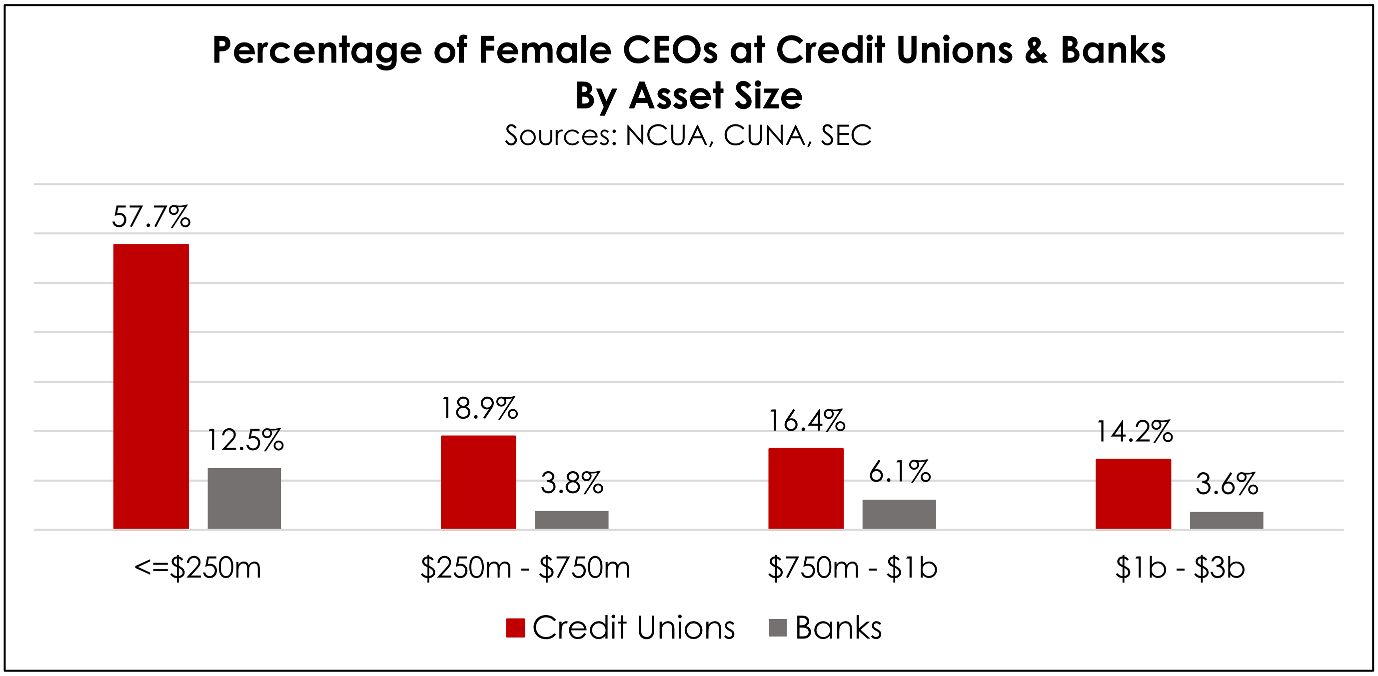
POLICY ANALYSIS ISSUE BRIEF
November 2018

Credit Unions and CEO Gender

CUNA strongly values diversity and inclusion and recently undertook rigorous research to investigate the extent to which females are represented in the Chief Executive Officer (CEO) position at credit unions, and how this compares to commercial banks. Generally, females are significantly underrepresented in management positions at firms and financial institutions. In the U.S., only 5% of commercial bank CEOs and 6% of Fortune 500 company CEOs are female, and the International Monetary Fund estimates that, globally, only 2% of financial institution CEOs are female.[i] In contrast, 52% of credit union CEOs are female.

CEO Gender Representation

- Female executives are significantly more common at credit unions compared to other financial institutions: **A majority (52%) of credit union CEOs are female**. This is approximately 10 times greater than the rate of female CEOs at banks (5%).
- Looking at only institutions of the same size—U.S. banks and credit unions with between $1b and $3b in assets—**14.2% of credit union CEOs are female versus only 3.6% of bank CEOs**.
- In other words, **a CEO of a credit union is about four times more likely to be female than a CEO of a bank**, even after accounting for differences in asset size.
- At both banks and credit unions, female CEOs are relatively more common at smaller institutions. This indicates a form of "glass ceiling" such that females are less likely to rise to become CEOs of larger institutions. However, **females are substantially more likely to rise to the role of CEO at credit unions than at banks at every asset level**.



Gender Pay Gap

- **Accounting for differences in asset size, there is no evidence for a gender pay gap at credit unions**: We find no statistically significant differences in compensation for credit union CEOs that are female versus male at similarly-sized institutions.
- Since male CEOs are more common at larger institutions in general (at credit unions, banks and other organizations)—and larger institutions tend to pay CEOs more—male CEOs receive higher compensation than females, on average.
- However, it is unclear why male CEOs are more common at larger institutions. Differences in education, age, experience or other unobservable characteristics such as gender differences in preferences (e.g., for work-life balance) could play a role, as could discrimination.

Gender Differences in Risk Management & Performance

- **Female-led credit unions are relatively more conservative than male-led credit unions.** Among credit unions that experience a change in CEO with a corresponding change in gender (from male to female or female to male CEO), female-led credit unions:
  - Hold relatively higher levels of capital adequacy.
  - Have lower mortgage concentration, and loan-share and unsecured assets ratios.
  - Grow relatively slower in terms of loans and members.
- These gender differences could make female-led credit unions more resilient under negative downturns to the economy, such as the Financial Crisis. This is an area that warrants further study.
- There are no significant gender differences in credit union ROA or net income.
- Similar gender differences in risk management are found at banks and firms.[ii]

Appendix: Data Sources

Data Sources

Our sample focuses on financial institutions of similar asset sizes and includes all credit unions and all publicly-traded banks with less than $3 billion in assets (only 1% of credit unions have more than $3 billion in assets). For credit unions, the data comes from the NCUA call report data from 2016 as well as internal CUNA data that indicates the gender of each credit union's CEO. This represents 93.5% of all available credit union data in 2016. For banks, CEO gender is identified from the names of publicly available DEF14A forms that publicly traded banks are required to file with the Securities and Exchange Commission (SEC) and are available on the SEC's EDGAR website.[iii] Since most banks are significantly larger than credit unions and hold more than $3 billion in assets, our sample focuses on relatively smaller banks that are comparable to credit unions. The 2016 data includes 258 banks, which represents approximately 43% of all publicly traded banks and 5% of total banks. However, other research shows that the percentage of female CEOs at larger banks are comparable to our sample.[iv]

---

[i] Sources include: Palvia, A., Vähämaa, E., & Vähämaa, S. (2015). Are female CEOs and Chairwomen more conservative and risk averse? Evidence from the banking industry during the financial crisis. *Journal of Business Ethics*, 131(3), 577-594; And Sahay, R. & Čihák, M. (September 2018). Women in Finance: A Case for Closing Gaps. IMF Staff Discussion Note. SDN/18/5.

[ii] Sources include Palvia et al. (2015); Faccio, M., Marchica, M. T., & Mura, R. (2011). Large shareholder diversification and corporate risk-taking. *The Review of Financial Studies*, 24(11), 3601-3641; And Khan, W. A., & Vieito, J. P. (2013). CEO gender and firm performance. *Journal of Economics and Business*, 67, 55-66.

[iii] https://www.sec.gov/edgar.shtml

[iv] For example, with a sample of larger banks, Palvia et al. (2015) find that 5.4% of U.S. bank CEOs are female.

CONTACT: Jordan van Rijn, Senior Economist, CUNA (jvanrijn@cuna.coop)