributed to the MFAA's membership database to collect responses.

Step 2

Reviewing the research and conducting further investigation

This included reviewing the survey responses through a second workshop in June 2019, with over 40 industry participants. This workshop focused on analysing the survey responses which helped further identify key diversity and inclusion issues in the industry, along with recommendations on how to confront these issues. The content of this report includes findings from the survey and June 2019 workshop.

Step 3

Developing the business case section of the report

Following the second review phase, project lead Jane Counsel and MFAA Community Panel member Paul Flanagan developed a broader business case section for the report that looked at external data and examples related to the finance sector or other areas of best practice to compare relevance of greater diversity and inclusion to the third party channel. The content of this report includes findings from the research.

Opportunities for Women Sponsors

With thanks to our major sponsors:

With thanks to our supporting sponsors:

CEO's Report

The MFAA is proud to demonstrate its ongoing commitment to the growth and sustainability of the finance broking industry with the launch of the second Opportunities for Women report.

Gender inequalities persist in all areas of social and economic life and of course the finance broking industry is no exception. The MFAA's inaugural Opportunities for Women report released in November 2018 confirmed this, revealing a marked difference in the way men and women view the industry, their perceptions of inclusiveness and diversity, and their experiences of obstacles and barriers.

To inform this year's Opportunities for Women report, the MFAA took a qualitative and quantitative research approach by analysing data trends and listening to industry feedback to gain a deeper understanding of the factors that influence female participation in the industry in order to encourage greater inclusion within the wider-broking community.

According to the latest MFAA Industry Intelligence Service (IIS) Report 8th edition, for the period of October 2018 to March 2019, broker numbers saw a slight increase year-on-year; however, the number of female brokers in the industry, based on the aggregators supplying gender information, saw a gradual decline with 100 fewer female brokers compared to a year ago – a reduction of 2.7% over 12 months.

It is clear women have a divergent experience of the finance broking industry to that of their male counterparts, which goes some way to explaining the low and declining proportion of female brokers in the industry. This is a problem. Women are vital to the finance broking industry, as they bring different perspectives and values, strengths and weaknesses that are necessary to business success.

It is through programs such as Opportunities for Women, in consultation with brokers, aggregators and lenders, that the MFAA has been able to identify the vital importance of diversity and inclusion in our industry. As our customers grow increasingly culturally and ethnically diverse, and as females continue to make the majority of financial decisions; having the ability to understand our customers becomes imperative to the performance, competitiveness and sustainability of our industry.

Building an inclusive industry culture is not only socially responsible but as this report outlines, also makes good business sense. It will however require more focus, structure and sustained engagement at every level of the industry.

CEO REPORT CONT.

The findings of this report unlock the potential for greater inclusive leadership and industry culture to provide opportunities for every individual to prosper. In order to achieve growth and success, it is vital that industry leaders promote open-minded business practices and pursue cultural change through inclusive values and behaviours.

Through their leadership and genuine interaction with issues of diversity and inclusion, our industry can meet these challenges, remain relevant and continue to grow and thrive well into the future.

Overall, it is particularly pleasing to see the report demonstrates an optimistic view of the broking industry, which is uniquely positioned to respond to these challenges.

I would like to acknowledge the sponsors who have actively supported this initiative for a second year with their time, people and resources. Their efforts to support change, along with that of the MFAA Community Panel members who took time away from their businesses to contribute, will help to transform report recommendations into actions that will ensure this initiative's success.

I would also like to thank Jane Counsel as the subject matter expert and lead MFAA Community Panel member (of four years and counting) who has helped guide the initiative's bespoke framework and develop a unique set of solutions for the industry.

Mike Felton
MFAA CEO

Expert Introduction

Jane Counsel has enjoyed a 24-year corporate career spanning financial journalism, corporate affairs and human resources.

Jane provides leadership training and diversity consulting services, and with her extensive corporate experience, is well positioned to identify and deliver training programs and strategies to help organisations future-proof their business success.

She is also an experienced executive coach providing strategic advice and coaching to CEOs and senior executives in ASX-listed top 100 companies, the public service sector and not-for-profit organisations.

Jane was previously the Head of Diversity & Flexibility for Westpac Group, directly responsible for the development and implementation of the organisation's diversity and inclusion strategy for 36,000 employees across multiple brands.

Under Jane's leadership, Westpac celebrated a number of key diversity and inclusion successes including the achievement of 40% of women in leadership roles two-years ahead of schedule, top three employer in Australia for lesbian, gay, bisexual, transgender and/or intersex (LGBTI) employees and recognition as an 'Employer of Choice for Women' and 'Employees with Disabilities and Older Workers'.

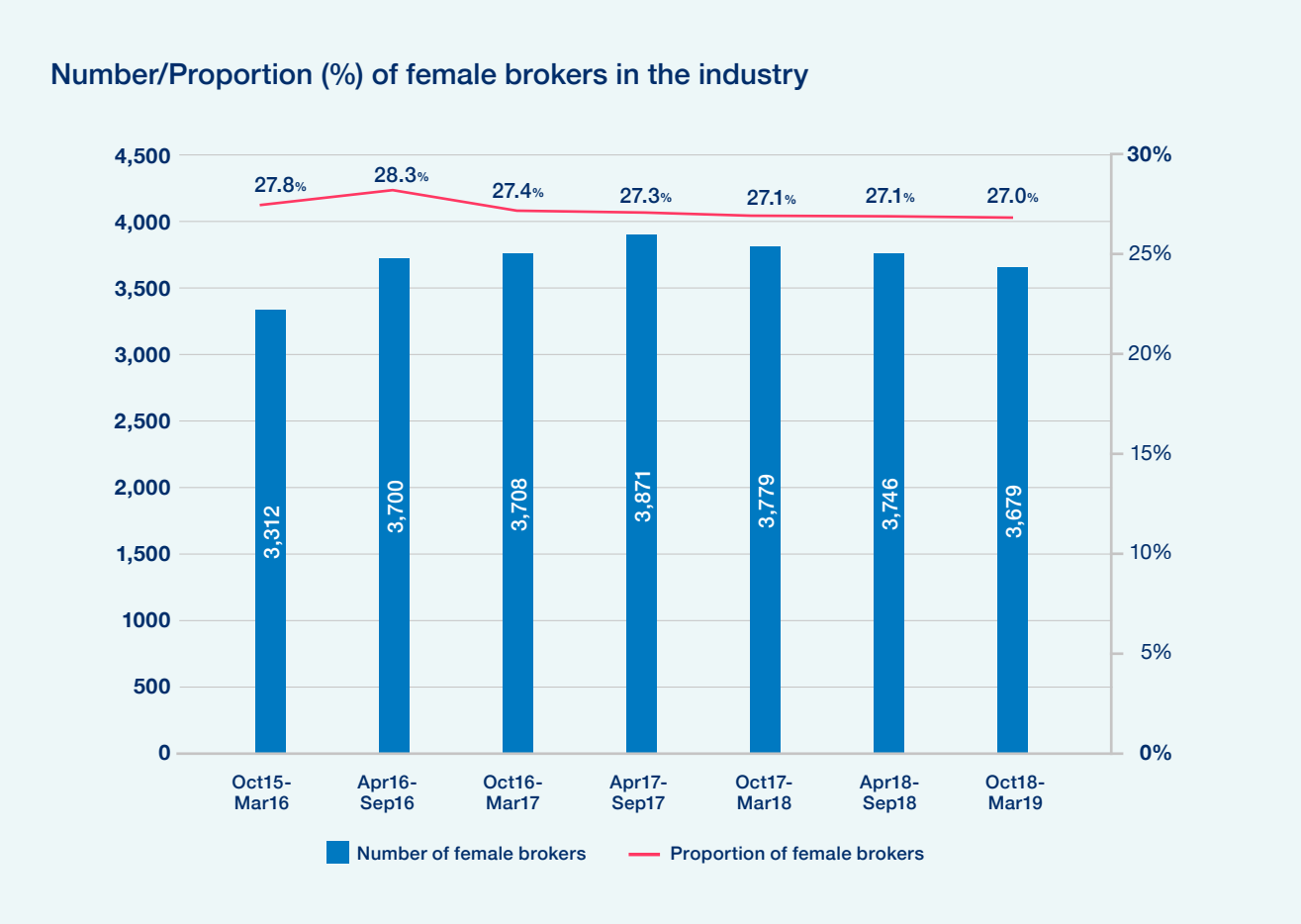
Jane is a respected thought-leader in her field having led a number of diversity initiatives while at Westpac, including devising the concept for the Westpac and Financial Review's 100 Women of Influence Awards Program.

Jane is also diversity and inclusion adviser to the MFAA Community initiative.

Report Introduction

The purpose of this report is to generate broader industry discussion focussed on the need, and the actions required, to improve the industry's acquisition and retention of women and other diverse professionals.

Data compiled by the MFAA, through the Industry Intelligence Service (IIS) Report series (8th edition), shows that whilst overall broker numbers saw a mild increase year-on-year, based on the aggregators supplying gender information, the number of female brokers in the industry saw a gradual decline with 100 fewer female brokers in the industry compared to a year ago – a reduction of nearly 2.7% over 12 months.



The majority of this reduction, 67 female brokers, occurred since last period.

After the female broker population peaked in April-to-September 2017 at 3,871 brokers, this is the third consecutive period of population decline recorded for the gender.

Despite the decreasing number of female brokers, the proportion of female brokers in the industry has remained relatively stable over recent periods.

Number of brokers recruited per period, by gender

	Apr15 – Sep15	Oct15 – Mar16	Apr16 – Sep16	Oct16 – Mar17	Apr17 – Sep17	Oct17 – Mar18	Apr18 – Sep18	Oct18 – Mar19
No. of men recruited during period	931	972	947	938	1168	892	854	625
No. of women recruited during period	475	454	439	360	523	406	371	313

Proportion of men and women recruited per period

	Apr15 – Sep15	Oct15 – Mar16	Apr16 – Sep16	Oct16 – Mar17	Apr17 – Sep17	Oct17 – Mar18	Apr18 – Sep18	Oct18 – Mar19
% of men recruited during period	66%	68%	68%	72%	69%	69%	70%	67%
% of women recruited during period	34%	32%	32%	28%	31%	31%	30%	33%

Despite the number of new female recruits continuing to decline for a third consecutive period, the proportion of females recruited (compared to males) has risen by 10% or three percentage points to 33% share for the most recent period compared to last.

Whilst the share of female recruits increased, this didn't contribute to any improvement in the overall share of female brokers working in the industry. As observed earlier, the proportion of mortgage brokers that are female decreased slightly again this period compared to last - continuing the overall gradual downward trend. This suggests that the retention of existing female brokers may be an issue of concern that the industry may need to investigate and invest in, and further validates the need for the MFAA's Opportunities for Women program.

Having an inclusive culture and diverse workforce leads to greater innovation, better responsiveness to customer needs and improved performance. We are committed to supporting our partners on their journey to create a collaborative and innovative culture by sharing what we have learned around initiatives that we have really made a difference. We are proud at Suncorp to be recognised as an Employer of Choice for Gender Equality by the Workplace Gender Equality Agency for the sixth year in a row. We want to be a place where both men and women want to work and where everyone is recognised and appreciated, regardless of their level in the organisation or their gender.

Renee Blethyn
National Partnerships Manager
Suncorp Bank

Progress report on survey actions

The following key actions were recommended for consideration by the industry following the initial Opportunities for Women Diversity and Inclusion survey in 2018:

i) **Promote existing diversity within the industry by highlighting case studies and stories about women who have successfully developed a career in the industry from diverse backgrounds.**

- The MFAA partnered with MPA Magazine in the development of their first ever Women in Broking Magazine Edition with our Opportunities for Women Program research partner Jane Counsel showcased in the magazine on the Opportunities for Women research findings. The second Women in Broking Edition was published in 2019.

ii) **Utilise industry relationships and networks – seek support from industry brands to use the data and recommendations from the workshops, management reports and presentations – internal and external.**

- The MFAA produced a presentation summary of the 2018 survey insights that has subsequently been shared at several industry events including an Aussie Home Loans event to celebrate International Women's Day in March and a Mortgage Choice event for female brokers in July
- An information pack about the Opportunities for Women Program has also been distributed to Opportunities for Women Program sponsors and senior brokers to share with their industry networks.

iii) **Provide education and training for leaders and key influencers.**

- The MFAA has held two workshops with Opportunities for Women Sponsors, Community Panel Members to share and unpack the findings of the 2019 survey
- The MFAA has engaged industry experts Jane Counsel and Paul Flanagan to develop a Business Case for Diversity and Inclusion which outlines the business benefits of diversity and inclusion and identifies specific opportunities for the mortgage and finance broking industry
- Participant needs for an inclusion and safety training program are currently being investigated as part of the Opportunities for Women Program's priority focus areas for 2020 (see below).

iv) **Create opportunities for more peer-to-peer support.**

- The MFAA has commenced scoping work for a new peer-to-peer support program for women aimed at providing career advice and support (see details further in the report).

v) **Improve the marketing and promotion of the value proposition of the industry.**

- The MFAA has continued to work closely with its media partners to promote positive case studies and stories about successful female brokers and the initiatives being developed as a result of the Opportunities for Women Program research.

vi) **Create opportunities to develop pathways into the industry and opportunities to support the retention of women.**

- This action item will continue to be explored as part of the 2020 program.

At CommBank we're supportive of the MFAA's Opportunities for Women Report and the focus it places on generating broad industry discussion in order to encourage a diverse range of professionals into the broking industry.

Adam Croucher
General Manager
Third Party Banking

Priority focus areas for 2020

The Opportunities for Women program sponsors, Community Panel members and senior industry brokers have identified the following initiatives as key priorities for the 2020 program:

i) **A peer-to-peer support program for women that can be offered both virtually and face-to-face.**

A program is currently being scoped by the MFAA based on feedback from industry participants. It is intended that a pilot peer-to-peer program will be trialled.

ii) **Promoting the existing diversity in the industry.**

The MFAA is currently working in partnership with the Opportunities for Women Program sponsors and senior industry brokers to develop case studies on aspects of diversity and inclusion that can be leveraged for educational purposes, to raise awareness and provide insights about the different experiences in the industry.

iii) **Leveraging industry relationships and networks to promote the research and initiatives of the Opportunities for Women program.**

An information pack about the Opportunities for Women program has been distributed to program sponsors and members of the Community Panel to share with key contacts to promote the significance of the program and identify opportunities for other industry participants to become more actively involved. The MFAA will also continue to leverage formal events and speaking opportunities in partnership with Opportunities for Women program sponsors and other industry stakeholders to present the key findings of the research.

iv) **Provide education and training for leaders and key influencers.**

Consistent feedback provided by industry participants about safety concerns will be further investigated with the view to developing an inclusion and safety training program for industry leaders. All aspects of safety, including physical and psychological safety, will be explored with a view to identifying specific training and awareness needs for industry participants. The MFAA will conduct focus groups to further investigate these concerns.

At Suncorp, we recognise that we will be our best when our workforce is as diverse, talented and passionate as the communities and customers we serve. We are committed to being a leader within financial services focused on inclusion, gender, age and cultural diversity where everyone is able to be themselves and feel valued and involved for their contributions… this is beneficial for our people, our customers, our partners and our performance as a business. We are proud to support this important work by the MFAA as a catalyst for encouraging conversation and as a call to action for us all to have Diversity high on our agenda. Together, we can build truly inclusive cultures.

Renee Blethyn
National Partnerships Manager
Suncorp Bank

Liberty is proud to support MFAA's Opportunities for Women Report and work with industry peers to engage in important dialogue and take action in pursuit of a more inclusive broking industry.

James Boyle
Chief Executive Officer
Liberty Financial

Key Themes and Insights

i) Customers are diverse

The customer base of the mortgage and finance industry is culturally and ethnically diverse with 88% of 2019 Opportunities for Women survey respondents reporting that their customers were culturally diverse and one in two reporting that they were becoming more culturally diverse.

Women are also seen as a key customer segment with 42% of survey respondents identifying that according to their observations, women are making between 50-75% of all financial decisions (including mortgages) in the average Australian household.

This suggests that focusing on improving opportunities for increased female industry participation, and the increased participation of other minority groups, will provide one of the biggest growth opportunities for the mortgage and finance industry in the near future.

ii) Perception gaps and shifts

Despite increased education and awareness generated as a result of the 2018 Opportunities for Women program, perception gaps remain between male and female respondents on key areas of diversity and inclusion.

Nearly 60% of male respondents do not see any barriers for women working in the industry, compared with 34% of women, which is consistent with 2018 responses.

Some 44% of females cite subconscious beliefs about gender roles in the workplace as the biggest barriers for women, followed by an industry culture that is not inclusive to women (28%) - which also remains consistent with 2018 responses. Safety concerns (sexual harassment, physical safety) were the fourth most commonly cited barrier at 18%.

Interestingly the number of overall respondents identifying safety concerns rose by over 7 percentage points year-on-year, driven mostly by a larger number of responses from men (10% in 2018 versus 17% in 2019). Safety concerns was the second most common barrier cited by men versus the fourth most commonly cited barrier by women.

Women are also 12 percentage points more likely than men to report that their industry experiences had not met their initial expectations around earnings, work flexibility and development opportunities.

There are also differences in perceptions between men and women about the types of non-inclusive behaviours currently being tolerated by the industry.

Key differences in the top five non-inclusive behaviours cited by women versus men were sexual harassment, ageism and gender/sexual orientation for men.

Men are also less likely to believe that women are under represented in the industry with only 32% of men agreeing with this statement versus 64% of women.

However, the survey data is starting to reveal some small shifts in male responses, resulting in the narrowing of the perception gaps between genders on perceived experiences and representation of women in the industry. This is a positive. There has been a year-on-year 9 percentage point increase in the number of men who responded that women are under represented in the industry.

Although men are 16 percentage points more likely than women to think that there is enough promotion of successful diverse role models in the industry, at the same time, there has also been an 8 percentage point reduction year-on-year in the number of ‘yes’ responses from men on this question.

Male respondents are also almost 13 percentage points more likely than women to believe that there are adequate sponsors and peer support for women and other diverse groups. The 'yes' responses to this question have also decreased just over 5 percentage points year-on-year for male respondents.

The important observation to make about this trend is that the Opportunities for Women Program appears to be increasing overall awareness of the differences in experiences of women to men in the industry, which is shifting male perspectives from being neutral observers to taking a position on these issues, and becoming more actively engaged in helping drive initiatives and action to level the playing field for all.

As a strong advocate of diversity and inclusion, Heritage Bank applauds MFAA's initiative in commissioning this study. It not only provides valuable insights to encourage greater participation by women in the mortgage broking industry, but also acts as a tool to drive cultural change.

A key observation is that as a result of last year's findings, overall education and awareness about women working in the industry has increased, however the disparity in barrier perceptions between men and women remains. That's why it's extremely important for the MFAA to continue taking affirmative action to identify and break down boundaries and stigmas.

There are many successful women in mortgage broker roles across Australia that should be celebrated and supported as advocates to encourage more women to join the industry. We need to work together to create an environment in which brokers have no barriers to success, irrespective of gender.

Stewart Saunders
Head of Broker Distribution
Heritage Bank

iii) A missing link between diversity and business growth

Despite evidence of a more culturally and ethnically diverse customer base and the significant influence of women on household finance decisions, there is a lack of evidence to suggest that industry participants see any direct business benefit for diversity.

When asked, if having industry members with a diversity of representation, experience and perspectives was important to the industry – 14 per cent of survey respondents responded 'no', with 53% responding 'yes' due to it being 'socially responsible', with women 18 percentage points more likely to state this than men.

Just under 29% of respondents believed diversity was important because their 'customer base was changing', but not one respondent linked increasing industry diversity to making good business sense. This provides a good opportunity to develop and publish further evidence, case studies and education about the proven business benefits that greater diversity enables this industry.

iv) Overall leadership and industry culture on diversity and inclusion

Industry leaders are seen as open-minded to promoting diversity but half of respondents feel leaders don't view diversity as an industry priority.

Nearly 60% of industry participants believe that industry leaders demonstrate inclusive values and behaviours however, 30% are uncertain.

Industry participants who identify as Asian (including Indian, Pakistani and Sri Lankan) collectively represent 9% of the overall respondents. Yet the number of their 'unsure' responses to the question regarding whether industry leaders demonstrate inclusive values and behaviours is noticeably higher compared to all other survey respondents. 44% of Asian (including Indian, Pakistani and Sri Lankan) respondents answered 'unsure' to this question versus 28% of all other respondents. Potential differences in perceptions will be further explored in industry focus groups planned as part of the third phase of this program.

Further, when asked whether leaders in the industry are inclusive and have the appropriate training and resources to lead diverse teams, there were almost as many unsure responses as there were yes responses. Some 45% of respondents answered yes and 41% answered unsure.

The majority of industry participants (59%) believe that everyone, regardless of gender, race, age, disability, sexual identification or orientation, is provided with the same development and advancements. 'Yes' responses (65%) have decreased by six percentage points year-on-year with 'unsure' responses increasing by approximately four percentage points. Appropriate leadership and role modeling of diversity and inclusion is important to creating an inclusive industry culture that is appealing to diverse people. A lack of priority on diversity and inclusion has created inconsistencies in the experiences of industry members that in turn could influence the willingness of diverse participants to promote the industry to others.

v) Training and Advocacy

Industry participants have identified advocacy on key issues of concern for members and training and development on issues such as unconscious bias and inclusive leadership as the top two areas where the MFAA can support efforts to improve the diversity and inclusiveness of the industry.

Two areas that have been identified for immediate focus in response to the survey feedback are:

a) A national peer-to-peer mentoring program for women that can be delivered virtually or face-to-face.

b) An inclusion and safety training program – that covers all elements of safety including physical and psychological safety.

Both initiatives are currently being scoped by the MFAA in close consultation with program sponsors and industry participants.

Beyond Bank works closely with the communicates in which it operates. We are committed to supporting awareness, education and programmes that encourage greater diversity that we are already staring to see through our customers, broker partners and valued staff.

Nick May
General Manager Customer Experience
Beyond Bank

Research Methodology

The MFAA conducted a workshop in March 2019 where MFAA Community Panel members, senior industry brokers and program partners were invited to discuss diversity and inclusion issues within the industry.

The main issues that arose were developed into questions to be asked of MFAA members in the resulting diversity and inclusion survey. The following key themes were identified and included in the survey:

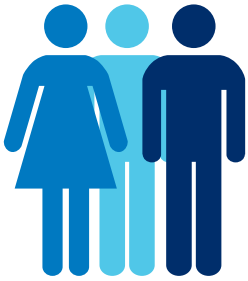
- **Perceptions of experiences and needs**
  Are there perception gaps between men and women? What type of bias is evident?
- **Education and opportunities to develop**
  What are the needs? Where are the gaps? What's working well now for men and women? What is the industry not doing?
- **Retention risks**
  Is an 'old banking culture' limiting new entrants? Do women feel their successes are being acknowledged? Are low barriers to entry affecting quality of new entrants?
- **Leadership capability**
  What level of engagement in a business is imperative for diversity? Do leaders have the skill and capabilities to be inclusive? What are the gaps and training needs? What are inclusive leaders doing well?
- **Risks and threats**
  Are there safety issues for women working in this industry? What are the lost business opportunities for the industry for failing to reflect the diversity of its customer base? In changing the status quo, what impact will be felt by men?

We continue to invest in education and training – we see that as a real platform for our business to strengthen our relationships with our broker partners.

Laura Bielinko
Executive Manager Third Party Banking Strategy & Support
Commonwealth Bank

Diversity and Inclusion Survey Demographics: Industry Diversity

What gender do you identify as?



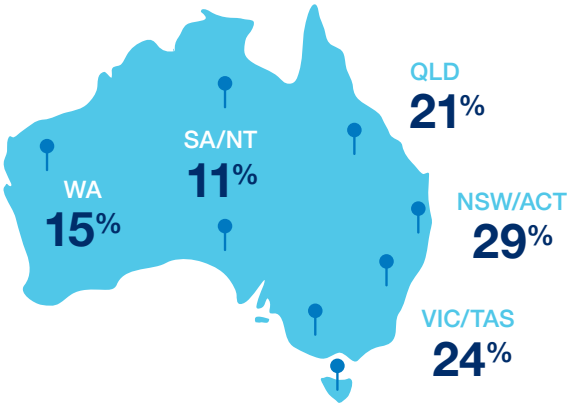
65% Male

34% Female

<1% Transgender

<1% Prefer not to answer

Where are you located?



What is your age?

11% Under 35

25% 36–46

39% 47–57

25% 58+

What ethnicity do you most closely identify as?

Australian	**73%**
European (Excluding United Kingdom)	**7%**
United Kingdom	**5%**
Asian (Excluding Indian, Pakistan or Sri Lankan)	**5%**
Indian, Pakistan or Sri Lankan	**4%**
New Zealand	**3%**
Aboriginal/Torres Strait Islander	**<1%**

Within your organisation, what best describes your role?

Self-employed	**56%**
Manager	**15%**
Employee	**14%**
Business leader	**7%**
Contractor/Part-time	**4%**
Other	**3%**

What is your sexual orientation?

93% Heterosexual

4% LGBTI

3% Prefer not to answer

Do you have a form of disability?

(Optional):

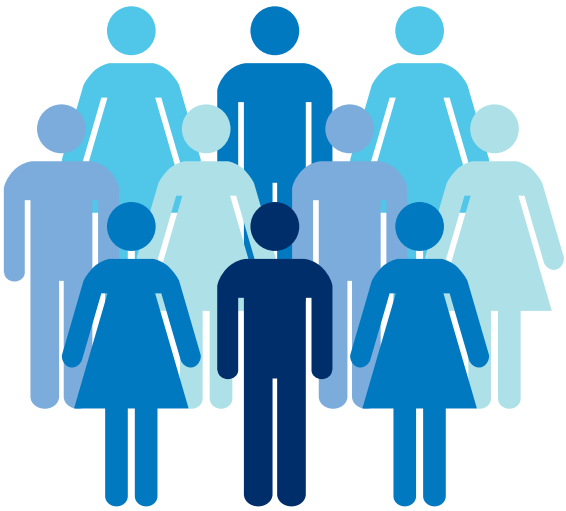
4% Yes

94% No

2% Prefer not to answer

Diversity and Inclusion Survey Demographics: Customer Trends

Customer Diversity



89% of industry participants report that their customers are culturally diverse

1 in 2 report that their customers are becoming more culturally diverse

42% of industry participants have observed that women are making between 50-75% of all financial decisions in households (including mortgages).

Global Industry Trends

Female Economy

The female economy is worth **$26 trillion** globally, women account for **85%** of all purchases*

Shifting Trust

Brokers now service **59.7%** of Australia's residential mortgage market

Innovation

Only **11%** of banking leaders globally believe they are prepared or enabled for innovation*

Inclusive Leadership

Australian workers working for inclusive leaders are **9 times** more likely to innovate*

Diversity and Innovation

Organisations where females represent **40%** of senior leaders generate almost **10%** more revenue from innovation*

*Refer to source: Business case for diversity and inclusion: A global view of the Australian mortgage broking industry, pg. 43.

Diversity and Inclusion Survey: Questions for Industry Workshop Participants

Workshop purpose: The MFAA conducted a workshop in June where program partners, senior industry brokers and the MFAA Community Panel members participated in an industry workshop to further analyse the MFAA Diversity and Inclusion 2019 survey findings.

High-level themes from the survey were further unpacked through the following key questions:

i) Business Case for Diversity and Inclusion

- Despite the obvious evidence, why do you think our industry leaders don't yet see the business case for diversity?

ii) Driving Urgency for Change

- What initiatives do you believe will have the biggest impact on engaging leaders in the urgency to take action on diversity and inclusion?

iii) Training and Advocacy

- What training and advocacy initiatives to promote diversity and inclusion do you think would most benefit leaders in this industry?

"ANZ is proud to support the MFAA Opportunities for Women report which has continued to demonstrate the importance of building an inclusive and diverse industry, both from a community and an economic standpoint. It is especially pleasing to see the shift in perception between 2018 and 2019, highlighting the increasing awareness of the greater economic value that comes from a workforce representative of the communities it serves.

Whilst there is more to be done, the insights and initiatives driven from this report recognise the need for an industry wide call-to-action that is creating an exciting ripple effect that we're proud to be a part of."

Simone Tilley
GM Retail Broker Distribution
ANZ

Angelo Manos
GM Commercial Broker
ANZ

"It's pleasing to see both men and women view our industry as being largely diverse and inclusive, and this report highlights ways we can hopefully attract more women to make their mark in financial services. At Prospa we believe in diversity of thought and look to ensure we have people from diverse backgrounds, nationalities and gender and support all initiatives that help bring this to life."

Alex Brgudac
Head of Partnerships
Prospa

Diversity and Inclusion Survey:
Industry Workshop Participant Feedback

The feedback received from the workshop participants included:

i) Business case for diversity and inclusion

- There is a sense of complacency in the industry – more strategic planning is required around this issue.
- The MFAA needs to highlight more of the business benefits of diversity and inclusion to the industry.
- Program partners should promote the MFAA research and case studies.
- Utilise the Opportunities for Women Program to drive support across all levels of the industry including aggregators, brokers and lenders.

ii) Driving urgency for change

- Encourage industry participants to develop and publicise case studies of positive and negative experiences around diversity and inclusion to demonstrate the current barriers and benefits of change.
- Utilise statistics, data and case studies to encourage the industry to take action.
- Build case studies and presentations into MFAA PD days and other industry events to help educate and further engage industry participants.

iii) Training and advocacy

- A peer-to-peer buddy system should be introduced to help improve the experiences and retention of women in the industry.
- Investigate safety concerns which have consistently been cited as the third biggest barrier to women working in the industry.
- The MFAA should scope out an inclusion and safety training program for industry leaders.

"Diversity and inclusion is an integral part of our business and it's something that is also central to the way we do business across the industry. Developing a diverse workforce is important to drive innovation, make better business decisions, avoid biases and help contribute to a high performance culture. The MFAA's Opportunities for Women Report helps illuminate this as a focus area to generate industry discussion and continue to improve the industry's approach and commitment to diversity and inclusion."

Wendy Brown
Head of Broker Home Loans
Macquarie Bank

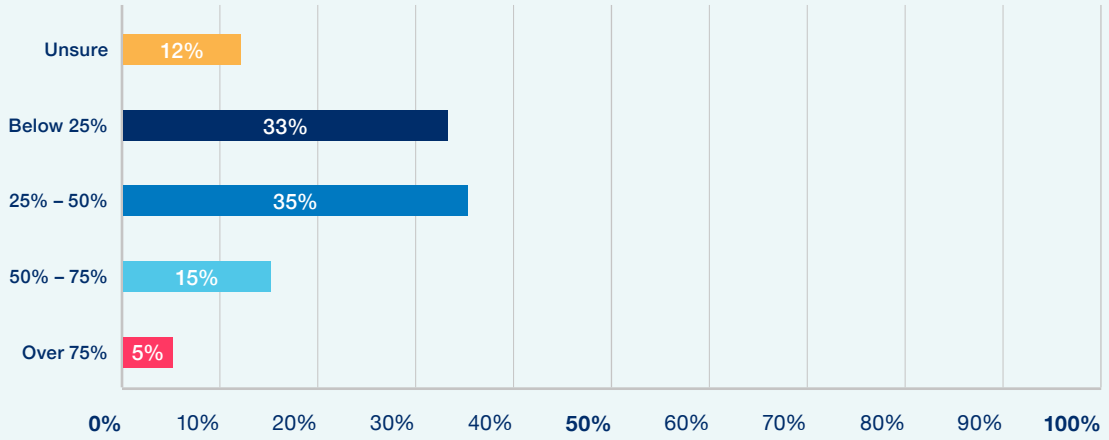
Survey Results

MFAA
MORTGAGE & FINANCE ASSOCIATION OF AUSTRALIA

Diversity & Inclusion Survey:
Key Themes and Insights

i) Customers are diverse and becoming more culturally diverse yet industry representation does not necessarily reflect the increasing diversity of the customer base

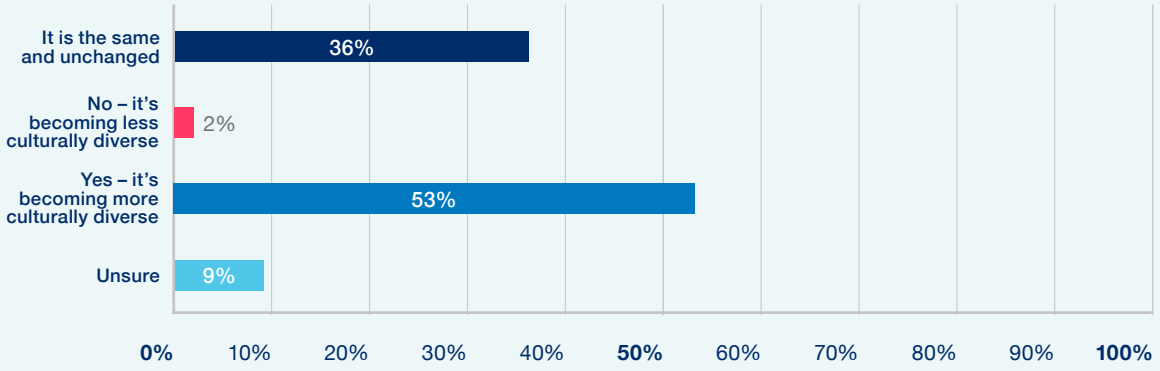
If you were to estimate, what proportion of your clients are culturally diverse?
All survey respondents:



Source: Question 11 from Diversity and Inclusion survey (2019).

Despite the evidence of growing diversity amongst customers, this is not necessarily reflected in the industry's demographic composition with 65% of 2019 survey respondents identifying as male, 39% aged between 47-57, 94% having no disclosed disability. 73% identifying as having an Australian ethnic background, less than 1% identifying as Aboriginal or Torres Strait Islander, 5% identifying as Asian (excluding Indian, Pakistan and Sri Lankan), 4% identifying as Indian, Pakistani or Sri Lankan.

Do you feel your customer base is becoming more or less culturally diverse?
All survey respondents:



Source: Question 12 from Diversity and Inclusion survey (2019).

The evidence of the increasing diversity of customers underpins the business case to adapt business models to the changing demographics, and in turn, changing needs of customers to ensure that industry participants can anticipate and respond effectively to the changing and ever-evolving customer needs.

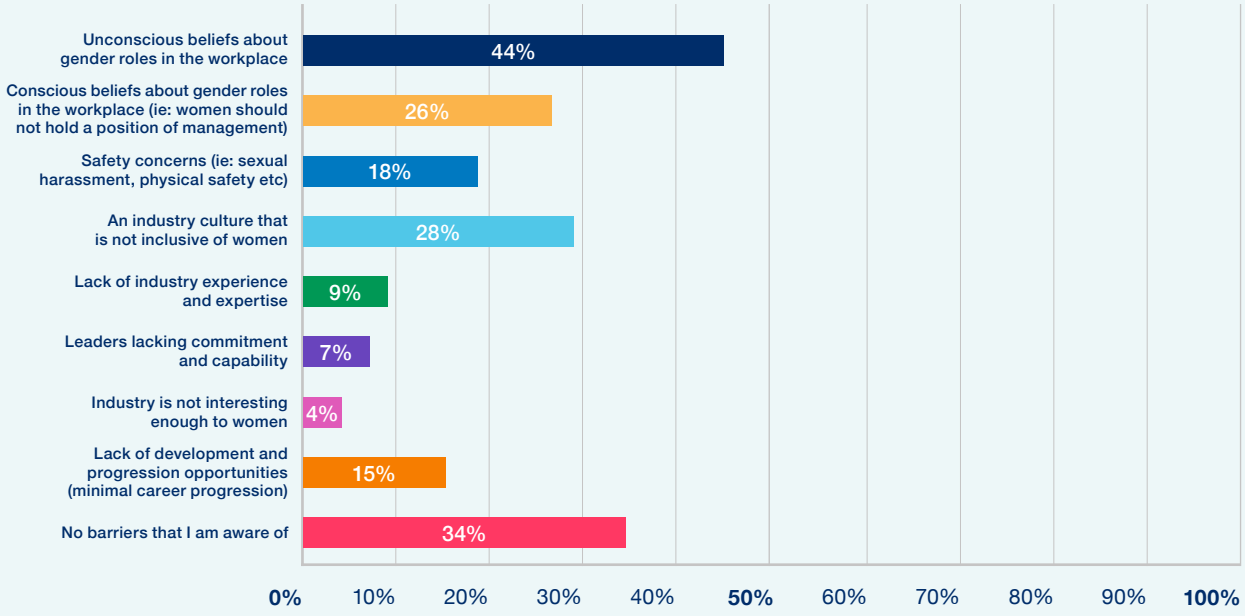
> **At ING, we fully endorse the great work the MFAA is doing to raise awareness and bring to the fore the importance of women in the finance industry. Initiatives such as this will highlight the benefits that a more balanced gender mix can bring to Australia's growing broker industry.**

Glenn Gibson
Head of Third Party Distribution and Direct Mortgages
ING Bank

ii) Perceived barriers to women's participation remain unchanged but male responses are shifting

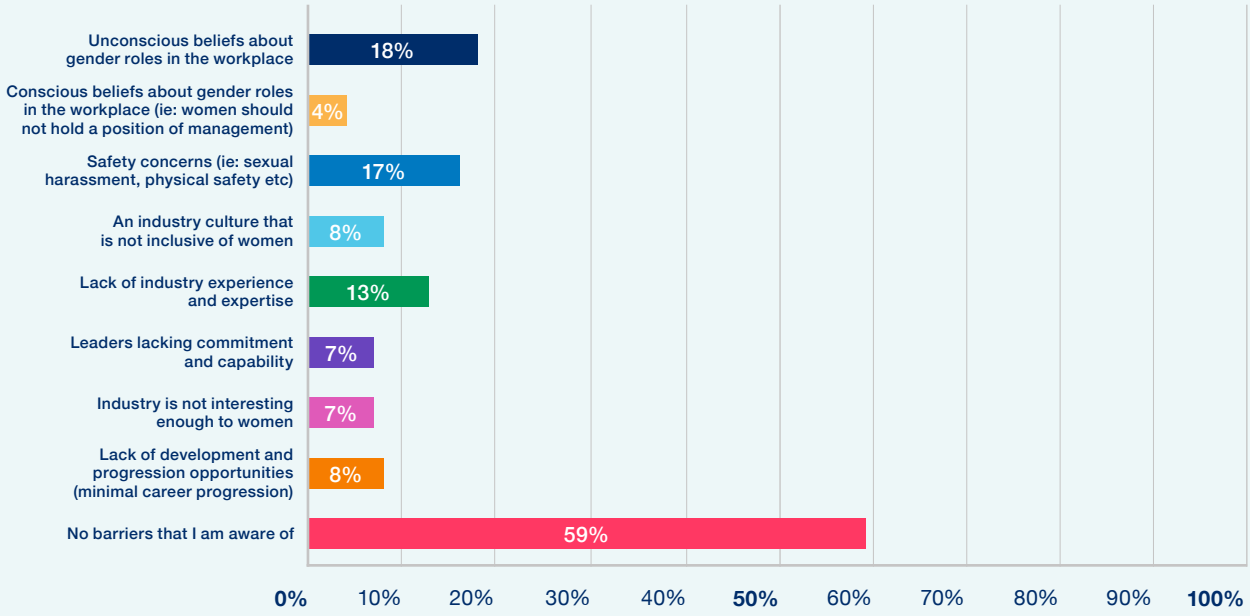
What do you believe are the biggest barriers for women working in this industry? (You may select more than one)

Female survey respondents:



Source: Question 27 from Diversity and Inclusion survey (2019).

Male survey respondents:



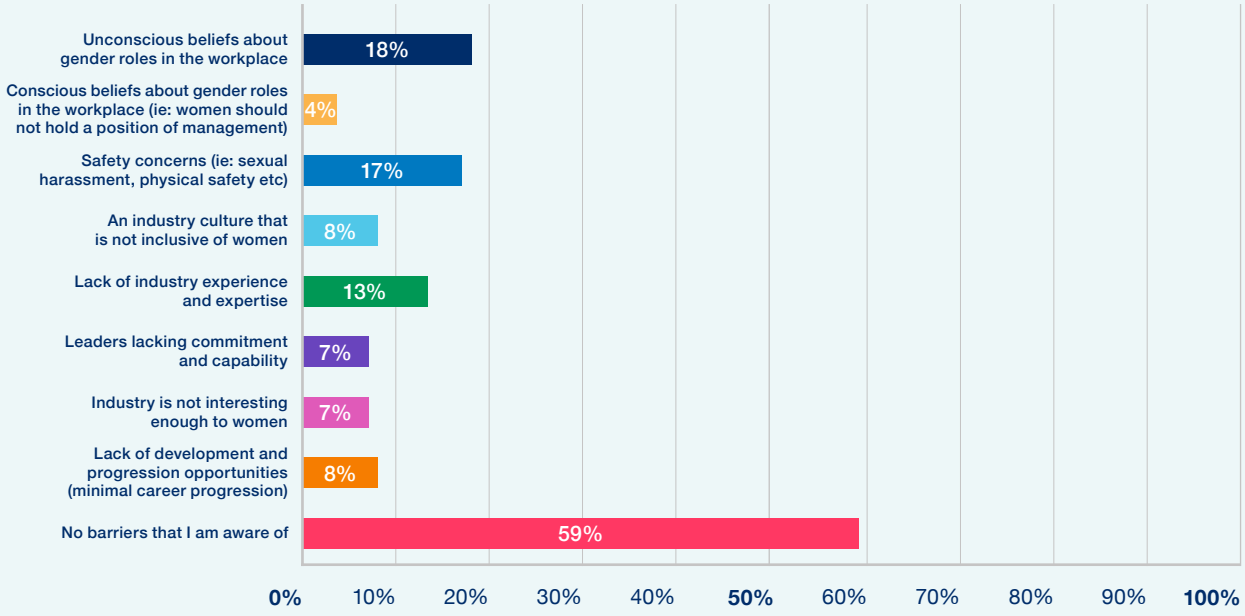
Source: Question 27 from Diversity and Inclusion survey (2019).

KEY THEMES AND INSIGHTS CONT.

A number of perception gaps remain between men and women about the participation of women in the industry, including barriers to participation, promotion of diverse role models and adequate sponsors and support for women and other diversity.

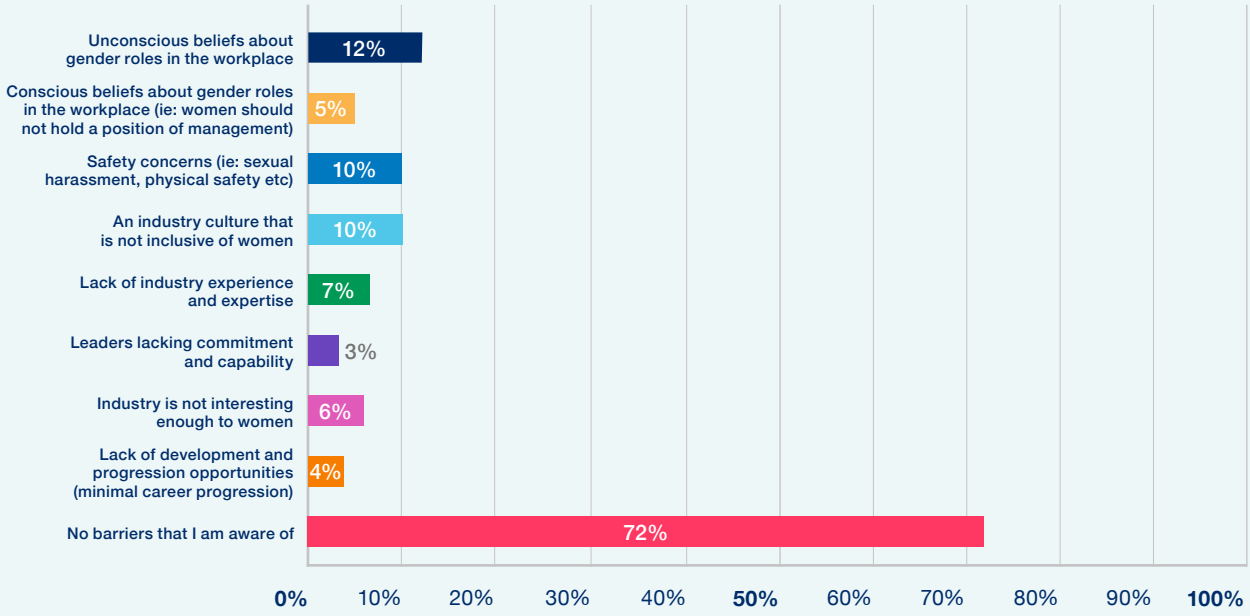
What do you believe are the biggest barriers for women working in this industry? (You may select more than one)

2019 male survey respondents:



Source: Question 27 from Diversity and Inclusion survey (2019).

2018 male survey respondents:



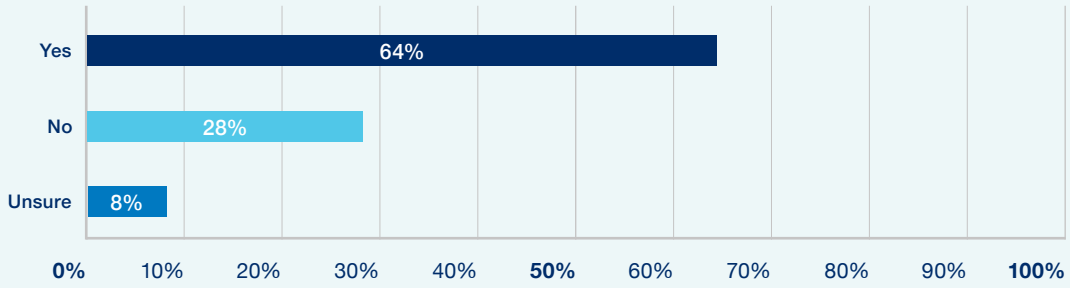
Source: Question 17 from Diversity and Inclusion survey (2018).

However, there have been some shifts in male responses over the past 12 months that indicate that the increased awareness being created by the Opportunities for Women program is shifting the responses of many men from passive observers to becoming more actively engaged. This is important because of the key role that males, who represent the majority of the leadership group in the industry, play in influencing and driving positive change.

Although females have been a key initial focus of the Opportunities for Women Program, in 2019 additional questions to establish different ethnic diversity affiliations were introduced to the survey. These questions have helped identify differences in perceptions between ethnically diverse participants.

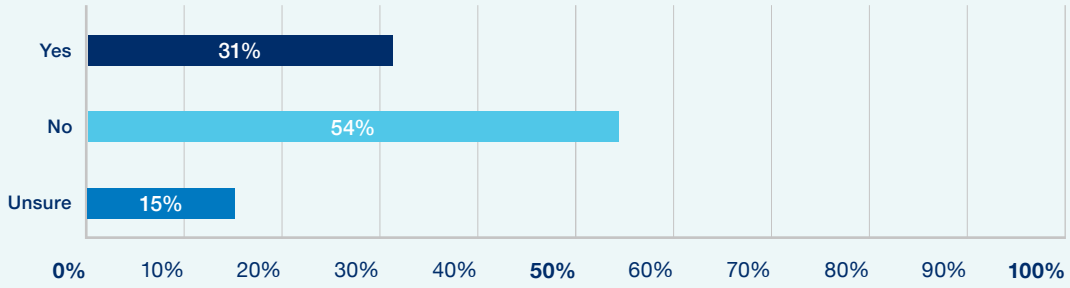
Despite some shifts in male responses perception gaps remain between men and women

Do you think women are under-represented in our industry? Female survey respondents:



Source: Question 29 from Diversity and Inclusion survey (2019).

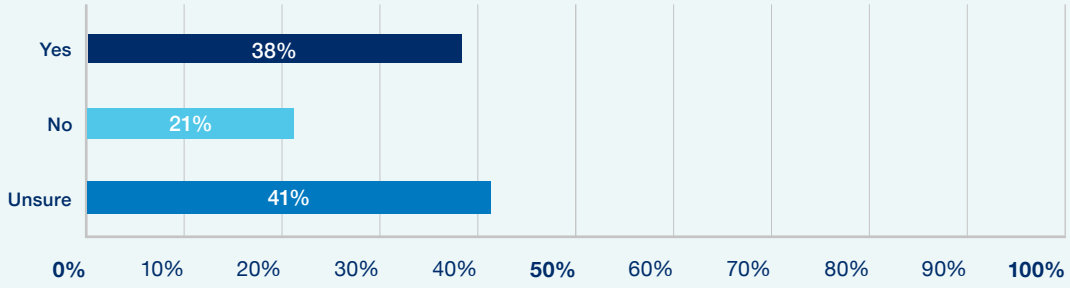
Male survey respondents:



Source: Question 29 from Diversity and Inclusion survey (2019).

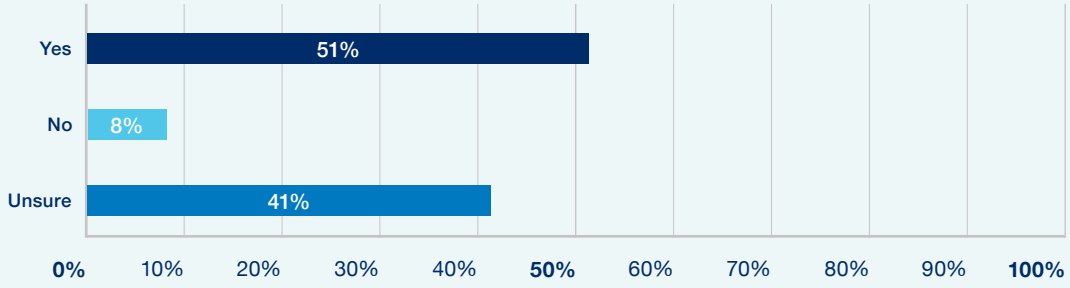
Do you believe there are sufficient sponsors and peer support for women and other diverse groups in our industry?

Female survey respondents:



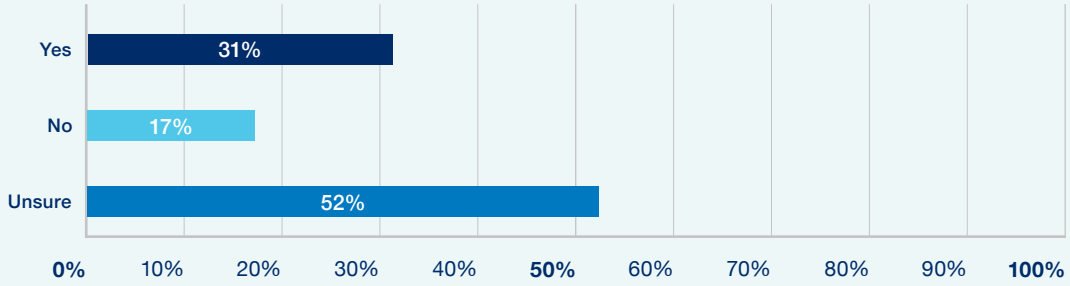
Source: Question 31 from Diversity and Inclusion survey (2019).

Male survey respondents:



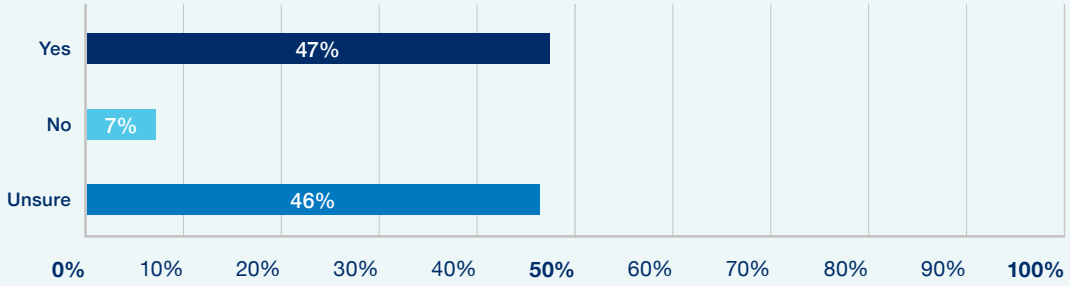
Source: Question 31 from Diversity and Inclusion survey (2019).

Do you think there is enough promotion of successful diverse role models in our industry? Female survey respondents:



Source: Question 28 from Diversity and Inclusion survey (2019).

Male survey respondents:



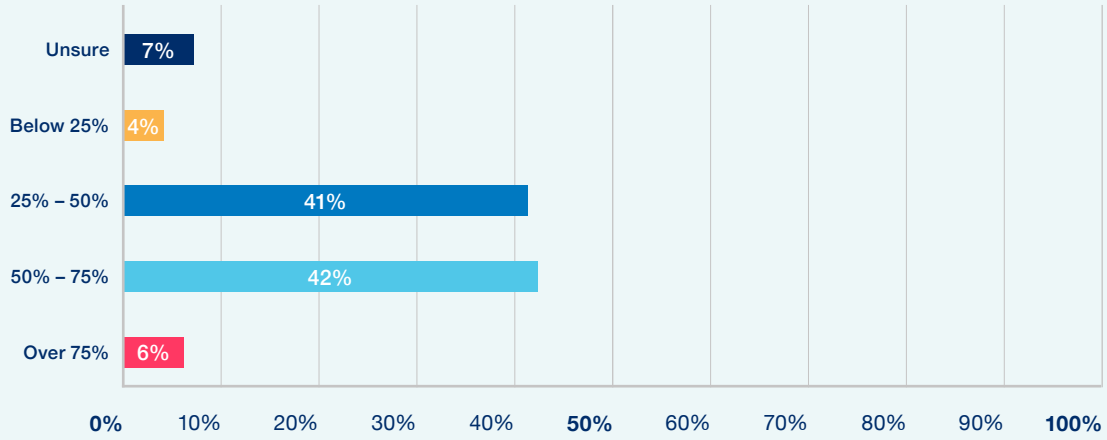
Source: Question 28 from Diversity and Inclusion survey (2019).

The intention is to ascertain key insights, initiatives and actions that might need to be developed in response to identified barriers and challenges currently being experienced by industry participants from diverse ethnic backgrounds and cultural affiliations.

iii) Despite the evidence – there is still a level of complacency in the industry and no compelling urgency to take action on diversity and inclusion

In your opinion, what percentage of financial decisions, including mortgages, are made by the females in an Australian household?

All survey respondents:



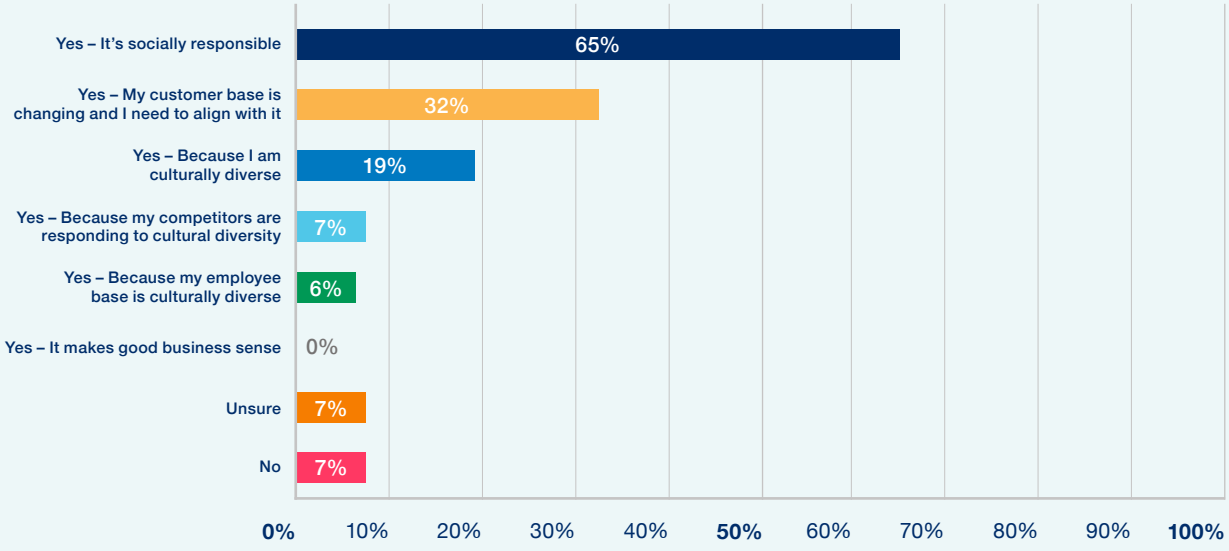
Source: Question 13 from Diversity and Inclusion survey (2019).

Despite the compelling evidence of growing customer diversity and the purchasing power of women, industry participants do not see the business case for diversity and inclusion and are more inclined to believe it is important for the industry because it is simply 'socially responsible'. Source: Question 14 from Diversity and Inclusion survey (2019).

Women are more likely to cite 'social responsibility' than men 18% (18% percentage points higher, see Question 14).

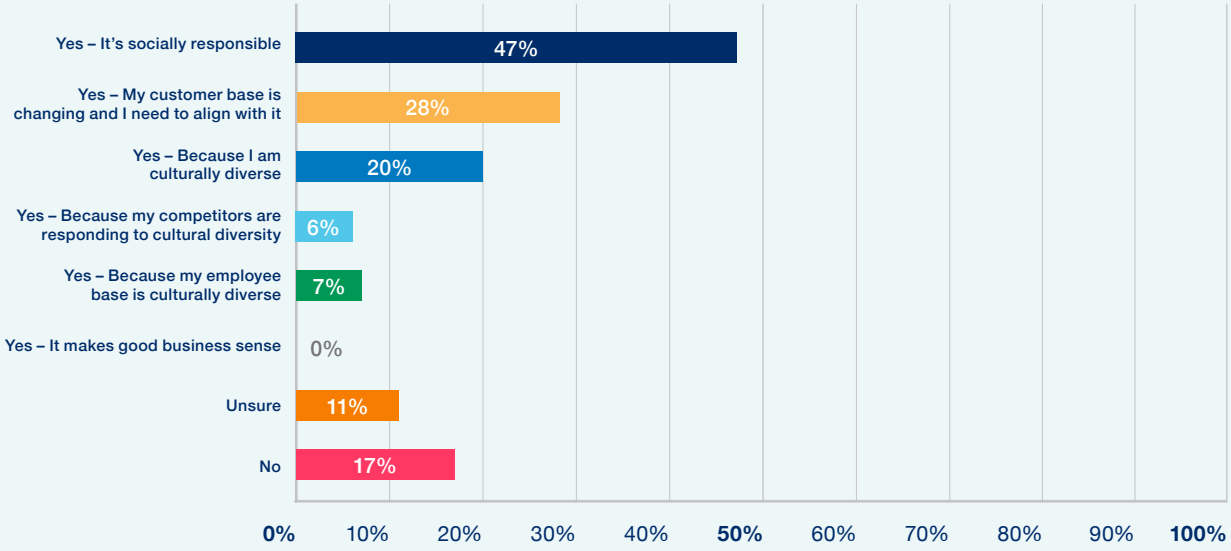
Do you think having industry members with a diversity of: representation, experience, perspectives and beliefs, is important to the industry? (Please select up to 2 of the following options)

Female survey respondents:



Source: Question 14 from Diversity and Inclusion survey (2019).

Male survey respondents:



Source: Question 14 from Diversity and Inclusion survey (2019).

There is no sense of urgency for action on diversity and inclusion with 19% of respondents reporting that they were unsure whether industry leaders considered diversity and inclusion to be an important business priority.

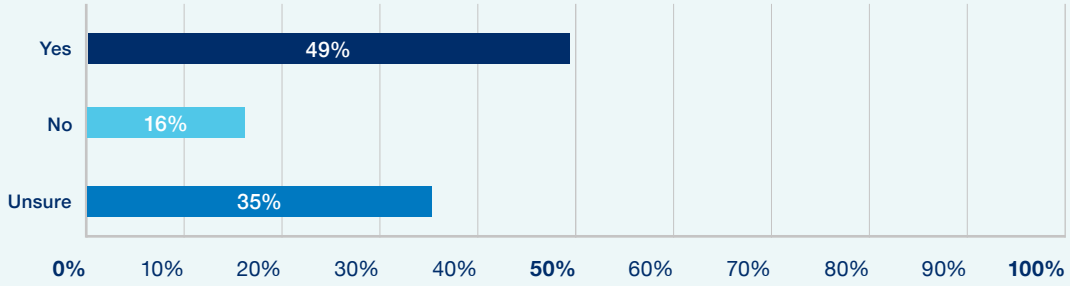
This was a trend first identified in the 2018 survey and further unpacked in follow-up focus groups last year.

A perception explored in these focus groups was that industry participants would only invest focus on improving diversity and inclusion outcomes when impacts were "felt on the bottom line of their business."

Given that many of the participants have reported being preoccupied over the past two years responding to an increasing level of compliance and regulation as a result of the Royal Commission into Banking and Financial Services, many felt that there needed to be more of a "burning platform" for participants to get behind a push to increase the diversity and inclusion of the industry.

Do you believe industry leaders consider diversity and inclusion to be an important business priority?

All survey respondents:



Source: Question 18 from Diversity and Inclusion survey (2019).

The large number of 'Unsure' responses to Question 18 of the Opportunities for Women Program survey reflects the challenge for the industry as it demonstrates how industry leaders are perceived not to be appropriately prioritising the issue currently.

Leaders in this industry are key to the investment of the time, resources and effort that are required to make change more effective. Given the commitment of time and focus to regulatory and compliance matters over the past two years, we need to shift this commitment as a priority of recommendations.

One of the major outputs of the 2019 Opportunities for Women Report is a thought-leadership paper which positions the business case and demonstrates the need for change around diversity and inclusion for industry participants.

A number of additional recommendations by program stakeholders are being introduced to drive greater urgency and action for change on diversity and inclusion outcomes in the industry.

Diversity & Inclusion Survey: Member feedback and open-ended section

This section allowed for open-ended responses with a range of common opinions. We have ranked the top 5 responses, by female and male responses, to identify the differences of opinion between genders and for the top two responses (that were far ahead of the others in terms of numbers).

Why or why not is diversity and inclusion important to the industry?

Top 5 free text general response	F	M
Reflective of society	1	1
Aligns with the customer diversity and culture	2	2
Diversity can make the industry more sustainable is an opportunity for growth	3	
Provides innovation and positive change	4	
Equality is a legal requirement in society	5	
Its an obvious business need		4
It sends the right message to society		5
Negative to the idea – There is no issues, credit policy makes it irrelevant, immigration is the problem		3

Source: Question 15 from Diversity and Inclusion survey (2019).

In general, the opinions of the respondents show support for greater diversity and inclusion within the industry. It should be noted that in terms of 'no issue' responses, there was a smaller number of female responses compared to male. Male respondents ranked 'No issues' to the importance of diversity and inclusion as the third top response.

MEMBER FEEDBACK AND OPEN-ENDED SECTION CONT.

What kind of non-inclusive behaviours have you experienced or are currently being tolerated in the industry?

Top 5 free text general response	F	M
Bullying and discrimination	3	1
Sexual harassment	2	
Male bias/boys club behaviours	1	2
Gender/sexual orientation		3
Ethnicity	4	5
All issues listed	5	
Ageism		4

Source: Question 16 from Diversity and Inclusion survey (2019).

When asked about experiences of non-inclusive behaviours, both male and female respondents in the number of responses for the 'none/unsure' category was at 50%+ of all responses and therefore dominant in the rankings at number one for both types of responses. Additionally, in the next top 5 responses identified for each respondent type (between male and females), there were some notable differences 'Sexual Harassment' being ranked high in female responses but not a top 5 issue for men whereas males see 'Ageism' was a top issue but this was less relevant for female responses.

What is the one thing that you think the industry should be focusing on to drive greater diversity?

Top 5 free text general response	F	M
Don't know/unsure	1	2
Improved education and information	2	1
Training and development	3	
Structured career paths and recruitment promotion	5	3
Leadership support and promotion of role models	4	4
Promote greater acceptance of people's differences (industry culture)		5

Source: Question 24 from Diversity and Inclusion survey (2019).

Overall, the survey indicates that men and women are relatively aligned on the key actions outlined within this report. The priority for the recommendations will look at improving communication of existing opportunities, particularly around training and education, to lessen industry uncertainty and help industry leaders to prioritise a sense of urgency for change right from the top. Both female and male responses, indicated agreement that leadership support and promotion of role models are urgent actions that need attention and this is supported in other findings.

Glossary of terms

Diversity
Diversity is an understanding that every individual is unique and brings a different perspective and identity into the workplace. Diversity includes the dimensions of race, ethnicity, gender, sexual orientation and identity, age, physical abilities, religious beliefs, political beliefs, or other ideologies.

Inclusion
Inclusion occurs when a diversity of people (e.g. of different ages, ethnic and cultural backgrounds, genders) feel valued and respected, have access to opportunities and resources, and can contribute their perspectives and talents to improve their organisation and the overall industry.

LGBTI
The initials LGBTI refer collectively to people who identify as lesbian, gay, bisexual, trans, and/or intersex. Intersex refers to people who identify as either male/female or neither.

Leader capability
The ability of leaders to effectively lead and manage individuals to successfully deliver business goals and to create a safe and respectful work environment where individuals feel included and can reach their full potential.

Mentor
The term mentor within the finance broking industry has a more formal and mandatory implication related to becoming a broker. Its use in these findings and report should be considered in the context of providing peer support.

Peer support
A system of giving and receiving help founded on key principles of respect, shared responsibility and mutual agreement of what is helpful.

Perception gap
A perception gap is a term commonly used to describe differences in individual assessments of the quality of our industry working conditions, development opportunities and career experiences. Perception gaps are driven by differences in individual experiences at work and we can often be unaware that gaps even exist.

Role model
A person whose behaviours, leadership, or success is, or can be, emulated by others.

Unconscious bias
- Social stereotypes (or biases) about certain groups of people that individuals form outside their own conscious awareness (often negative stereotypes).
- A bias that happens automatically, is outside of our control and is triggered by our brain making quick judgments and assessments of people and situations, influenced by our background, cultural environment and personal experiences.
- The basis for a great deal of our patterns of behaviour about diversity.

Business case for diversity and inclusion:

A global view of the Australian mortgage broking industry

JANE COUNSEL
with additional insights
from Paul Flanagan

MFAA
MORTGAGE & FINANCE ASSOCIATION OF AUSTRALIA

Executive Summary

The Business Case for Diversity and Inclusion report has been developed to provide research and insights to promote discussion about how greater diversity and inclusion would benefit the mortgage and finance broking industry. It is a complementary report to support the Mortgage & Finance Association of Australia's Opportunities for Women Initiative 2019 Research findings.

Key themes

Industry disruption, innovation and market growth

Industry disruption
The broking industry is facing disruption from adaptive technology, globalisation, changing customer demographics, increased compliance and regulation and ever evolving customer needs and expectations. The industry's success at being able to pre-empt and respond to this change will depend upon its ability to embrace and leverage a diversity of perspectives, opinions and experiences.

Innovation
Adaptability and creativity are critical capabilities required to ensure the industry is able to pre-empt and respond to change and disruption. Research shows that the critical ingredients to enabling innovation in any industry is a culture that promotes inclusion, respects and values difference and ensures that all individuals feel that it is safe to bring their "whole self" to work.

Market Growth
Whilst there is some evidence of a decline in trust in the banking sector, this appears the opposite for the broking industry which continues to deliver and grow market share. The grass-roots nature of broking and community initiatives such as The Opportunities for Women initiative provide the opportunity to continue to cement strong trust in the industry by building a strong alignment to customer interests.

Talent attraction, employee engagement and performance

Talent
Competition for top talent in this industry has never been more intense. Talent is more educated, diverse, discerning and mobile than ever before. Attracting and retaining top talent that reflects the diversity of the industry's diverse customer base and is able to understand and anticipate future customer needs is critical to ensuring the industry's long-term sustainability. Females are an increasingly powerful customer segment and are making or influencing up to 80 per cent of all purchasing decisions in households globally.

Employee Engagement and performance
Creating a work environment that values individual difference and enables employees to bring their "whole self" to work has proven to be beneficial to employee engagement, collaboration and discretionary effort. Where employees feel a strong sense of belonging, purpose, achievement, happiness and vigour, there is a strong correlation to discretionary effort, which is the voluntary effort people can give to their work that is above and beyond the minimum requirements. Global research indicates that employees who have more positive experiences at work are in fact 12% more productive than those that don't.

Leadership and culture

Ensuring the ongoing competitiveness and sustainability of the mortgage and finance broking industry relies on strong leadership to drive the continued evolution of products and customer service. Leaders strongly influence the cultural norms of any industry through the way that they behave and through the things that they chose to prioritise. This flows through to the types of behaviours that become normalised, accepted or tolerated within the industry as well as directing business and people priorities.

In industries where there is a diversity of representation in the most senior leaders, research shows that there is a high level of openness, greater contributions from lower-level workers and an environment in which all employees feel free to speak their minds. All of these factors are proven enablers of collaboration, high employee engagement and innovation.

Key Insights and Recommendations

Key insights:

1. Improving the diversity and inclusion of the mortgage and finance broking industry is critical to its longevity and sustainability.
2. Greater diversity will enable increased opportunities to foster innovation and evolution of products and services and ensure the industry adapts to continued disruption and change.
3. Women are a key customer segment and priority needs to be given to identifying avenues and initiatives to attract and retain female brokers into this industry in greater numbers.
4. Making the industry culture more appealing to diverse talent will require strong leadership and role-modelling of inclusive behaviours and values to ensure a consistency of experience and opportunity for all.
5. Changing the demographic mix of brokers in the industry will only be achieved through greater commitment and urgency from key leaders and influencers.

Key recommendations for action:

1. Ensure more education and communication by senior leaders and influencers of the business benefits for greater diversity and inclusion in the broking industry to promote a greater sense of urgency for change.
2. Build greater understanding of the current baseline performance of the industry on diversity and inclusion by communicating the current representation of different member demographics, experiences and overall perceptions.
3. Address current barriers for diverse industry members including targeting unconscious and conscious biases.
4. Identify and enable opportunities to attract and retain greater numbers of female brokers and drive greater promotion of the value proposition of the industry to women.
5. Commit to developing inclusive leadership capability and role-model inclusion at all levels in the industry.

Introduction and Overview

The mortgage and finance broking industry is facing an unprecedented time of disruption, change and opportunity.

The industry is currently facing a number of megatrends that will require inclusive and adaptive leadership to ensure the industry is well positioned for ongoing growth and success.

The Business Case for Diversity and Inclusion outlines the disruptive trends facing the industry, how greater diversity and inclusion will enable the industry to successfully navigate change and disruption. It makes a number of recommendations aimed at encouraging prompt action to create a more inclusive and diverse industry.

Future of Broking

The major trends currently disrupting this sector of the finance industry include:

- Unprecedented regulatory and government interest
- Disruptive technology changing the types of products and services offered to customers
- Demographic changes in customer base which provide opportunities for growth and will require innovation to develop new products and services
- The decline of trust in financial services and customer expectations being shaped by experiences outside the banking industry
- Customer service evolving to become more female-friendly
- Customers controlling the relationship

(Retail Banking 2020, Evolution or Revolution, PwC 2014)

Diverse talent and innovation are critical to survival

Although the industry has a strong experience and customer foundation to build upon, success in navigating disruption and change will be highly reliant on the industry's ability to attract and retain diverse talent that is able to anticipate the future needs and concerns of its increasingly diverse customer base. Innovation is also a critical lever required to successfully navigate change and respond to ever evolving customer needs. Global research shows that innovation increases significantly when there is a higher representation of diversity and specifically, women in leadership positions.

Females are also a growing customer segment and therefore, ensuring the participation of women in larger numbers in key influencing and leadership roles in this industry, will be critical to its ability to be able to pre-empt and respond to continuously changing customer needs and underpin continued business growth and success.

Inclusive leadership is key

Research has demonstrated that success in creating a culture of innovation in any industry requires the following key behaviours:

- Valuing and respecting difference
- Promoting inclusion and belonging
- Ensuring psychological safety – being able to take interpersonal risks without personal consequences.

(Inclusive Leadership, The View from Six Countries, Catalyst, 2014)

Inclusive leaders who create work environments where diverse employees feel safe, included and respected, are better able to build workplaces which increase opportunities for innovation and improving overall customer service outcomes.

Research from the Diversity Council Australia found in 2018 that team members who reported working for an inclusive leader were 9 times more likely to innovate, 10 times more effective at their job and 5 times more likely to provide excellent customer service. *(Inclusion @ Work Index 2018)*

MFAA membership does not reflect customer diversity

Feedback from MFAA members from initial Diversity and Inclusion surveys run by the MFAA in 2018 and 2019 indicates that the membership base does not reflect the diversity of the broader customer base and there is a high level of uncertainty about whether the industry is truly leveraging diversity to benefit customers. The surveys also identified a number of perception gaps between men and women about the representation of women in the industry and barriers to participation for women that present a number of opportunities for the industry. Critically, they also indicated a high level of complacency in the industry about any pressing need for change.

Time for action

Building an inclusive industry culture offers great opportunities for continued growth of the mortgage and finance broking industry but will require more urgent focus, structure and sustained engagement at every level of this industry.

In more recent years, the industry has been focused on managing greater levels of regulation and compliance and responding to the findings of the Hayne Royal Commission into Banking Superannuation and Financial Services. This environment is expected to continue up to and beyond the planned review in two and half years.

Member feedback indicates that diversity is not perceived to be a key priority nor is it perceived to be important to a business' bottom line. However, as the customer landscape continues to change and become more diverse and disrupted and with the industry now adjusting to life post the Royal Commission, there is a key opportunity to re-align industry priorities for growth around the Opportunities for Women Initiative.

Creating a more inclusive industry will not only result in a larger number of female brokers entering and staying in the industry, it will also ensure that other brokers from diverse backgrounds will be attracted to the industry in larger numbers, ensuring greater overall diversity of members. This in turn will lead to greater diversity of thought, experiences and perspectives that will only serve to encourage the continued evolution and growth of the mortgage and finance broking industry.

This report provides research and evidence about the changing nature of mortgage broking, while outlining the urgency for action and the top strategies leaders, brokers, aggregators and business owners can implement to promote greater inclusion and diversity in their teams and businesses.

Industry Disruption

The banking, broking and financial services industry is at a precipice of unparalleled change driven by the disruptive forces of powerful global megatrends that are reshaping banking products and services, re-defining traditional customer relationships and changing expectations about the role of banks and brokers in funding Australia's housing boom and continued economic success.

According to PwC's Retail Banking 2020 Report, the key megatrends currently disrupting banking, broking and finance include:

- **Technology is changing everything**
  Becoming an enabler of increased service and reduced cost to customers through innovation. There are three waves of digital change forecast for consumer finance starting with a focus on first optimising current products and services, followed by a second wave where enhanced data drives more targeted customer offerings and a third wave where sophisticated customer profiles will drive more personalised banking experiences. Over time, a bank's competitive advantage will no longer be defined by its physical footprint but by its technology, regulatory boundaries and marketing budget. For the broker channel this represents a great opportunity for the industry as it continues to shine through its ability to adapt to change.

- **Demographic changes provide opportunities for growth and will require innovation to develop new products and services**
  Australia's ageing population is driving a focus towards savings and investment and away from credit and consumption. Ageing customers will increasingly be looking for financial solutions that help them take control of their financial wellbeing and retirement planning.

- **Customer expectations are being shaped by experiences outside the banking industry**
  Customer expectations about service are being shaped by experiences in industries outside of banking that place specific focus on integrated and seamless service ie: Apple. Customers are also increasingly connected through social media networks placing family and friends as the most trusted source of information on banking products and services. Bad customer experiences are now amplified on a scale unlike anything the world has ever seen putting pressure on banks and financial services institutions to truly become customer-centric. This for the broking industry will see an ongoing need to embrace the quickening pace of the customer-led changes.

- **Customer service will evolve to become more female-friendly**
  The female economy is now worth more than $26 trillion globally, with women accounting for 85% of all purchases and driving 70-80% of all consumer spending . Yet women are under-represented in leadership roles globally in banking and finance and remain dissatisfied with the level of service provided to them. Progressive banks and other lenders are expected to address the current level of dissatisfaction through a combination of branding, product and service solutions and by 2020 there will be more female bankers with many more banks globally expected to state this as a public ambition.

INDUSTRY DISRUPTION CONT.

- **The decline of trust**
  Has been a key theme since the Global Financial Crisis. Going forward, PwC argues that the more progressive banks are expected to take a leadership role in helping re-shape public trust in the lending industry. They are expected to do this by incorporating consumer education as a key part of the banking experience to demonstrate that they are acting in the customer's best interest and empowering them to make informed decisions about their banking. Ensuring adequate cyber security is also seen as paramount to rebuilding trust. Whilst consumer trust in the broker model continues to rise (as evident in increasing market share for brokers as seen in the MFAA quarterly market share reports) and looks likely to hit 70% of total market share, it will continue to depend upon the diversity of skills at all levels of the industry.

- **Customer in control**
  Banking is expected to evolve to be much more customer-led with banks developing a much deeper and holistic understanding of their customers. This will require them to acquire, integrate and analyse multiple sources of internal and external data to be able to understand their customers' needs. Over time this is expected to lead to a simplification of product sets and a redesign of core processes from a customer point of view. Based on recent customer research, the changes in banking regulations and requirements had impacted the consumers ability to deal with ever increasing complexity. This represents a great opportunity for brokers, which may however be hampered if the diversity of the industry differs greatly from that of the customer base.

- **Ongoing regulatory and government interest**
  Governments will influence through regulation rather than ownership and continue to exert pressure on various social responsibility fronts, including on reducing fees, ensuring affordable housing, and anti-money laundering.

The global disruption of banking, broking and financial services provides a great opportunity for the mortgage and finance broking industry to leverage its "grass-roots" connection to local communities to continue to grow market share and customer loyalty.

Growing compliance, digitisation, tightening credit markets and new market disruptors are forecast to have the biggest impact on the sustained growth and evolution of the Australian mortgage and finance broking industry (Deloitte Future of Banking Report 2018), yet there remains a distinct lack of evidence that there is any sense of urgency in the industry to leverage diversity to continue to pre-empt customer needs and drive opportunities for the innovation and evolution required to respond to expected market change.

The MFAA 2018 and 2019 Opportunities for Women survey findings have identified that industry members do not see any pressing urgency to take action on diversity and inclusion despite the fact that 87% of survey respondents report having diverse clients and 53% said that their customer base is becoming even more diverse. In addition to this, 42% of respondents estimate that between 50-75% of all financial decisions in their customer base are made by women.

It appears that many within the industry have not made the important connection between business growth, innovation and diversity and inclusion. 49% of respondents consider greater diversity and inclusion in the broking industry an important business priority and 53% think that achieving greater diversity is socially responsible. Not one respondent believes that having greater diversity in the industry is directly connected to business success.

This is in spite of the volume of evidence that demonstrates the proven benefits between diversity of people, perspectives and experience in driving greater innovation and collaboration which will be explored further in this report.

Diversity, Inclusion and Innovation

Enabling innovation and the capabilities required to foster it is regarded as the single most important factor driving sustainable top and bottom line growth in retail banking and finance over the next five years. But according to PwC's Retail Banking 2020 Evolution or Revolution Report, only 11% of banking leaders globally believe they are adequately prepared or enabled for innovation.

Greater integration of digital innovation is expected to present opportunities to evolve the broker market in coming years. Digitalisation will make mortgage choices more accessible to customers with fewer touch points through the end-to-end process. To ensure that the broking industry pre-empts potential disruption, brokers will need to take a leading role in the conversations and thinking to evolve this industry appropriately.

Evidence suggests that it is harder to achieve innovation in industries where there is a dominance of one particular demographic group and a culture where diverse individuals do not feel that it is safe to offer a different perspective, introduce a new idea or challenge the status quo in decision making.

In fact, a research project conducted by US Group Catalyst in Australia in 2014 (The Secret to Inclusion in Australian Workplaces) found that in teams where individuals felt included, psychologically safe but most importantly that their uniqueness was valued, their discretionary effort was higher and they also reported an 84% increase in effort for innovation than those that did not.

Further, those organisations with diversity in their most senior leadership ranks are able to achieve an increased amount of successful innovation, particularly when it comes to gender diversity. Those organisations with higher gender diversity in leadership ranks, (8 out of every 20 managers are female) generated almost 10% more of their revenues from innovative products and services over a three-year period, than those that were not, according to the a 2017 Boston Consulting and Technical University of Munich study across 171 German, Swiss and Austrian companies. *(The Mix That Matters: Innovation Through Diversity, 26 April 2017).*

In industries where there is a diversity of representation in the most senior leaders, the research showed that there is a high level of openness, greater contributions from lower-level workers and an environment in which all employees feel free to speak their minds. All of these factors are proven enablers of collaboration, high employee engagement and innovation.

Whilst this review was for Retail Banking, it demonstrates the importance of investment in time, funds and internal resources to ensure that the finance broking channel as an industry embraces these programs. The commitment to the report recommendations has the potential to set up the industry sector to meet customer expectations and maintain its dominance of mortgage sector lending and improve broker penetration in commercial and equipment markets.

"The ABS data shows 34.8 per cent of business owner-managers are female, with 46,600 joining their ranks in the past year or so."

News Ltd Report
April 2019

Leveraging Market Share through Relationships

Data for the March quarter of 2019 released by CoreLogic shows that the broker channel recorded its highest ever share of the residential loan market at 59.7%, an increase which coincided with the release of the final report of the Royal Commission and in spite of tough market conditions.

Various customer surveys *(Deloitte 2018 Trust Index Banking, Edelman Global Trust Barometer 2018)* have identified that rebuilding trust in the Australian banking and finance industry is critical in considering trust as a governance and corporate culture strategy and not a short-term customer marketing campaign.

PwC says the major driver of winning the battle for trust in banking and financial services will be ensuring that banking services and products are increasingly designed around the customer experience.

In the same way that technology is disrupting the very nature of banking, it is also changing who Australian bank customers trust and how that trust is distributed. Oxford Professor and global authority on trust Rachel Botsman, says technology is creating new mechanisms like social media which is enabling society to trust unknown people, companies and ideas. She says trust is being redefined as "a confident relationship with the unknown." What this means according to Botsman, is that trust is being redistributed from large official institutions of society like the major banks into the hands of the general public.

Building and retaining trust in the modern world of broking and finance therefore, is all about ensuring positive customer experience to drive word of mouth promotion in the community; something brokers have to consistently deliver.

In this regard, brokers are uniquely positioned to continue to grow themselves as a competitive alternative to the big banks due to their "grass-roots" approach to lending which is benefited by their strong relationships with the local communities in which they operate. Research commissioned by the MFAA in partnership with Deloitte in 2016 (Customer Experiences of Using Mortgage Brokers), found that customers rated brokers as more likely to be acting in their best interests and valued the overall level of support and advice provided by brokers, not just for achieving a competitive price. Customers using the broker channel were also found to have a much higher level of loyalty.

Ensuring that this industry has a diversity of brokers which reflects the diversity of the customer base it services will be important to the industry's ongoing ability to retain the trust of customers by truly understanding and responding to their unique and ever-evolving needs and interests.

The Opportunities for Women initiative provides an important opportunity to build trust from the inside out in the broking industry by making diversity and inclusion a major priority for the industry to attract and retain diverse brokers but also by aligning the importance of this issue with customer interest.

Attracting and Retaining a Diverse Talent Pool

Opening the mortgage and finance broking industry up to a diversity of skills and experiences by tapping into Australia's entire talent pool will be critically important to ensuring the industry can thrive.

The war for talent in Australia has never been more competitive. Diverse talent is more educated, informed and mobile than ever and increasingly making choices about employment based on perceptions that industries understand and support individual employee requirements. For our millennial talent for example, (those employees born between 1981 and 1996) who will comprise half Australia's talent pool in the next 10 years *(Lynda Gratton, The Shift, The Future of Work is Already Here, Williams, Collins 2014)*, a sense of purpose and meaning, career progression and concrete rewards are the most important factors often cited for attraction and retention.

Breaking down barriers to participation for diverse talent groups and successfully leveraging the positive attributes of the mortgage and finance broking industry that appeal to diverse employees, will be critical to ensuring the attraction and retention of diverse talent that can help the industry to adapt and evolve.

Currently, the demographic representation of brokers in the industry is not representative of the diversity of Australia's broader society. The demographic breakdown of member respondents who participated in the 2019 Opportunities for Women survey is as follows:

- 65% identify as male
- 34% identify as female
- 64% are aged 47 and over
- 73% are from an Australian cultural heritage
- 93% are heterosexual
- 94% report having no disability

There are a number of untapped talent pools in Australia that offer the opportunity to bring greater diversity into the mortgage and finance broking industry.

Women aged 40+ with professional qualifications who have spent extended periods of time out of the workforce caring for children is one of the largest talent pools. Despite women composing half our population, their participation in paid work is almost 10 per cent less than men which is largely due to their role as primary carers *(Workplace Gender Equality Agency Figures 2019)*. Given that retail banking is expected to increasingly be targeted at women and women either make or influence the majority of financial decisions in households *(HBR, The Female Economy 2012)*, increasing the ratio of female brokers into the industry represents one of the biggest untapped opportunities for growth.

The MFAA's Opportunities for Women initiative has identified a number of aspects of working in the mortgage and finance broking industry that are particularly appealing to women including;

- Flexible working conditions
- No gender pay gap
- Ability to run their own business
- Potential to earn a good salary

Removing barriers that prevent the full participation of women in this industry and considering initiatives to specifically target females are key initial recommendations of the Opportunities for Women program which are being actively progressed. Creating more opportunities to attract and retain women to the industry will also help increase the appeal of the industry to other diverse groups.

Leadership and Culture

Industry culture is best described as learned and shared assumptions about norms of behaviour on which people base their view of reality.

Culture influences perceptions about how work gets done within organisations and industries, what gets prioritised and how one must behave to be successful. These tacit assumptions run deep, are broad-based in terms of influencing every part of the culture within an industry and provide stability by reinforcing status quo behaviours. *(Edgar Schein Model of Organisational Culture, 1980)*.

However, the consequences of cultural norms is that they often unintentionally serve to protect the status quo of the majority demographic group, restrict diversity of thinking and opinions and reinforce unconscious biases and non-inclusive behaviours.

Further, when the cultural norms of an industry or organisation become so embedded, the consequences of tolerated behaviour become invisible to those very leaders who are shaping and influencing the culture. This in turn creates "perception gaps" about the quality of experiences between those who represent the status quo and those that don't. The MFAA's Opportunities for Women research has identified a number of perception gaps between the majority leadership cohorts which are restricting the industry's inclusiveness for women and other minority groups.

One of the biggest perception gaps is that the majority of men surveyed (59%) do not think that there are any major barriers for women in the industry versus over 34% of women and additionally men are less likely to believe that women were under-represented in the industry.

Understanding that there are differences in the quality of experiences between female and male brokers and other diverse cohorts is the starting point to identifying the elements of the mortgage and finance broking industry culture that need to change to ensure the industry continues to attract the very best talent and can ensure it can be adaptive to the changing and evolving needs of its diverse customer base.

The second step is leveraging the positive elements of the current culture that appeal to diverse individuals and sending a strong message of inclusion through leaders role-modelling appropriate behaviours.

Inclusive leadership is a style of leadership which has been proven to appeal to diverse employees because it focuses on empowering every individual to succeed, holding direct reports accountable for the elements of their performance they can control, showing courage by calling out inappropriate behaviours and demonstrating humility by valuing and respecting different skills and experiences. *(Inclusive Leadership, The View from Six Countries, Catalyst, 2014).*

Creating an industry culture where every individual regardless of their difference feels like they belong, will require leaders to build trust, engagement and loyalty with different types of people from different cultures, across different age groups, gender identities and sexual orientations, disabilities and religious beliefs. Just as mortgage broking is relationship-driven, inclusive leadership focuses on respecting individual differences and choices, addressing unconscious and conscious biases and removing the obvious and non-obvious barriers that prevent diverse people from being empowered to succeed.

Through a focus on inclusive leadership, the broking industry has the potential to unlock a greater level of growth and prosperity by creating an industry culture which unlocks the opportunity for every individual, regardless of difference, to prosper.

Employee Engagement and Performance

Different people, whether 'different' by ethnicity, socio-demographics, cultural backgrounds, sexuality or age, bring different perspectives and thinking to their work. Such diversity is an asset to a business because it enables new thinking to develop the business, facilitates innovation and helps businesses connect with new market segments that may otherwise be invisible or un-relatable.

A work environment that has diversity and values differences is a comfortable environment for all employees rather than being comfortable for the largest or predominant group. This, in turn, improves performance *(Lyubomirsky, S. et al, 2005).*

When a business employs a diversity of people it demonstrates to all that it values the differences that a variety of backgrounds brings and so makes the environment more comfortable for everyone to be themselves more fully at work. This helps decrease personal tension and enables all employees to become fully involved and connected. This improves employee wellbeing and engagement which leads to higher levels of performance *(Wright, T. A. and Cropanzano, R. 2000*). In particular, it facilitates greater employee discretionary effort - that is, the voluntary effort people give to their work that is above and beyond the minimum requirements *(Ford, M. et al 2011)*. By improving employee wellbeing, diversity and inclusion has also been shown to improve talent retention *(Wright, T. A. and Bonett, D. G. 2007).*

When business owners or leaders are from the predominant social or cultural group, they can be oblivious to the experience of others - that is, that non-members of the dominant group can feel that they don't belong if they are not actively included. When people feel that they don't belong in an environment they tend to retreat into the background which holds them back from fully participating and contributing *(Robertson, I. T. et al, 2012)*. For some, this can affect their wellbeing causing low to high levels of stress. This is why creating a sense of inclusion is the important active ingredient in both making diversity work and creating a healthy culture.

Valuing diversity also strengthens a sense of unity and teamwork. A team is a group with complementary skills and perspectives that produces more, or performs better, than the individuals can on their own due to the interdependency required to achieve the organisation's objectives. A diversity of backgrounds and perspectives is as important in a high performing team as are the team members' diverse skills and talents.

The IBM Smarter Workforce Institute in partnership with Globoforces Work Human Research Institute conducted a study across 23,000 employees in 45 different countries *(IBM & Globoforce 2016 Work Trends Survey)* which found the five key facets of positive employee experience were belonging, purpose, achievement, happiness and vigor. Where employees experienced these five positive experiences at work they were more likely to perform at higher levels, contribute higher discretionary effort and were less likely to quit. In addition, the research found a direct benefit to business performance. The study found that those organisations that scored in the top 25 percent of positive employee experiences, reported nearly three times the return on their assets.

Taking Action For Change

What does a best practice approach to diversity and inclusion look like? What are the initiatives that leaders and influencers in this industry can take to improve the overall inclusiveness of the mortgage and finance broking industry and increase the diversity of member representation?

We've listed the top five diversity and inclusion practices commonly utilised by Australian employers of choice for diversity and inclusion as well as the top five recommendations that research indicates will have the biggest impact on creating a more inclusive and diverse membership base.

Many of these practices are consistent with the initiatives being considered for broader rollout as part of the Opportunities for Women program.

Top 5 best practices	Outcome
1. Clearly defined inclusion and diversity program and strategy aligned to business priorities	**Ensures alignment to a common goal and direction and a clear understanding of the business benefits from changing the diversity mix**
2. Targeted attraction and retention initiatives for diverse talent	**Enhances opportunities to bring diverse talent into an industry or organisation where existing recruitment activities are not effective**
3. Training and awareness initiatives for leaders and employees	**Promotes positive role-modelling by leaders, and zero tolerance for non-inclusive behaviours**
4. Comprehensive policy and processes for workplace flexibility	**Provides flexibility in the way work is conducted which is highly appealing for diverse talent**
5. Removing ingrained biases in systems, processes and leadership practices	**Removes barriers to diversity and inclusion that are ingrained in systems and processes and often invisible to leaders**

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