



Regulator-backed diversity targets for financial service firms proposed

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[Natasha Adom](#), a senior employment lawyer at GQ|Littler, said the plans could be “ground breaking” but that the challenge for regulators was to deliver a D&I policy “that has teeth”.

“Many of the policies they’ve laid out are very progressive as the feeling is that while there has been progress in certain areas, that rate of progress is not fast enough,” she said.

“One of the big problems for businesses will be in the collection of this information,” she remarked. “The FCA acknowledges that, even aside from data protection issues, this will be challenging and will take time along with new systems and processes.

“Individuals can (naturally) be reticent about providing personal information and this reticence increases the more information that is requested. Thankfully, there will be a pilot project to gather data on diversity within workforces and further consultation before any mandatory changes are made.”

The FCA is also considering whether adverse conduct on diversity and inclusion should expressly affect whether an individual manager is deemed to be “fit and proper”.

“Failing a fit-and-proper test can exclude them from a position of responsibility within financial services,” explained Adom. “If that sanction were used it would make individuals sit up and notice, but as the FCA has acknowledged, employers would need clear guidance on how that would work.”

The discussion paper is open until 30 September 2021. The feedback and data received will be used to develop detailed proposals, with a joint consultation planned for Q1 2022.

Read the full article [here](#).