

# WOMEN LEADERS IN CHINESE FINTECH

A FORCE FOR CHANGE?

ANGELINA GRASS-OGUMA  
NIHAL GEORGE



Positive examples of women leaders are emerging in Chinese fintech. Is this indicative of the potential for greater gender balance in this high growth sector or does more need to be done?

Despite decades of modernization, traditional family structures continue to play an important part in Chinese society. Women are well educated and, upon graduation, typically enter employment. But they are still expected to give priority to their roles as wives and mothers. They tend to drop out of the workforce upon having a child, just at the point in their careers when they might otherwise have moved into mid-level or senior positions.

This dynamic can be seen in the low percentage of senior positions at Chinese financial institutions that are occupied by women. In 2016, women occupied 8 percent of the ExCo positions in the Chinese companies in the study, compared to 21 percent in North America and 16 percent in Europe (see Exhibit 2 in the main article of this report).

*“When hiring a woman, interviewers in China can be more direct in their consideration of family status than in the US, for example. If a woman is pregnant, the impact on continuity would be a consideration for the hiring company”*  
**Kuang Xuxia, CFO of Dianrong.com**

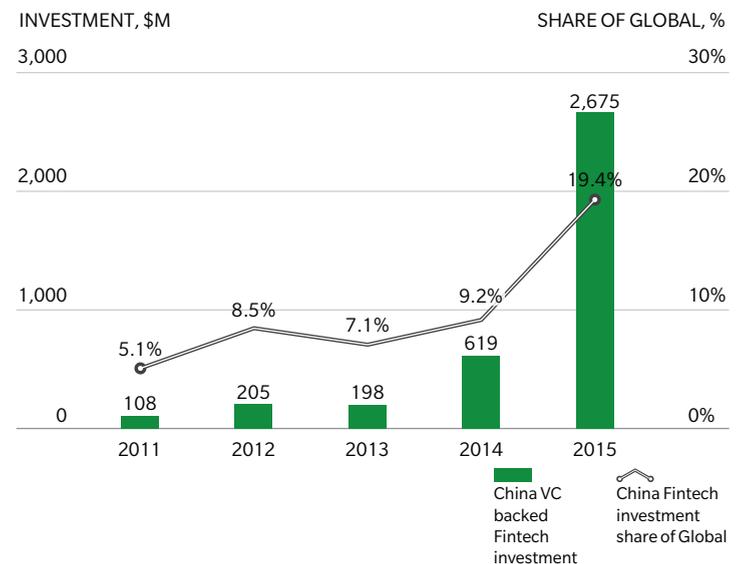
The culture of mainstream Chinese banking is also “traditional”, resembling what might have been found in the West in the 1970s. Prior to the economic liberalization of recent years, Chinese bankers had little reason or opportunity to innovate or to be “customer-centric”. Progress has been made, but entrenched business cultures take longer to change than the economic environments they are adapted to.

## THE OPPORTUNITY FOR WOMEN IN FINTECH

Outside mainstream Chinese banking, however, things are being shaken up. China is experiencing a boom in the financial technology (fintech) sector, with nearly \$2.7 billion in venture capital (VC) funding in 2015, up over four times from about \$620 million in 2014 (see Exhibit 1). To put these figures in perspective, global VC fintech funding doubled from \$6.7 billion in 2014 to \$13.8 billion in 2015. China captured nearly 20 percent of the global funding in 2015, up from 5 percent in 2011.

The fintech boom is creating strong demand for staff with the required technical, financial, operational, and service capabilities, especially in middle and senior management. This increases the likelihood that a fintech employer will overlook concerns about a woman’s current or future family commitments, if she has the desired skills and experience.

**EXHIBIT 1: VC INVESTMENT IN CHINESE FINTECH AND SHARE OF GLOBAL (2011-2015)**



Source: The Pulse of Fintech, 2015 in Review, CB insights and KPMG

*“The Internet has become a main driver of the growth, and there is a shortage of good talent. This has created more opportunities for women to move forward in their careers, not because they are women but because they are good managers”*

**Pan Jing, CMO of Dianrong.com**

As demand for talent has increased, so has the supply of qualified women. According to World Bank data, the gender parity index (GPI) for tertiary education in China improved from 0.52 in 1994 to 1.14 in 2013,<sup>1</sup> indicating a strong supply of women graduates. This improvement has several causes, including the promotion of women’s education under the communist regime and the more recent economic liberalization.

The controversial one-child policy introduced in 1979 also may have played a role. The actions observed under the one-child policy demonstrate the traditional inequality of women in China: in a land that has long cherished sons over daughters, many parents did everything they could to make sure that their one child was a boy, resulting in a significant gender imbalance in today’s population. Paradoxically, the one-child policy has had positive effects on the equality of those girls that were born and raised, in particular in urban areas. Studies indicate that when families have just one daughter, resources that might have traditionally gone to brothers instead go to the girl, resulting in better educated women.<sup>2</sup> The women born at the beginning of the one-child regime are now in their 30s, ready to enter middle or even senior management.

This enlarged pool of female talent is valuable for fintech firms. In addition to more traditional financial services and technology aspects, fintech firms place an emphasis on creativity, customer service and engagement, digital marketing, social media, and business operations. The diversity of work in fintech requires diversity of employees. This presents more opportunities for women to shine.

So it is unsurprising that there are multiple examples of women rising to the top in Chinese fintech. Of the top 20 fintech companies in China (based on 2015 funding raised), 50 percent had women in the founder, CEO, or senior management roles.

As part of our research, we interviewed senior women executives from top Chinese fintech companies. All were enthusiastic about the opportunities and prospects for women in fintech. And not just in fintech. As the Chinese financial sector becomes more oriented toward customer service, they expect typically female characteristics to be more highly valued in the industry. Combined with generational changes in attitudes towards the roles of women, they are optimistic about gender balance in Chinese financial services.

*“Fintech makes financial services more diverse from a product perspective and brings a greater service orientation. For example, we start from building a deep understanding of the customer behavior, in terms of their online behavior and social media presence. As women have more opportunities to shine in these areas, this could positively influence the representation of women in senior roles”*

**Shuang Huang, Director, Lufax**

## WHAT NEXT?

Some challenges with regard to gender balance in Chinese fintech remain. VC and founder circles, as our interviewees confirmed, continue to be male dominated and harder for women to break into. Women also face a more difficult trade-off between pursuing a career and family commitments than their male counterparts do. For example, one senior woman manager said that she had declined the opportunity to be a founder a few years ago, as her child was very young and she could not make the commitment.

Our interviewees also felt that the opportunity for greater gender equality in fintech could face headwinds from the government’s decision to end the one-child policy.

<sup>1</sup> World Bank data on Gross enrollment ratio, tertiary, gender parity index (GPI) - Ratio of female gross enrolment ratio for tertiary to male gross enrollment ratio for tertiary. It is calculated by dividing the female value for the indicator by the male value for the indicator. A GPI equal to 1 indicates parity between females and males. In general, a value less than 1 indicates disparity in favor of males and a value greater than 1 indicates disparity in favor of females.

<sup>2</sup> See for example: Kristine Sudbeck, *The effects of China’s one-child policy: The significance for Chinese women*, University of Nebraska-Lincoln, 2012; Ye Liu *China’s-child policy helped women make a great leap forward – so what now?*, The Conversation, 04 November 2015; Yuan Ren, *How China’s one-child policy overhauled the status and prospects of girls like me*, The Telegraph, 23 December 2013

As many women choose to have larger families, they may feel compelled to take out more time from their careers, so long as traditional family roles persist.

*“Following the end of the one-child policy, there will likely be bigger families in China. We will probably find that more women want to be full-time mothers rather than remain in the workforce. This could pose a challenge to the progress made on gender diversity”*

**Pan Jing, CMO of Dianrong.com**

To sustain the rapid growth of Chinese fintech, investors, founders, senior executives, and regulators must recognize the critical role women play and adopt fresh approaches to promoting gender balance in the workplace.

*“When I worked in the US, there were more women support groups, which give you access to senior women mentors. I don’t see this as a common practice in China”*

**Female senior executive, Chinese Fintech**

Among other things, our senior fintech women interviewees suggest measures that have become common in women-friendly markets, such as Scandinavia and North America. They highlighted support groups and one-on-one mentoring, gender awareness training, flexible work practices, programs to bring mothers back into the workforce, and special incentives for women in middle-management to persist with their careers. To make sure these measures can deliver sustained impact, they need to be complemented by a change in organizational culture and attitudes towards the role of women, starting from the top.

*“(At Dianrong), our corporate culture actively promotes women in the senior leadership. Our ratio is probably higher than other companies. We treat women as equal partners because they are equally capable ... This is a critical time to reflect on how we promote gender diversity in fintech, particularly as the incentives for women to stay in the workforce are likely to change. This can include mentoring programs, gender equality programs, support groups”*

**Pan Jing, CMO of Dianrong.com**

Because most fintech’s are startups, such programs would be more efficient and effective if arranged at an industry level rather than within individual firms. Those we interviewed also suggested shining a spotlight on women middle managers who serve as role models for junior women on how to successfully combine careers with family priorities.

*“Fintech is so fast paced that startups may not have the time to build the support infrastructure to promote gender equality themselves. We should look to build women-in-fintech support groups and mentors at the industry level, and foster a community that actively supports the career aspirations of women”*

**Shuang Huang, Director, Lufax**

*While we recognize the progress we have made towards creating an equal playing field for women in China, we also have to recognize the sometimes unpleasant reality that women can receive more verbal abuse than men, especially in traditional industries such as financial services. As female executives, we need to build awareness on this issue. We need to speak out in the boardrooms and stand behind female employees to create an amiable work environment for everyone.”*

**Pan Jing, CMO of Dianrong.com**

Examples of women leaders in Chinese fintech can already serve as an inspiration to the potential for greater gender equality. However, growth imperatives and generational changes mean that the fintech industry will need to proactively adopt female-friendly measures to sustain their charge. This burgeoning sector can then serve as a signpost to the future of the transforming Chinese financial services industry and broader economy: hi-tech, innovative, entrepreneurial, and, consequently, open to women leaders.