"COGNITIVE DIVERSITY IN FINANCIAL SERVICES: WHY IT MATTERS AND WHAT WE CAN DO ABOUT IT"

Lecture by

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Chaired by: Baroness Liddell

BARONESS LIDDELL OF COATDYKE: Ladies and the few gentlemen who are here, it is a very interesting gender mix this morning; very different from the other five sessions of the New City Agenda. I am Helen Liddell and, as you can see from my fancy name, I am a Member of the House of Lords. I am a former Cabinet Minister, former diplomat and former CEO of a small venture company. I currently chair a business company called the Good Governance Group and I am a non-executive director of an offshore renewable energy company. That is the only provenance that I have.

My main job here today is to introduce Helena Morrissey. There can be very few people out there who have not heard of Helena because those of us who are interested in how boards function, and not just the gender balance of boards, cannot fail to see the excellent work and really ground-breaking work that she has done over the past four years. She has herself a very high-powered job as CEO of Newton. She got that job only six years after joining the company, so it shows what you can do if you have talent and capability. One of the key things is capability. You need to have the fundamental skills if you are going take off into this rather challenging world and increasingly challenging world of corporate governance.

The subject of today's talk is cognitive diversity in financial services; why it matters and what we can do it about. When this issue first emerged, lots of people thought it was a nice, fluffy thing to keep the women occupied, but the reality is, as we look at the banking crisis, "groupthink" and the lack of lateral thinking create quite a significant problem for senior boards. If you look at some of the work that has been written about chairing in adversity, often what chairmen say is a real problem arose through the failure to have people (a) who were challenging and (b) who had a different perspective. But you do not want to listen to me because I am not the expert in the subject, Helena is, so I am going to turn you over to her. We are going to have about half an hour from Helena
and then half an hour for questions. I have broken the first rule of Parliament in that I started after 8.45. Things in Parliament begin and end punctually so I will guarantee you that you will be walking out of here at 10.15, if not before. Helena?

HELENA MORRISSEY: I am going to stand up from this rather grand throne that I am on and address you like this, if I may. Thank you so much for your kind introduction and for the

opportunity to speak to you all today and to you for coming. Lord McFall and Matthew asked me originally to speak about women in financial services, no doubt because of my role as CEO of a fund management company as well as my experience of setting up the 30% Club, but I persuaded them that that actually was the tip of the iceberg, certainly as far as I am concerned. The women's issue, so to speak, has just been a starting point for a journey that requires a real shake-up in the way that our financial services industry is managed and led. It is maybe a Trojan horse slightly because now I think that discussion has evolved from being one quite mono-dimensional in looking at the lack of women in senior roles in the financial industry to considering the dangers of that and what else we might need to do to be better placed to face the future.

I have got some slides but I think they are almost impossible to read from the back so I promise if you are interested I will send you a copy. We have some print-outs but they are also very tiny.

So I am going to read the key points on the slides and I think there are some graphs that can still be useful. I wanted to talk a little bit first about the word "groupthink" because I think it is bandied about a lot and a lot of people think it just applies to homogeneity of thought and that it is just a group of people who all agree with each other. The real definition, and it was a term coined in 1952, a long time ago (you would think we would have learned by now) by a chap called William H Whyte who was writing in *Fortune* magazine and he was talking much more about a rationalised conformity. It is a philosophy that holds that the group values are not only expedient but right and good as well. In a way what he was saying is it is something much more pernicious than people agreeing with each other and actually gets to the point where you believe any dissension is immoral and that your view as a group is the only one that is relevant and right. This self-belief that takes hold and restricts the listening and hearing of any dissenting messages is very dangerous.

It was 20 years later that a gentleman called Irving Janis was researching - and I am afraid again we can look at the current situation in terms of American foreign policy but I will try not to get into all of that - some of the foreign policy disasters there had been, the Bay of Pigs, Pearl Harbour, the escalation of the Vietnam War, and, again, as I looked, I thought it was really capturing what we have witnessed in the recent past:

"The more amiability and *esprit de corps* among the members of a policy-making ingroup, the greater the danger that independent critical thinking will be replaced by groupthink, which is likely to result in irrational or dehumanising actions directed against outgroups."

That is pretty strong stuff but it is a classic way of describing a state of mind that unfortunately can develop when people are amongst a group that they all know and like well and end up lacking the challenge.

It is not just financial services. It is a bit unfortunate that I wrote these slides before the latest problems with Virgin Space, but anyway the *Columbia* accident, which obviously happened in 2003, when you read the report of the accident investigation and then you read the report of the *Challenger* accident investigation (and of course the *Challenger* accident happened in 1986) it seemed then that nothing had been learned. NASA had this strong cultural bias, an optimistic organisational thinking and, again, when one read through the analysis of what went wrong, there were engineers who were dissenting from the decisions to go ahead with both of those launches but they were overridden. No-one wanted to hear the dissenting voices.

I have quoted here from academic research *Eight Centuries of Financial Folly* because I want to

get across the point that we are not dealing with something that is just peculiar to our age. This is something of a perennial aspect of human behaviour and the human condition. The authors allude to the fact that we have the ability repeatedly to delude ourselves and we end up with bouts of euphoria and we end up in tears. It seems to have been a constant.

The recent past just reinforces the point that we again lulled ourselves into a false sense of security. With hindsight now and obviously reports likes the Financial Services Authority Report into the failure of RBS which highlighted the homogeneity of that bank board, but it was not just the board, but senior management teams and, to be honest, policy-makers including, dare I say, politicians and generally speaking the in-crowd resulted in this collective delusion and arguably willful blindness.

Again, this is pretty strong stuff but I want to emphasise that we are not talking about just a group of people not noticing that something might be happening around them. This is behaviour that ends up excluding the dissenting voices. In the capital markets we have this problem *in extremis*. We had the problem *in extremis* and we still do. I have quoted here from a US female hedge fund manager who put it very eloquently:

"Too many people are too similar, too connected and too insulated in this industry."

Then Lord Myners said in April 2008 that the typical bank board resembles a "retirement home for the great and the good".

We have come a lot way from that, but at the time there was this compounding effect of conformity of the establishment, as it were, at every stage of the way. Also, as I mentioned, there is this penalty for dissension, the Emperor's new clothes phenomenon, the idea that if you speak out of line you are silenced or exited. It is an "inconvenient truth".

I wanted to paint a fairly dramatic picture because I think this requires a more dramatic response perhaps than we have seen to date. We have seen a lot of effort to evolve things. The 30% Club's most recent event in the UK was called the Evolution of the Board. We went over the before and after. We had board effectiveness reviewers looking at pre-financial crisis and post. We now have a lovely professionalisation of what it means to be a good and effective board. However, I feel that real sustainable change needs different types of people from different walks of life, not just men and women. This is, as I say, just a starting point, but we actually need somehow to ensure that different types of people are attracted into the capital markets industry, otherwise we will again slightly kid ourselves that we have made some changes that may be necessary but I do not think that they are sufficient.

My view is that it has been very helpful to have a focus on more women on boards. This slide shows the percentage of women directors and in the little packs you have in front of you on page 2 you can see this chart. You can see that we have moved a long way in a short space of time. My message today is bit questioning, a bit challenging, but also I do want to acknowledge that we have made real, real progress. I can say that very first-hand from trying to recruit chairmen supporters because the members of the 30% Club are chairmen of British FTSE businesses but also now we have universities, business schools and professional services firms. They are the leaders. We have 114 chairmen supporters in this country now - I keep saying "in this country" because it has gone international if not global - and 98 of them are men. So you can see it is predominantly men who have said this is important. We have also seen action arise, so it is not just they have talked about it but we have actually seen real progress. If one looks at bank boards it is a slightly better picture. UK bank boards are 26% women and even the investment banks that are listed in this country have 22% women on their boards.

But if you look below the surface beyond the board in those institutions there is rather a different picture. Some data out just yesterday from New Financial showed that in the investment banking industry when you look at the executive committee, which is obviously the group of people managing the business, only 8% are women today. So arguably, and I am delighted we have made progress in women on boards, but we would not want it to mask the lack of progress further down in the business and again be lulled into a false sense of security.

I think there is some grain of comfort, or maybe even more than that, maybe there is an optimistic message to be drawn from the experience of the 30% Club over the past few years. I have got this rather stylised diagram, and again there is a little page in the booklet that shows this wheel of change. The messages that I want to convey are that it has not been just saying, "We want to have 30% of women on boards, everyone get on with it, sign on the dotted line and we will come back and check on your progress." To be honest, it would have been much easier if we could have achieved it that way, but it has been much more a series of actions, very joined-up, very concerted, very urgent; a sense that it was a big anomaly. It was not that we were trying to equalise things a little bit but we had a very big distortion in the way that our boards in this country were comprised. There needed to be a real sense of urgency and a sense of drive.

I would say in this country now there are about 1,000 people working on the 30% Club. We have initiatives that can go from school room to board room. I am speaking later on at something involving Nicky Morgan and girls in STEM subjects. We have an awards ceremony tonight for recognising companies that have done particularly innovative things to develop female talent in their organisation well before you get to the board level. Every single day there is an effort in a number of quarters. Tomorrow we have a big event which Bloomberg are hosting around the professional services firms. Luckily it is not just me doing this or else I would keel over! There is a real, strong sense that this has to change. It is not waving a magic wand and there is no silver bullet. Quotas, if we look at Norway, you might be minded to think it would be much easier just to apply a quota. They might change the boards but it doe not change below the board so in Norway only 2% of CEOs of listed companies are women.

My message really is change is possible. We have seen a dramatic shift in the nature of the conversation around the topic in this country to the point where sometimes there are more men in the room than women talking about it or doing something about it and showcasing what they are doing about it. It is very much unfinished business. It is unfinished business as far as having women well-represented at all levels, but it is unfinished business in terms of how the board needs to evolve.

I want to spend a couple of minutes highlighting how far we have gone on the way the board has evolved. There has been a lot of talk about this and we know there has been a lot of change. I must particularly give credit to the headhunting community, who often get a bad rap over the whole thing. I think they have done an awful lot to try to encourage chairmen of boards to reassess what it means to build an effective board. Now, I think it is quite unusual that a director appointment process would be: "This is exactly what we want; go find that person. It is much more thoughtful: "Let's analyse what we have already got, what gaps do we need to fill and let's build a team rather than just look for one particular person."

As I mentioned already, having more women is not a panacea for all ills and I will reference the Tesco example where they do have three women on their board. Do not let us take a false sense of comfort. We need to look at what went wrong within the board and not just say we had three women so everything must be okay. It is very important to acknowledge that.

A couple of points to provoke some thoughts. The average age of a FTSE non-executive director is still over 60. That is lower than it is in the equivalent in the States but it is still pretty high. If you also think that companies need to work out how to get digital expertise, I would suggest that a whole other generation of potential board candidates might be something to think about. Educational backgrounds are still quite uniform. It is quite unusual to find people who have really made good. There is still a club that exists. There is little sign of progress for other under-represented groups. Obviously this week Vince Cable announced a review into ethic minorities. I am a little bit nervous about the idea of having a target for that and then we will have a target for LGBT because we will end up with a bit of social engineering. I think I would rather see at this stage a thoughtful discussion about how the progress on the women's issue can evolve into other under-represented groups so you end up with some really radical thinking. We are not trying to create a rainbow of characters on a board. We are trying to create a board that will be in genuine disagreement and a real challenge to the management team.

With hindsight, the simple truth was that bank boards were too comfortable in the run-up to the financial crisis and therefore we need a degree of discomfort. Again, I do not see, as yet, much evidence that real out of left-field thinking, real disruption is welcomed.

My own experience (because I have been a little bit disruptive some people might suggest in terms of trying to create change) again is sometimes people will be allowed a voice but I still do not see as yet people saying, "Actually we need to be keeping on questioning how we are setting ourselves up." So the idea of actually having a welcoming of dissension, a welcoming of challenge and time on the agenda to really challenge each other is still some way off.

This slide you might be able to see at the back. I want to go back to financial services more generally. The under-representation of women is not an issue throughout financial services. Just to belabour the point, this is a study done by PwC last year. There are 60% women in financial services, ie the actual composition of the workforce is 60% women; 25% of middle management is represented by women; 19% at senior level; 14% board of directors and 2% CEOs. It is a thoroughly depressing picture for me. There is not much sign of change. This goes to the true data representation of women in 20 countries as well. There are no outliers. There are no ones where you can say, "They have sorted it out; let's look and copy that example." So it is an entrenched global problem.

Then on the next slide I have to say that there are very few women in fund management as well so I cannot point to my own industry and say copy us. We are sometimes regarded, dare I say it, as a softer end, certainly not like investment banking but only 7% of UK retail funds managers in this country are men --- sorry, women. That is perhaps wishful thinking! No, I do not want that either. I want it more like 50/50. 7% are women. There is no sector where we dominate. The best we have in any sector is 10%; 3% hedge fund managers around world are women. It is not because we are not good enough. Female fund managers who run hedge funds, there is some data that is done every six to eight months, and in the six years up until June of last year, which is the most recent data point, hedge funds run by women returned +6% compared to -1.1% for the whole index. There are other examples that show women are at least as good as men. To be honest, it is a great career for anyone who wants to be judged on results. I have got to get a sales pitch in here for fund management for women. It is an output-based career. If you perform brilliantly or well and you are working from home, it does not really make any difference. The results are what counts. But still we struggle. I am now Chair of the Investment Management Association and one of the very large member organisations got in touch with me and said they were very disappointed because they had run a special campaign to try to encourage graduate applicants from women and they ended up with 12%. I have to

question their campaign really, but we are going to look into it and I have asked all the members, certainly those who are represented on the IMA board, to send us their data because we clearly have a problem in terms of attracting women and if we cannot attract them at the beginning we are not going to be able to get them to run the show.

I do want to spend one minute on why it is important to have the women issue represented. I am not saying let's now suddenly submerge that issue into general diversity and inclusion points to get cognitive diversity through other approaches because obviously there are differences between men and women. I have been looking at some research done by neuroscientists at Cambridge University. Testosterone is an interesting hormone because they never seem to be sure about the causality. Men's bodies produce ten times as much testosterone as women's each day. This is something that really resonates and I know Matthew Hancock co-authored a book called *Masters of Nothing* where they talked about men's and women's different approach to risk-taking. This is the science behind it. If there is a challenge, then testosterone (obviously more in men) increases. You get more confident, take more risk, perhaps you have a victory, which in turn causes increased testosterone which causes you to rise to the challenge so you keep going and going and going and going until obviously it all goes horribly wrong. Men and women react differently to the stress hormone cortisol as well.

I had to have a medical operation recently and I found myself under local anaesthetic talking to the surgeon about this. I said, "I just want to check out some theories"! Anyway, he corroborated that this is definitely the belief and widely accepted as such that in a stressful environment women tend to "tend and befriend". We try to take care of the problem and try to get allies to help us sort it out whereas men tend to "fight or flight". I am not saying that women are better than men or vice versa. I just think we are different and our differences complement each other and therefore in any kind of situation it would be better to have differences rather than just one or the other.

There is just one point I want to make on the next slide. I mentioned already that we have got a strong commitment to certainly the goals of the 30% Club in the UK. Within the financial services sector there are massive diversity and inclusion efforts. In the last few weeks alone, I have spoken at huge 'town halls' at BlackRock, Barclays, Deloittes and others. We had an event in Washington DC recently where Mark Carney came and spoke. We timed it quite cunningly to be at the start of the IMF summit so we had a lot of global bank chiefs who contributed to the discussion after Mark Carney had spoken. Mark spent time talking about when he arrived at the Bank of England, the first 21 people that he met, ie the 21 most important people that he met at the Bank, were all men. He suddenly thought he had better do something about this. He talked very, very openly about how he had made a number of changes at different levels in the organisation.

Then I have mentioned already the evolution of the boards here. It is now I think a case of everybody understands the problem or most people understand the problem. The question very much is how. Really the how is how to get this from still being perceived a little bit as around the edges, a nice thing to have, now people will say it is a business imperative but their day-to-day actions do not always suggest they think it is. I think we have a fantastic tone from the top in most financial institutions now. We have a younger generation of men and women coming in and expecting equality, almost demanding equality and feeling it odd if there is not. My own eldest son went to do some work experience somewhere that I shall not name. It was a law firm rather than a financial services firm. He said to me at the end of one week, "It was very odd, we had a series of presentations and not one single female partner." He found it odd and I do not think it was my own propaganda that got to him - but maybe it was!

There are some great examples of very concrete actions that people are taking. I do want to single out a firm like Lloyd Bank where they have thrown down the gauntlet and have announced a target of 40% women in senior management levels. They have 27% now. I asked them, "You must have had a bit of a backlash particularly from the men?" and they said, "Actually, we had a backlash from both the men and the women." The women said they did not want to be promoted because they were fulfulling some sort of target and perceived as only there because of that and the men obviously were worried about what would happen to their careers. What Lloyds did right at the CEO level was they said, "We say that we are a meritocratic organisation. Our intake at the high flier level is 50/50, but we only have 27% women at the top." The women have not left. There is a bit of a myth that women leave. It is more like they stay and take on somewhat lesser roles or do not get promoted as much as the men. They said, "Are you saying that women are less good because obviously if we are meritocratic we are just saying that women are less intelligent and less capable otherwise we would have much more like 50/50 at the top levels." They managed to convince their staff (or at least they quietened down about it) that it was a myth of meritocracy at present and that they needed to do something that would engineer a real meritocracy. It will be interesting to see that develop. Obviously there are other organisations. I gave an example here of Barclays where Antony Jenkins has radio programmes on the subject, responsibility in business, but they have sent, as I understand it, managing directors to orphanages to work as volunteers. They are trying very hard to recalibrate what it means to be successful in a financial services firm.

It is a little bit chicken and egg though, so the real problem - and there does not seem to be any disagreement when I talk to people around this (although perhaps that is a good thing) - that it is the middle management layers that are really the problem. Sometimes these are people who have worked 20 or 30 years. They have grown used to a certain way of working. We know that cultural change is not something that you can engineer or manufacture overnight. But again there are opportunities that people are embracing or experiments that they are undertaking in terms of how to hold those managers' feet to the fire in terms of personal accountability around making change. It has to end up being in the language of business.

One example I have heard several times (a bank told me this) is they have used a credit risk analytical tool (although they have not actually shared the model with me) to identify the riskiness of a homogenous group versus a less homogenous group and said to their teams, "If you are going to be managing in a risk controlled way we need you not to look like each other. We need you to embrace difference and we will be marking you down in terms of compensation and awards or other rewards if you do not achieve this because your business area will be riskier, it will be less competitive with the others out there", and turn it into a real profits and risk discussion.

I did want to move on quickly to the issue of this all starts very early in life. I know because I recognise now my own personal journey was very much influenced by the fact that I was at a co-educational comprehensive school and I did an unusual combination, because this chart shows that basically boys take computing, physics, maths, further maths, economics and business studies and girls take art and design, psychology, English, French and biology. It has not changed very much. This is right up-to-date data. I was the only girl in otherwise all-boy maths, further maths and physics classes, with two male maths teachers, and it was one of those real sink or swim times for me. It certainly taught me how to overcome constant ribbing. I look upon that it and think it helped me to dig deep at the time and to work out how to be both accepted in the group but also how to overcome the sense of being an outsider for quite a long time. The gender divide therefore begins at school and a lot of people think you have to have maths or economics A levels to go into finance. We definitely need all topics to be represented in our financial industry. I did philosophy later on and learnt the error of my ways

from my hard labour in the maths class. I am encouraged to see again that several big banks a year or so ago announced that they were going to specifically target humanities and arts subjects' graduates and that that broader thinking that you might get from that would be complementary. You need technical skills, you need maths and economics, but not to be exclusively around those subjects.

Workplace culture is also a problem. The *FTfm* fund management supplement within the *Financial Times* did a survey last year which was, frankly, completely shocking. Obviously I work in fund management and you would think I would know, and obviously I spend a lot of my time and a lot of my effort on this whole topic, but 55% of the women who responded reported sexual harassment. Opportunity Now, which I chair, did a big project last year called Project 28-40 around the danger zone when women are not being promoted, and it was around 50% of all sectors, but 52% in financial services, again reported some form of bullying and harassment. The culture change that we want and we see starting at the top that will encourage cognitive diversity and will encourage people to feel welcome is not seeping down and until it does we will not be able to get (it sounds a very manufacturing term) the supply and other types of people to be welcomed and to be there still at the top.

Of course, we have the problem of trust in the financial services industry. For the fifth year in a row, the worst prize to get, the Edelman Trust Barometer, shows that financial services is the least-rated industry and that is across the globe. We are more poorly rated than politicians, journalists, estate agents, any of the previous pariahs of society, we are the worst and fund management, bizarrely in my book, is the worst of all. This sort of feedback loop we have around a popular view of the City is still very much where greed is good and where poor behaviour is still rife is really an impediment to attracting different types of people which, as I started by saying, is absolutely necessary if we are going to achieve progress.

I am just acknowledging the problem. I am not daunted. It is a lot of work, but I have seen progress in an unlikely sense, to honest. The 30% Club, the first year that I wrote to chairmen, I did the alphabet of the 350 from the FTSE. I started at A and got down to Ha for Hanson, and by the time I got down to Ha inviting chairmen to join the 30% Club I was getting replies back from the As, most of which were along the lines of "F--- off!" and "What's it got to do with you?" or "Leave me alone, this is my board", so I thought better of it after Hanson, did not write any more letters but we now have 114 and those that were very dissenting either shut up about it or realised that this was not about just trying to create room for a few women on their board, but was trying to do something that might lead to better boards, which is something I should give huge credit for, because that was not what they were thinking, and four years is really a short space of time in terms of a big shift in the mindset.

So what more can be done? I promised that I would say what could we do about it all. I wanted to emphasise that there has been a huge amount of effort and a large number of actions and it is not just talk. However, there is still a feeling of a club at the top. It is a club where women are now a bit more welcome than they were before, but that is not the answer to everything. It is important that we keep going on that journey. I do think we need a shift in gear. I think at the moment there is a bit of a danger that everyone thinks, "Oh job done, we have got improvement on the boards and we can now go back to business", but actually if you look, and I made the point about 8% of exco members of investment banks are women; 11% of retail bank members on the exco are women. We still have groupthink and we still have the risk of that at least in the groups that really matter in terms of managing these businesses. We also have a very clear unanimity of view among policymakers. QE has been the only game in town. We have seen another layer of it from Japan. We have the danger that we have convinced ourselves that this is the answer to everything and seeing dissension from and challenge to that

view is absolutely vital if we are not going to sleepwalk into another financial crisis.

I thought it was very interesting that Minouche Shafik, one of the Deputy Governors of the Bank of England, talked about fixing the barrel and it was not just a case of a few bad apples, and you can see people thinking as they launch the next consultation, "Oh no, here we go again. We have done all this before. Let's dig out those questions and answers to the questions before." I would encourage anybody involved in financial services again to be quite self-critical. I do not think we have got there yet.

I wanted to give a bit of a pat on the back, if I am allowed to use this platform, to say I think the regulatory side of things is going quite well. The Prudential Regulatory Authority who regulate the banks are doing a good thing on things like increasing capital, standards and what they have cleverly done is not said, "You are at A, let's get to Z." They have said, "You have got to get A to G and then G to M, M to S", and so gradually the screw is being tightened and time has been helpful in that. I think regulation is a process not an event, but regulation cannot solve this cultural issue really. They can consult on it, but ultimately it has to be people accepting the reality that they have not got to perfection themselves.

I wanted to mention as well I think there is a real risk now that good people will not want to serve on bank boards because obviously you want to have rational human beings on bank boards. I thought that would be a fairly obvious starting point, but at the moment there is a lot of risk and not much reward. You are used to trying to find those opportunities where there is a good amount of reward or you accept the tradeoff at least between risk and reward as a rational thing. You are not looking for the high risk/low reward options. You are looking for, if possible, the opposite to that. I do think that is an area that needs some renewed focus.

My own personal view at this stage is that you have a lot of emphasis on financial institutions' boards covering their backs, covering their bases, making sure their voluminous board packs and the report of the audit committee and the report of the remuneration and nominations committee had got it all covered in terms of what a regulator might be asking for. I had a discussion the other day with my head of compliance and I observed - and I hasten to say that as a regulated entity I am not saying I have got a problem - but it is interesting that seven or eight years ago I had a little bit of concern about the derivatives trading process at Newton. I am not an expert in derivatives. I knew enough to be able to countersign the tickets. I asked my internal audit function to go in and kick the tyres around the process because I was worried. In all honesty, I would not feel I could do that now. I could have a conversation with people with no minute takers and no recorded telephone conversations because if I have a formal process around, "Is there a problem?" people immediately feel they have to escalate the issue. I cannot resolve the problem if I make it a public problem. I am confessing that because I think it is a bad state of affairs when you only have it inside your head and you have asked all the people who are going to be officially taking minutes to leave the room before you can have a proper conversation.

I put that rather confessional point down because I worry now there is again a discouragement of dissenting thought and discouragement of left-field thinking because if someone raises an issue which is an unpalatable truth then everyone is going to want to hush that up because the next minute the regulator is going to read those minutes and you are back where you were.

I want to put that point because I think at the moment we have a potential danger of lots of great effort on trying to improve diversity, not for its own sake but to improve the thinking process and the decision-making and at the same time squeezing out the creativity and entrepreneurialism and the challenge point because people are too scared to make a mistake.

It is not a women's issue. It is a business issue. Not everyone gets that but most people get that.

We can make further progress from here with measurable goals, accountability, urgency, accepting this as a global problem. The UK cannot solve this alone. We now have 30% Clubs in the United States, which is obviously a big part of the financial landscape, in Hong Kong, in Ireland, Canada and South Africa, these are not necessarily banking capitals of the world, I realise, and interest from some countries with quotas, interest from Scandinavia, interest from the Middle East. It is interesting that people are getting on with this. My parting shot before being open to any questions (I cannot promise to answer them all but I will take any questions) I think this is a necessary step in terms of shaking things up but has not gone far enough. Thank you. (Applause)

BARONESS LIDDELL OF COATDYKE: I could tell from the rapt expressions that that really hit the spot. Thank you very much, Helena. It reminded me of a time when I was Economic Secretary to the Treasury, which would have been in the late 1990s, and going to a very grand dinner which was with partners but given I had two kids in Scotland, I had no partner with me. I was the Economic Secretary to the Treasury with responsibility for the City and at the end of the dinner the ladies were expected to withdraw! That was reasonably current.
