



2023 Spencer Stuart Financials Sector Snapshot

Boards of financials companies in the S&P 500 index tend to be larger and longer tenured than S&P 500 boards. The sector — the second largest with 71 companies — generally aligns with the S&P 500 on a variety of governance metrics.

- » The average age of independent directors on financials boards is 63.7 years, higher than the 63.3 year average for S&P 500 boards.
- » The youngest average age of a financials board is 57.7 years, the oldest is 74.0.
- » Financials boards average 12.0 directors, larger than the 10.8 average of S&P 500 boards and largest of all sectors.
- » Independence of financials boards averages 87%, compared to 85% for S&P 500 boards.
- » The average board tenure of independent directors on financials boards is 8.2 years, longer than the 7.8 average for S&P 500.
- » The longest-tenured financials board averages 15.9 years.

New independent director backgrounds

Thirty-five financial companies — 49% of the sector — added at least one independent director over the past year, lower than the 53% for the S&P 500 universe. Appointees averaged 59.0 years of age, higher than the 58.0 average for all independent directors joining S&P 500 boards. First-time directors represented 37% of independent directors joining financials boards — outpacing the 31% for the S&P 500 and tied with the consumer sector as the second highest of all sectors.

Forty-eight percent (48%) of the 52 independent directors joining financials boards are actively employed, compared to half (50%) of independent directors joining S&P 500 boards this year.

Compared to the S&P 500 incoming class of independent directors, financials boards recruited in 2023 a higher percentage of academics and lawyers.

	2023 Financials	2023 S&P 500
CEOs	27%	30%
<i>Active</i>	10%	14%
<i>Retired</i>	17%	16%
Chairs/presidents/COOs	4%	4%
<i>Active</i>	4%	2%
<i>Retired</i>	0%	2%
Functional leaders	12%	16%
P&L leaders	12%	10%
Financial backgrounds	27%	27%
<i>Financial executives/CFOs/ treasurers</i>	13%	15%
<i>Investment managers/investors</i>	6%	7%
<i>Bankers/investment bankers</i>	4%	2%
<i>Public accounting executives</i>	4%	3%
Academics/nonprofit executives	6%	3%
Consultants	2%	2%
Legal	8%	3%
Others	4%	5%
Total		
<i>Active</i>	48%	50%
<i>Retired</i>	52%	50%

Board leadership

The chair and CEO roles are separated at 42% of financials boards — below the 59% for the S&P 500 index and lowest of all sectors. Executive chairs are in place at 7% of financials boards, below 15% of the S&P 500 index and the lowest of all sectors. Financials boards have a lower percentage of independent board chairs compared to the S&P 500 (28% compared to 39% of the S&P 500 and the lowest of all sectors). Consistent with the highest level of combined chairs/CEOs, the sector also has the highest percentage — 77% — of independent lead directors, compared to 65% of the S&P 500.

Board organization and process

A higher percentage of financials boards have declassified boards, majority voting for directors (highest of all sectors) and stock ownership requirements compared to the S&P 500.

	2023 Financials	2023 S&P 500
Annual elections of directors	94%	89%
Majority voting for directors	99%	88%
Stock ownership requirements for directors	96%	93%

Financials boards are the largest, on average, of all S&P 500 sectors. The sector's audit committees average the most meetings of all sectors.

	2023 Financials	2023 S&P 500
Board		
Size (avg #)	12.0	10.8
Meetings (avg #)	8.8	7.6
Board committees (avg #)	4.8	4.2
Audit committee		
Size (avg #)	5.0	4.5
Meetings (avg #)	10.1	8.2
Compensation committee		
Size (avg #)	4.8	4.3
Meetings (avg #)	6.4	5.8
Nominating/governance committee		
Size (avg #)	4.7	4.4
Meetings (avg #)	4.9	4.6

The most common additional committees for the financials sector are: risk (most of all sectors and required of many financial firms); executive (most of all sectors); finance; and science/tech/cyber.

	2023 Financials	2023 S&P 500
Committees		
Finance	28%	26%
Executive	38%	25%
Science/tech/cyber	24%	15%
Environmental/health/safety	1%	13%
Risk	62%	12%
Legal	7%	6%
Social responsibility	6%	6%
Investment	7%	3%
Strategy	1%	1%
Innovation	0%	1%
DEI	3%	1%

Turnover policies

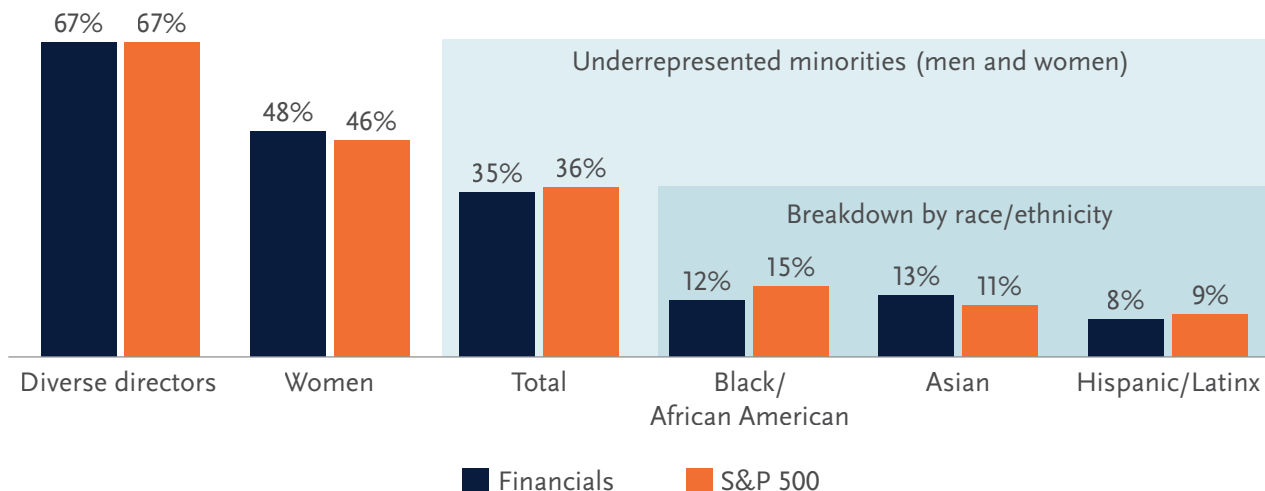
Financials boards are generally consistent with the overall S&P 500 index when it comes to formal turnover policies such as age caps, term limits and policies requiring the submission of a director's resignation in the event of a material change in circumstances.

	2023 Financials	2023 S&P 500
Mandatory retirement policy		
<i>% Companies</i>	75%	69%
<i>Retirement age (avg yrs)</i>	73.8	74.0
Tenure policy		
<i>% Companies</i>	7%	8%
<i>Tenure limit (avg yrs)</i>	14.4	14.4
Material change resignation policy		
<i>% Companies</i>	90%	88%

Diversity — financials sector incoming class

Directors from diverse communities — defined using the Nasdaq definition of directors who self-identify as female and/or an underrepresented minority (Black or African American, Hispanic or Latinx, Asian, Native American or Alaska Native, Native Hawaiian or Pacific Islander, or two or more races or ethnicities), and/or LGBTQ+ — constituted 67% of the 52 independent directors joining financials boards over the past year, matching the 67% of independent directors joining S&P 500 boards.

DIVERSITY OF INDEPENDENT DIRECTORS JOINING FINANCIALS BOARDS



Diversity — financials boards

Financials boards are composed of a comparable percentage of diverse directors, including women and underrepresented minorities, as the S&P 500 index.

	Diverse directors	Women	Underrepresented minorities (men and women)				Boards with...	
			Black/African American	Asian	Hispanic/Latinx	Total	3 or more women	3 or more URM
Financials	49%	34%	13%	4%	5%	23%	90%	59%
S&P 500	48%	33%	11%	6%	5%	24%	87%	48%

Diversity — board leadership

Compared to the S&P 500, the financials sector has a higher percentage of female lead directors and a lower percentage of underrepresented minorities as independent chair.

	2023 Financials	2023 S&P 500
Independent chair		
% women	20%	18%
% underrepresented minority	5%	8%
Independent lead director		
% women	18%	15%
% underrepresented minority	11%	12%

Financials companies

- » AFLAC
- » American Express Company
- » American International Group
- » Ameriprise Financial
- » Aon plc
- » Arch Capital Group
- » Arthur J. Gallagher & Co.
- » Assurant
- » Bank of America Corporation
- » Berkshire Hathaway
- » BlackRock
- » Brown & Brown
- » Capital One Financial Corporation
- » Cboe Global Markets
- » Chubb Limited
- » Cincinnati Financial Corporation
- » Citigroup
- » Citizens Financial Group
- » Comerica
- » Discover Financial Services
- » Everest Re Group
- » FactSet Research Systems
- » Fidelity National Information Services
- » Fifth Third Bancorp
- » Fiserv
- » FleetCor Technologies
- » Franklin Resources
- » Global Payments
- » Globe Life
- » Huntington Bancshares
- » IntercontinentalExchange
- » Invesco
- » Jack Henry & Associates
- » JPMorgan Chase & Co.
- » KeyCorp
- » Lincoln National Corporation
- » Loews Corporation
- » M&T Bank Corporation
- » MarketAxess Holdings
- » Marsh & McLennan Companies
- » Mastercard
- » MetLife
- » Moody's Corporation
- » Morgan Stanley
- » MSCI
- » Nasdaq
- » Northern Trust Corporation
- » PayPal Holdings
- » Principal Financial Group
- » Prudential Financial
- » Raymond James Financial
- » Regions Financial Corporation
- » S&P Global
- » State Street Corporation
- » Synchrony Financial
- » T. Rowe Price Group
- » The Allstate Corporation
- » The Bank of New York Mellon Corporation
- » The Charles Schwab Corporation
- » The Goldman Sachs Group
- » The Hartford Financial Services Group
- » The PNC Financial Services Group
- » The Progressive Corporation
- » The Travelers Companies
- » Truist Financial Corporation
- » U.S. Bancorp
- » Visa
- » W. R. Berkley Corporation
- » Wells Fargo & Company
- » Willis Towers Watson Public Limited Company
- » Zions Bancorporation



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