

2024 Spencer Stuart Financial Sector Snapshot

Boards of the 69 financial companies in the S&P 500 index tend to be larger and older than S&P 500 boards.

- » The average age of independent directors on financial boards is 64 years, compared to the 63.4-year average for S&P 500 boards.
- » The youngest average age of a financial board is 58.6 years, the oldest is 70.9.
- » Financial boards average 11.7 directors, higher than the 10.8 average of S&P 500 boards and the largest of all sectors.
- » The independence of financial boards averages 87%, compared to 85% for S&P 500 boards.
- » The average board tenure of independent directors on financial boards is 8.1 years, compared to a 7.8 average for S&P 500 boards.
- » The longest-tenured financial board averages 14.6 years.

New independent director backgrounds

The 69 financial sector boards added 53 new directors to the boardroom in the past year. More than half (54%) added at least one independent director, while 16% added more than one.

Appointees averaged 59.8 years of age, higher than the 58.2 average for all independent directors joining S&P 500 boards. First-time directors represented 45% of independent directors joining financial boards — higher than the 34% for the S&P 500 and the highest of all sectors.

Forty percent (40%) of the independent directors joining financial boards are actively employed, compared to 52% of independent directors joining S&P 500 boards this year. NextGen directors (50 years or younger) comprised 9% of the sector's incoming class, compared to 14% of the broader S&P 500.

Compared to the S&P 500 incoming class of independent directors, financial boards recruited in 2024 a higher percentage of functional leaders and financial executives. It ties with the real estate sector for the highest percentage of banker appointments. It is tied with the energy sector for appointing the most consultants and with the utilities sector for appointing the fewest P&L leaders.

NEW INDEPENDENT DIRECTOR BACKGROUNDS

	2024 Financial	2024 S&P 500
CEOs	21%	30%
<i>Active</i>	8%	16%
<i>Retired</i>	13%	14%
Chairs/presidents/COOs	6%	3%
<i>Active</i>	2%	1%
<i>Retired</i>	4%	2%
Functional leaders	19%	16%
P&L leaders	6%	8%
Financial backgrounds	38%	29%
<i>Financial executives/CFOs/treasurers</i>	8%	15%
<i>Investment managers/investors</i>	11%	7%
<i>Bankers/investment bankers</i>	17%	5%
<i>Public accounting executives</i>	2%	2%
Academics/nonprofit executives	2%	2%
Consultants	8%	3%
Legal	2%	3%
Others	4%	6%
TOTAL		
<i>Active</i>	40%	52%
<i>Retired</i>	60%	48%

Board leadership

The chair and CEO roles are separated at 46% of financial boards — lower than the 60% of S&P 500 boards and the lowest of all sectors. Executive chairs are in place at 9% of financial boards, versus 14% for the S&P 500. Independent chairs lead 30% of financial sector boards — the lowest of all sectors — compared to 39% of the S&P 500. Three-quarters (75%) of financial sector boards — the highest of all sectors — name an independent lead director compared to 66% of the S&P 500.

Board organization and process

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

DIRECTOR ELECTIONS AND STOCK OWNERSHIP

	2024 Financial	2024 S&P 500
Annual elections of directors	94%	91%
Majority voting for directors	99%	89%
Stock ownership requirements for directors	96%	94%

Financial boards are the largest, on average, of all the S&P 500 sectors. The sector is tied with the communications sector for holding the most meetings of all sectors. The sector's committees tend to be larger and meet more often compared to other sectors.

BOARD AND COMMITTEE SIZE AND MEETINGS

	2024 Financial	2024 S&P 500
Board		
Size (avg #)	11.7	10.8
Meetings (avg #)	9.5	7.7
Board committees (avg #)	4.8	4.2
Audit committee		
Size (avg #)	4.9	4.5
Meetings (avg #)	10.1	8.1
Compensation committee		
Size (avg #)	4.8	4.3
Meetings (avg #)	6.5	5.7
Nominating/governance committee		
Size (avg #)	4.7	4.4
Meetings (avg #)	4.9	4.6

The most common additional committees for the financial sector are: risk (most of all sectors and required of many financial firms); executive (most of all sectors); finance; and science/tech/cyber. The sector is tied with the real estate sector for having the most investment committees.

PREVALENCE OF STANDING COMMITTEES

Committees	2024 Financial	2024 S&P 500
Finance	28%	26%
Executive	41%	25%
Science/tech/cyber	25%	17%
Environmental/health/safety	1%	13%
Risk	62%	12%
Social responsibility	9%	7%
Legal	7%	5%
Investment	10%	3%
Strategy	0%	1%
Innovation	0%	1%

Turnover policies

Financial boards are generally consistent with the overall S&P 500 index when it comes to term limits and policies requiring the submission of a director's resignation in the event of a material change in circumstances. A higher percentage of financial boards have a mandatory retirement age compared to the S&P 500.

TURNOVER POLICIES

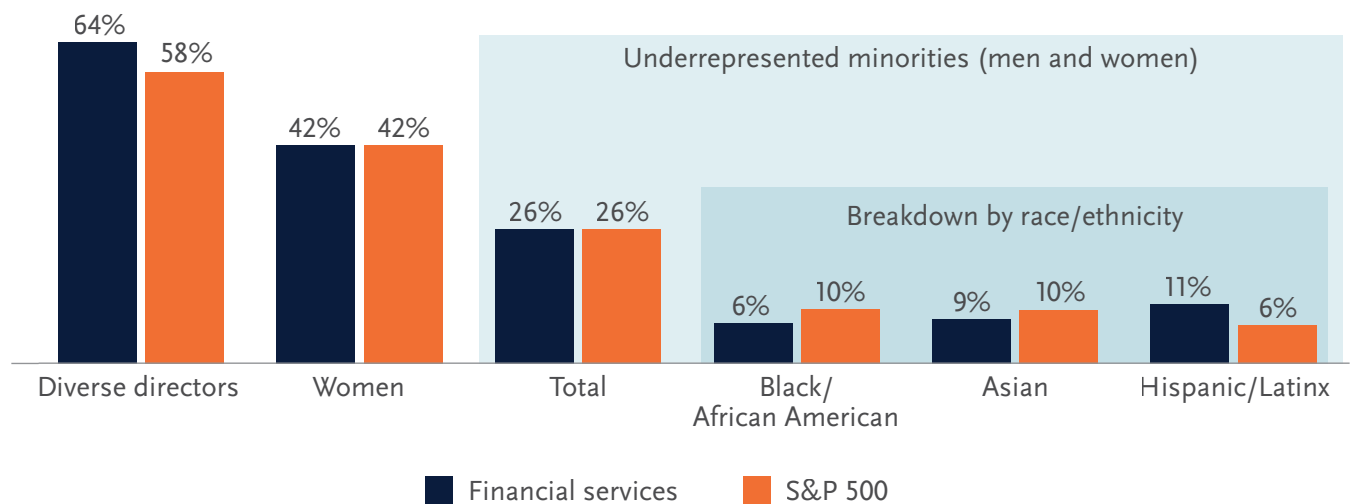
	2024 Financial	2024 S&P 500
Mandatory retirement policy		
<i>% companies</i>	75%	67%
<i>Retirement age (avg yrs)</i>	73.9	74.1
Tenure policy		
<i>% companies</i>	9%	9%
<i>Tenure limit (avg yrs)</i>	14.0	14.7
Material change resignation policy		
<i>% companies</i>	90%	89%

Diversity — financial 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 64% of the 53 independent directors joining financial boards over the past year, compared to 58% of independent directors joining S&P 500 boards.

The financial sector is tied with the communications and healthcare sectors for the highest percentage of diverse appointments. It appointed the lowest percentage of Black/African American directors of all sectors.

DIVERSITY OF INDEPENDENT DIRECTORS JOINING FINANCIAL SERVICES BOARDS



Diversity — financial boards

The diversity of financial boards matches the S&P 500, at 50% of all directors.

DIVERSITY OF ALL FINANCIAL SERVICES BOARD DIRECTORS

	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*
Financial services	50%	34%	13%	5%	5%	23%	94%	57%
S&P 500	50%	34%	12%	6%	4%	24%	91%	48%

* URM refers to underrepresented minorities

Diversity — board leadership

Except for female chairs, the financial sector lags the S&P 500 on diversity of board leadership.

DIVERSITY — BOARD LEADERSHIP

	2024 Financial	2024 S&P 500
Independent chair		
% women	19%	18%
% underrepresented minority	5%	7%
Independent lead director		
% women	19%	20%
% underrepresented minority	8%	11%

Financial 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
- » Corpay
- » Discover Financial Services
- » Everest Group
- » FactSet Research Systems
- » Fidelity National Information Services
- » Fifth Third Bancorp
- » Fiserv
- » Franklin Resources
- » Global Payments
- » Globe Life
- » Huntington Bancshares
- » IntercontinentalExchange
- » Invesco
- » Jack Henry & Associates
- » JPMorgan Chase & Co.
- » KeyCorp
- » 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



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