

Banking on **Racial Equality**

A Roadmap for Positive Change



A report by
the Taskforce,
October 2020

Foreword from the Taskforce

Our journey to this report began when we were appointed Global Co-chairs of NatWest's Multicultural Employee-led Network in 2019. Within a year, we grew its membership from 464 to over 5000.

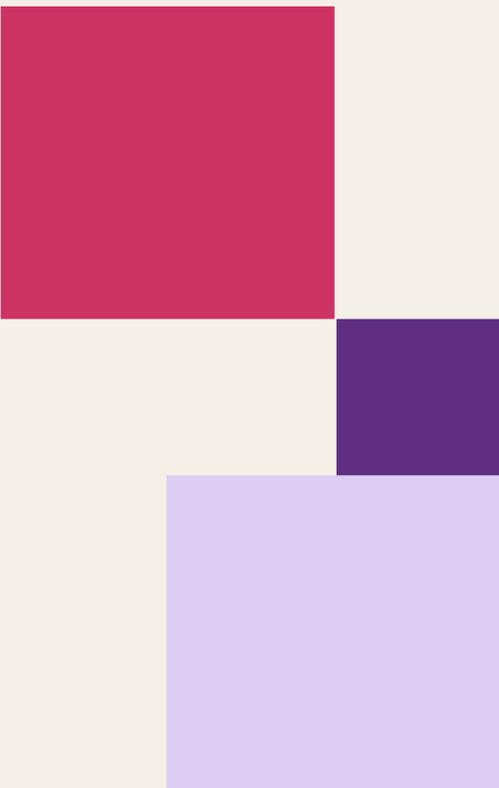
The network celebrates and represents all cultures across NatWest Group, encouraging greater understanding of colleagues' lived experiences. In the network we lead extensive reciprocal mentoring and mentoring circles, development conferences and masterclasses. A new global committee of 40 colleagues further supports the elevation and development of Black, Asian and Minority Ethnic talent.

In the aftermath of the death of George Floyd, we were asked by Alison Rose, Group CEO of NatWest, to lead a process of listening to and understanding the lived experiences of the Black, Asian and Minority Ethnic community within the NatWest Group so that we can help the bank better understand the challenges and tackle the barriers these colleagues and communities face.

Our lived experiences, like many other individuals, have always been a part of us. We know what it's like to be disadvantaged, to grow up experiencing poverty, to have parents who have migrated to the UK and had to endure years of racism. This impact is felt economically, emotionally and mentally by minorities every day.

That is why the work of this Taskforce matters so much and allows us to put our purpose into action.





This report, the culmination of months of extensive listening and engagement, has been brought together by a group of people who are keen to ensure that difficult conversations can be had within an environment that is both understanding of, and sensitive to our different histories and varied experiences. We are grateful to Alison Rose, our Executive sponsors Simon McNamara and Nigel Prideaux, and NatWest Group for championing and supporting our work.

We are optimistic that this report will spark reflection and action that will pull down the barriers that prevent too many from reaching their potential. We also hope that future employees of all races will read this report and aspire to work at NatWest Group because we are an inclusive and diverse place to work, one that works hard to enable everyone to bring the best of themselves to work and doesn't leave anyone behind.



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Foreword

Banking on Racial Equality |
A Roadmap for Positive Change
Alison Rose, Chief Executive,
NatWest Group



In NatWest Group our purpose is to champion potential, helping people, families and businesses to thrive. It is a clear call to action. We will break down barriers that get in the way. We will fight inequalities that hold people back.

The barriers faced by people from Black, Asian and Minority Ethnic backgrounds persist. The Black Lives Matter movement made clear the challenges that still exist. I believe we have a substantial role to play in tackling those inequalities.

I have been encouraged by our progress at NatWest Group over the past five years to create a more inclusive culture. Alongside targets to increase Black, Asian and Minority Ethnic representation across our workforce that have been in place since the beginning of 2018, our Executive team and senior leaders across the bank have taken part in the network led reciprocal mentoring programme with Black, Asian and Minority Ethnic colleagues. We've shared inclusion learning resources in our NatWest Group Academy, and are making important progress with our early careers initiatives, such as our Social Mobility Apprenticeship programme – a first of its kind in banking.

“At our best, we are an open inclusive, progressive organisation, but until that is everyone’s experience, every time, we have more to do”

However, we are far from complacent – we still have a long way to go. To intensify the focus and accelerate progress, I established the Taskforce in June 2020, led by the global co-leads of our employee-led multicultural network; Samuel Okafor, Shamraz Begum and Yinka Fadina. Their role is to help us listen, learn and better understand the issues we are facing and consider the key actions we can take to tackle inequalities for our Black, Asian and Minority Ethnic customers, colleagues and communities.

I am fully committed to building a culture that will embrace inclusivity to allow people to thrive. At our best, we are an open, inclusive, progressive organisation, but until that is everyone’s experience, every time, we have more to do. I am delighted with the work of our Taskforce and the commitments laid out in this report. This gives me confidence that the actions that we will take as a result will have a meaningful, positive impact for our Black, Asian and Minority Ethnic colleagues and customers, and the communities we serve.



Alison Rose,
Chief Executive, NatWest Group

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Executive Summary



Executive summary

The worldwide events of this year, and the movement that followed, ignited a conversation on how everyday racism, both overt and covert, is preventing Black, Asian and Minority Ethnic communities from fulfilling their potential. Whilst we believe societies, governments and companies broadly act in good faith, the Black Lives Matter movement has brought to the surface stories of injustice and disadvantage that show good faith is often not extended to all.

The call for racial equality has rightly put pressure on institutions to be proactive in their efforts to root out discrimination. Simply put, it is not enough to recognise the problem; organisations such as NatWest Group must be a part of the solution.

In June 2020, the bank underlined its commitment to supporting members of our Black, Asian and Minority Ethnic society when CEO Alison Rose asked the Global Co-Chairs of the Multicultural Network to lead a taskforce to consider the key issues facing those from Black, Asian and Minority Ethnic backgrounds.



Images sourced from Getty

A Taskforce was established with a remit to consider what more NatWest Group could do, guided by a three-phase approach over three months. First, listening and learning. Second, analysing the feedback. Third, planning for action. This report represents the conclusions we have reached, and the commitments that will be taken forward by NatWest Group to address the challenge.

The case for businesses being more conscious of racism and its effect on Black, Asian and Minority Ethnic communities is clear. Firstly, recognising that we have a moral duty to deliver equal access to opportunities and services to those who interact with our organisation. Secondly, acting on the established correlation between increased workplace diversity and improved performance and higher levels of innovation.

The bank's work to date

As a purpose-led organisation, we should acknowledge that the bank has already been taking important steps on this issue as part of its five-year inclusion strategy.

We made a commitment to be an ethnically diverse workplace in 2015, with a formal target set in 2018 as a result of consultation with the Parker and McGregor-Smith reviews. That target is to have at least 14% Black, Asian and Minority Ethnic leaders in senior UK roles by 2025. By Q3 2020, 10% of roles in its top four levels of leadership were occupied by Black, Asian and Minority Ethnic colleagues, a 2% increase since the target was introduced.

Our positive action approach, led by our Executive Sponsor Simon McNamara, helps ensure our people policies and processes are inclusive and accessible – from how we attract and recruit, to how we reward and engage colleagues. We offer a range of external mentoring programmes and a variety of inclusion learning resources in our NatWest Group Academy.



Our plans are assessed annually as part of the Investing in Ethnicity and Race Maturity Matrix and we report our progress to the UK Government's Race at Work Charter. Our plans achieved the highest platinum rating, by the Business in the Community Race Equality workforce benchmark, before it was decommissioned. In 2019 we won Outstanding Employer at the Investing in Ethnicity Awards and we have been named as one of the Top 100 Companies for Race by Business in the Community.

What we found

One of the Taskforce's first actions was to better understand the picture across NatWest Group, and in June, we issued a survey on race, diversity and inclusion that drew 21,780 responses from across the bank.

Most of our colleagues cite being an inclusive workplace as one of the many positive reasons they choose to work for us. We compare well with other financial services organisations, with a far higher percentage of colleagues – 92% – feeling that this is an inclusive place to work (+13pts vs Global Financial Services peers).

However, the survey results highlight differences in the lived experiences of colleagues of different ethnicities. For example, three quarters of respondents agreed with the statement, “all employees have the same opportunity to advance in this organisation”. However, as we look at the responses broken down by ethnicity, while 79% of colleagues agreed with the statement, only 50% of UK Asian colleagues and 28% of Black colleagues did.

Research by our Customer Insights team shows that our customers rate us highly. However, we also need to dedicate more time and resources to understanding the needs of Black, Asian and Minority Ethnic customers so we can serve them better, supporting their ambitions.

Finally, whilst we have an array of impactful community programmes, we need to do more to engage our diverse communities and meet their needs.

Given the scale of the challenge, we know that we have more to do, which is why we have embarked on this process of listening, analysing and taking action. These commitments will help drive forward NatWest's aim to become an open and inclusive bank – one that stands against racism.

Informed by the work of the Taskforce, NatWest Group is setting out ten commitments that together will set the standard for how the bank engages with its colleagues, customers and communities. These commitments are in addition to the existing plans and target already set.



Existing target: To have at least 14% Black, Asian and Minority Ethnic leaders in our UK senior roles by 2025.



New target: As Black colleagues are under-represented in senior roles across the UK – relative to the UK working population (ONS) – we are introducing a new Black target where we are aiming to have 3% Black colleagues in our UK senior roles by 2025.

1 Commitment

We will build a more inclusive culture with mandatory training for all colleagues and an ethnicity ally programme.

Goals

A progressive and inclusive organisation.

Supporting Actions

- New Ethnicity Ally programme, led by the Group's Multicultural Network, to launch in November 2020.
- Launched new digital Inclusion learning module in October 2020.
- Trial new training 'Leading Inclusively' in Q4 2020, with potential to roll out during 2021.

2 Commitment

We will enhance existing group ethnicity pay gap reporting.

Goals

Enhanced transparency, to support identification of actions that assist in reducing the gap over time.

Supporting Actions

- Introduce more graphs and narrative to NatWest Group's Ethnicity Pay Gap Reporting, similar in approach to that for gender pay gap.

3 Commitment

We will champion colleagues' potential with multiple accelerated and focused development programmes.

Goals

More Black, Asian and Minority Ethnic colleagues achieving their potential and reaching senior roles, contributing to our overall target.

Supporting Actions

- Pilot Ivy House Life Leaders Programme with Black, Asian and Minority Ethnic colleagues in October 2020.
- Continue to take part in Mission Include mentoring programme for underrepresented talent.
- Trial a development programme, delivered by Edit during Q4 2020.

4 Commitment

We will ensure our recruitment processes remain free from bias and ensure, where minimum criteria have been met, we continue to have Black representation on our UK Early Career programmes.

Goals

Ensure ethnicity lens is applied to drive internal and external hiring processes that are free from bias. Ensuring Black representation where minimum criteria have been met on UK Graduate, Intern and Apprentice programmes as part of a wider Black, Asian and Minority Ethnic target.

Supporting Actions

- Launch updated 'Recruitment Yes Check' Group wide to ensure diversity is front of mind when hiring.
- Ensure diverse interview panels, especially for jobs in senior leadership.
- Develop new interview training with an increased focus on diversity.
- Track Black representation on Early Career programmes in addition to Black, Asian and Minority Ethnic.

5 Commitment

We will not tolerate racial discrimination towards our colleagues by anyone.

Goals

Black, Asian and Minority Ethnic colleagues do not experience/ endure racial discrimination.

Supporting Actions

- Continue to ensure colleague awareness of the process for reporting racial discrimination of any kind.

6 Commitment

We will deliver enterprise and career education programmes to our UK Black, Asian and Minority Ethnic communities.

Goals

Greater engagement with diverse communities to ensure support of social mobility through enterprise and career education.

Supporting Actions

- Deliver career education to Black, Asian and Minority Ethnic communities via the Group's existing school strategy.
- Centralise planning and data collection to target delivery and monitor progress.
- Leverage Partnerships with the Sutton Trust and Social Mobility Foundation to help reach Black, Asian and Minority Ethnic communities.
- Research the barriers for Black, Asian and Minority Ethnic start-ups.

7 Commitment

We will understand socio-economic barriers facing Black, Asian and Minority Ethnic customers through research and strategic partnerships.

Goals

Ensure equal access and opportunity for Black, Asian and Minority Ethnic customers to our products and services.

Supporting Actions

- Build Black, Asian and Minority Ethnic specific research through the Research Academy to better understand socio-economic, cultural and attitudinal barriers.
- Explore the intersectionality of ethnicity and issues like financial inclusion, financial capability and debt to understand trends and impacts affecting Black, Asian and Minority Ethnic customers.
- Partner with the Runnymede Trust, the UK's leading race equality think tank, and further engage with existing and new partners to deepen perspectives.

8 Commitment

We will amplify Black, Asian and Minority Ethnic voices through our marketing and communication platforms.

Goals

Championing inclusion in marketing and communications through our culture, people, processes and what we deliver.

Supporting Actions

- Develop an insight-driven communications guide to influence our approach on inclusion across all our brands
- Redesign our briefing templates to ensure we are considering inclusion as key parts of the briefing process
- Establish a partnership with Getty Images to fundamentally challenge stereotyping in business imagery.
- Audit and update our existing imagery library to be much more inclusive and authentic
- Develop a robust plan to measure our impact and an operating rhythm to review against targets.

9 Commitment

We will ensure our suppliers are as diverse as our customers and communities.

Goals

A supply chain as diverse as the communities in which we operate.

Supporting Actions

- As part of the Supplier Charter, work with EcoVadis to collect data on the ethnicity of our existing suppliers.
- Review the onboarding process to improve transparency and accessibility.

10 Commitment

We will build financial capability with our UK Black, Asian and Minority Ethnic colleagues, customers and communities.

Goals

Improve financial capability, building resilience, confidence and helping to meet more needs of our Black, Asian and Minority Ethnic communities.

Supporting Actions

- Build on existing and new Research Academy insights.
- Review existing financial capability offering to identify opportunities for tailoring to the needs of Black, Asian and Minority Ethnic communities.
- Understand how we can better reach/penetrate Black, Asian and Minority Ethnic communities with our FinCap offering.
- Consider opportunities to deliver a new product/proposition which would be designed to suit the needs of Black, Asian and Minority Ethnic communities.

These commitments build on a number of external frameworks the bank is committed to, including; as signatory to the UN Principles for Responsible Banking, striving for alignment in our strategy with the 2030 UN Sustainable Development Goals; promoting respect for human rights as a signatory to the UN Guiding Principles, particularly upholding principle 6 “Businesses should uphold the elimination of discrimination in respect of employment and occupation”; and as members of Business in the Community, where we are founding signatories to their Race at Work Charter.

The bank’s purpose – championing potential, helping people, families and businesses to thrive – is an active call to action. It is about breaking down the barriers and ensuring that everyone, regardless of race, can achieve their full potential.

These commitments will involve identifying, challenging and changing the attitudes, behaviours and structures that perpetuate any form of racism, whether it is overt or covert. We are passionate about driving towards that goal because this issue goes to the heart of who we are and what we stand for as an organisation.

“These commitments will help drive forward NatWest Group’s aim to become an open and inclusive bank – we stand against racism”

The Taskforce

Section 1: Colleagues



Championing the potential of our colleagues

Many positives can be taken from our colleague listening exercise¹. NatWest Group's colleagues rated our inclusion efforts as higher than the industry average, with 92% feeling that this is an inclusive place to work.

However, the results highlight the difference in lived experience between colleagues of different ethnicities.

As a purpose-led bank, we understand that we have a moral duty to stand up against racism and act. We also understand the value of a workplace where those from minority backgrounds are given equal opportunities and feel comfortable voicing their concerns.

Research by the Chartered Institute of Personnel and Development, the Boston Consulting Group and McKinsey show that organisations with an emphasis on diversity and inclusivity are more productive and innovative, with higher levels of job satisfaction and in turn, retention amongst all employees².

The bank's work to date

As a purpose-led organisation, we should acknowledge that the bank has already been taking some important steps on this issue.

At the start of 2018 we set formal UK targets to increase the Black, Asian and Minority Ethnic representation amongst senior levels in UK. To ensure leaders are held to account inclusion goals – which include our ethnicity targets – are part of the Executive Management Team's performance goals and they are a key performance measure for their long term incentive awards.

Our positive action approach, led by our Executive Sponsor Simon McNamara, is tailored by business, according to the specific challenges they face to help ensure that our people policies are inclusive and accessible – from how we attract and recruit, to how we reward and engage colleagues. There is no silver bullet, therefore having a robust plan and understanding the compound nature of its component parts is essential, as is measuring its impact.

¹ The survey was in addition to regular bank-wide surveys, focussed solely on race, diversity and inclusion. Undertaken in June 2020, it drew 21,870 responses, a 34% response rate.

² Building Inclusive Workplaces – Chartered Institute of Personnel and Development, Report, 2019; How Diverse Leadership Teams Boost Innovation – BCG, Report, 2018; DiversityWins: How Inclusion Matters – McKinsey, Report, 2020.

Section 1: Colleagues

One of our early careers initiatives, the NatWest Social Mobility Apprenticeship programme, was launched in 2019 for talented individuals from economically and socially less advantaged backgrounds. The pilot cohort came entirely from Black, Asian and Minority Ethnic backgrounds and the programme was a first of its kind in banking.

Enthusiastic support comes from our Multicultural Network and allies who play an active part in promoting an ethnically diverse workforce and in tackling bias. Through engagement of their members, we continue to understand the barriers and work collaboratively to remove those blockers and create a more sustainable, inclusive workplace.

We also established an external advisory board in 2017, with members sourced from outside the organisation, drawn from business, academia and other institutions. The board meets bi-annually and has endorsed our plans as industry leading.

The challenges

Representation at management level

According to Business in the Community, only one in sixteen people in senior positions in either the public or private sector are Black, Asian and Minority Ethnic.³ This problem is particularly acute for UK Black African and Caribbean workers: they make up 3% of the population and less than 1.5% of people in management positions.⁴

From our inclusion survey conducted in June 2020, in addition to regular colleague surveys, the NatWest Group's Colleague Listening Team found that the impact of a lack of Black, Asian and Minority Ethnic representation at senior level is reflected in colleagues' belief that there are not equal opportunities to progress in the organisation.



³ Race at Work – Business in the Community, 2020
⁴ Race at the Top – Business in the Community, 2014

All employees have the same opportunity to advance in this organisation⁵.



Colleagues have identified an increase in Black, Asian and Minority Ethnic leaders as an essential barometer for how fair and inclusive NatWest Group is. At present, only 10% of senior leadership roles in our organisation come from Black, Asian and Minority Ethnic backgrounds.

Recruitment and retention

Black, Asian and Minority Ethnic experiences of the external job market are vastly different from that of their White counterparts. In 2019, Nuffield College Oxford found that just having a name that signals that an applicant is from an ethnic minority background, meant that applicants had to send 60% more applications than their White counterparts before being called back for an interview⁶.

Against this backdrop, several Black, Asian and Minority Ethnic colleagues highlighted in the free text box segment of the survey that they felt our recruitment process was skewed by bias.

The Taskforce recognises the particular importance of early careers entry, not only as a pipeline to senior management, but also in recruiting people whose long-term ambition is to stay and build a career at NatWest Group, giving them the opportunity to shape our working environment and purpose.

⁵ Breakdown of favourable response by UK White, UK Asian, and UK Black/African/Caribbean respondents to the statement, "All employees have the same opportunity to advance in this organisation" in NatWest Group's June 2020 Black, Asian and Minority Ethnic survey.

⁶ Are employers in Britain discriminating against ethnic minorities? – Dr. Valentina Di Stasio, European Research Centre on Migration and Ethnic Relations, Briefing note, 2019

Bringing yourself to work

Our survey indicates that many of our Black, Asian and Minority Ethnic colleagues, especially those who are Black, feel that they are unable to bring their true selves to work without considering if they will be accepted. In our June 2020 survey, 63% of UK Black colleagues said they felt they could be themselves at work without worrying about how they would be accepted, versus 93% of UK White colleagues.

For our Black, Asian and Minority Ethnic colleagues, this may involve changing the way they speak, how they dress, deliberately screening topics of conversation because they believe that it will help them cope and advance in a predominantly White environment.

Conversations about race

One of the key findings of the seminal report Race at Work (2015), was that employees across all ethnicities in the UK believed their employers to be uncomfortable when talking about race.

Our survey question 'I am comfortable talking about racism' had some of the least favourable responses from colleagues. It was therefore unsurprising that Black, Asian and Minority Ethnic colleagues felt the need for training on how to discuss racial inequalities in the workplace more acutely than their White counterparts.

The Taskforce recognises that encouraging open and honest conversations about race is an integral part of making progress on this issue. Improving the organisation's understanding of how to discuss and engage with race is also consistent with our commitment to be a learning organisation.

The data from the survey tells us that applying an exclusively Black, Asian and Minority Ethnic perspective across our work in the area does not capture that full set of experiences that groups experience because of their race. That is why we believe that it is appropriate to have a target that focusses on Black colleagues to run alongside our Black, Asian and Minority Ethnic target.



Our commitments

Commitment:

We will build a more inclusive culture with mandatory training for all colleagues and an ethnicity ally programme.

We need to work towards being an open and inclusive organisation – one that stands against racism. To support this aim, an ally programme led by our Multicultural Network will be launching in November. It will be supported with an ethnicity toolkit, which will help colleagues with actions they can take in being an active ally.

In October 2020, we launched a new, digital Inclusion learning module. And we will also pilot a new mandatory training programme, Leading Inclusively at the end of this year.

Whilst we are committed to building on the training initiated in these areas, we recognise that challenging racism cannot be learned or ‘completed’ in a programme, but is an ongoing journey.

Commitment:

We will enhance existing group ethnicity pay gap reporting

We have published gender pay gap reports for the past three years and have voluntarily disclosed our ethnicity pay gap for the past two years, ahead of any mandatory requirement to do so. The publication of such reports is an important way of holding ourselves to account and will incentivise us to act on the ethnicity pay gap. Resources will be dedicated to promoting the ethnicity pay gap report and enhancing reporting so that it is clear and easy to understand.

Commitment:

We will champion colleagues’ potential with accelerated and focused development programmes.

We will offer our Black, Asian and Minority Ethnic community opportunities for training and development to make this happen, including prioritising Black, Asian and Minority Ethnic colleagues for a pilot with the Ivy House Life Leaders Programme and the Mission Include mentoring programme for underrepresented talent. We will also trial a modified Breakthrough talent programme in Q4 2020, delivered by Edit.

Commitment:

We will ensure our recruitment processes remain free from bias and ensure, where minimum criteria have been met, we continue to have Black representation on our UK Early Career programmes.

We will start tracking how many Black colleagues we are recruiting in early-career programmes, and not just overall Black, Asian and Minority Ethnic numbers. This includes increasing the scrutiny and monitoring of the barriers that Black applicants may face as they attempt to join and then move around our organisation. This also includes adopting a checklist for recruitment managers so that diversity is front of mind when hiring and candidates continue to experience a process that is free from bias.

Commitment:

We will not tolerate racial discrimination towards our colleagues by anyone.

Our Group has never tolerated racial discrimination or abuse towards our colleagues from anyone they interact with while doing their job – including customers, colleagues or suppliers. Whilst we can be pleased that colleagues broadly feel comfortable when raising discrimination complaints, many are still uncomfortable talking about racism in the workplace. We will:

- Continue to commit to having a clear and transparent process for complaints.
- Continue to raise awareness of how colleagues should deal with incidents of racism, including promoting the use of our anonymous hotline, Speak Up.
- Be proactive in talking to customers about any type of racist behaviour. Where necessary, closing their facilities with the bank.



Section 2: Customers



“Fulfilling these commitments will not be easy. It will take focus and perseverance, and we cannot do this alone. We are confident, however, that this process will make us stronger”

The Taskforce

Championing the potential of our customers

If our customers do well, then we all succeed. That driving principle applies to all customers, irrespective of their race. Access to banking services is broadly regarded as an essential aspect of leading a normal life. Whether it be everyday services such as basic bank and savings accounts, or a mortgage to buy a house or loan to start a business, these are some of the necessary components of contemporary economic engagement – and modern living.

Even after accounting for demographic attributes such as income level, many individuals within Black, Asian and Minority Ethnic communities experience several disadvantages when it comes to financial security. Comparatively to White people, Black, Asian and Minority Ethnic individuals⁷:

- encounter higher barriers when accessing credit;
- experience a higher prevalence of financial instability;
- have a lower understanding of financial products and services;
- exhibit weaker English language skills (including the technical language often used by financial institutions).

⁷ Financial Inclusion and Ethnicity, Mawhinney, 2010

These challenges exist alongside other barriers, including the inequalities in health outcomes, highlighted so starkly by the Covid-19 crisis.

The bank's work to date

We have sought to understand the community's financial needs; we offer flexibility when needed; and guidance in managing their finances. This stems from the continued conversations our Customer Insights team have with customers to understand their priorities to ensure that our services and products can help Black, Asian and Minority Ethnic customers reach their full potential.

The bank has provided enterprise support for the Black, Asian and Minority Ethnic community, hosting parliamentary roundtables, offering webinar series with the likes of The Entrepreneurship Network, and we launched a Digital Black, Asian and Minority Ethnic Business Builder programme. Free to use, Business Builder provides learning, virtual workshops and an online community to help customers develop themselves and their businesses.



Section 2: Customers

We have committed to help create 50,000 incremental new businesses across the UK by 2023. Much of this support will be focused on the people and communities who have traditionally faced the highest barriers to entry and so 20% of those inspired and supported will be Black, Asian and Minority Ethnic.

The challenges

Financial access

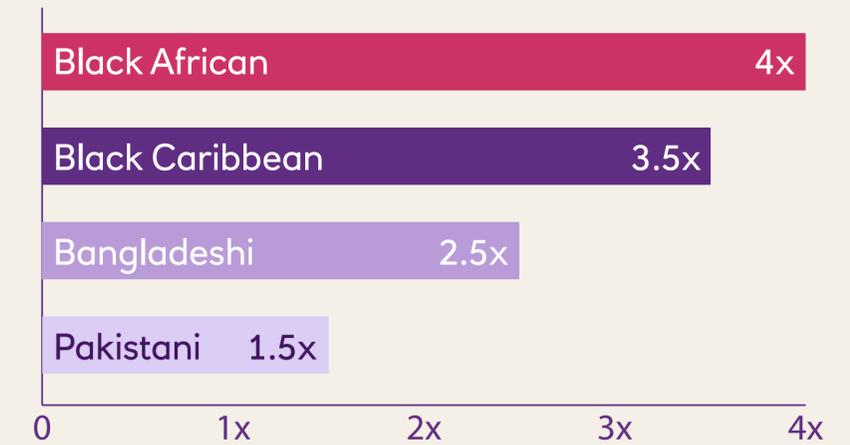
Research has shown varying levels of disparity between White and Black, Asian and Minority Ethnic communities and their access to financial services. Whilst it should be cause for concern that 33% of White people have no savings, amongst the Black, Asian and Minority Ethnic community, the picture is more troubling. At almost double the figure of White people, at least 60% of the Black, Asian and Minority Ethnic community have no savings whatsoever. Researchers have also found that when attempting to access consumer credit, non-white households face barriers that make them less likely to have financing than White households; even after controlling for income levels and other demography indicators.⁸

Our analysis of market share suggests that we perform well with regards to our offer of current and savings accounts in Black, Asian and Minority Ethnic communities. However, the bank underperforms with regards to how many of its Black, Asian and Minority Ethnic customers have overdraft facilities with us or have a loan with the bank.⁹

Enterprise gap

Discouragement, a situation where a firm would like to apply for finance but does not for fear of rejection, was found to be highest among Ethnic minority-owned businesses. Here, 44% of Black African, 39% of Black Caribbean, 31% of Bangladeshi, 21% of Pakistani and 9% of Indian firms compared to 4% of White firms reported that the fear of rejection had stopped them from applying for loans that their businesses actually required.¹⁰

The Taskforce is reluctant to suggest that this challenge is solely about how personal networks are used. We must recognise that Black, Asian and Minority Ethnic individuals are significantly more likely to be denied a loan than White people.



Likelihood of Black, Asian and Minority Ethnic groups being denied a loan, compared to White people.¹¹

⁸ Financial Inclusion and Ethnicity: An Agenda for Research and Policy Action – Omar Khan, Runnymede, 2008

⁹ Access to consumer credit in the UK – Solomon Y Deku, European Journal of Finance, Research paper, 2015

¹⁰ Barriers to ethnic minority and women's enterprise: Existing evidence, policy tensions and unsettled questions – Sara Carter, Research Article, 2018

¹¹ Barriers to ethnic minority and women's enterprise: Existing evidence, policy tensions and unsettled questions – Sara Carter, Research Article, 2018

Our commitments

Commitment:

We will deliver enterprise and career education programmes to our UK Black, Asian and Minority Ethnic communities

We take our responsibility to tackle the barriers that exist within the communities we serve seriously. We will partner with the Sutton Trust, an educational charity in the UK which aims to improve social mobility and address educational disadvantage, and the Social Mobility Foundation, a charity which aims to improve social mobility for young people, to reach communities where we have the opportunity to make a positive impact for Black, Asian and Minority Ethnic audiences. And we will further commit to researching the barriers holding back Black, Asian and Minority Ethnic entrepreneurship and acting on that research.

Commitment:

We will understand socio-economic barriers facing Black, Asian and Minority Ethnic customers through research and strategic partnerships.

Given the role that banking plays in the lives of our Black, Asian and Minority Ethnic customers, it is time for us to invest more in improving our understanding of the biases in our service delivery to customers. We have acknowledged that we have to change our way of working in light of this and build on previous work. We will partner with organisations like the Runnymede Trust,¹² who have a history of listening to and working with Black, Asian and Minority Ethnic communities and releasing data on their experience.

To have an impact, we have to act on the understanding that we gain and be prepared to innovate and change to serve Black, Asian and Minority Ethnic communities more fairly and effectively.

Commitment:

We will amplify Black, Asian and Minority Ethnic voices through our marketing and communication platforms.

The evidence suggests our Black, Asian and Minority Ethnic customers are proud to bank with us, recommending NatWest Group to their friends and family. This is representative of the concerted effort we have made to positively interact with our Black, Asian and Minority Ethnic customers to date.

However, we can always do more to ensure that Black, Asian and Minority Ethnic customers feel comfortable banking with us. We can still do more to promote ethnic minority voices in our marketing materials such as our websites and our adverts.

¹² The UK's leading independent race equality think tank

Section 3: Communities



“The bank’s purpose – championing potential, helping people, families and businesses to thrive – is an active call to action. It is about breaking down the barriers and ensuring that everyone, regardless of race, can achieve their full potential”

The Taskforce



Championing the potential of the communities we serve

At the heart of our purpose is the desire to contribute to and influence societal change. NatWest Group plays a critical role not just for our colleagues and customers, but for the communities we serve. Given the important relationships we have, it's our moral obligation to support our communities and stand up to racism locally, nationally and globally.

The bank's work to date

Across the bank we are committed to working within the community. In 1994 we launched MoneySense, our free financial education programme that aims to help 5-18 year-olds in the UK and Republic of Ireland towards a better financial future. Since then we've helped millions of young people learn about money and the things they can do to equip themselves for success in adult life.

We have engaged the Black, Asian and Minority Ethnic community through our apprenticeship programmes. The early careers teams have also recently started working with other social enterprises like the Social Mobility Foundation and the Sutton Trust. Such partnerships have benefited from working with community leaders to truly understand the barriers that young people from Black, Asian and Minority Ethnic groups face.

Our Supplier Charter, launched in September 2020, sets out our aims and expectations in the areas of ethical business conduct, human rights, environmental sustainability and importantly, diversity and inclusion. It details what we expect from our suppliers, and clearly outlines what our own commitments are in these key areas and the outcomes we will aim to achieve by working together.



The challenges

Early career representation

The external jobs market has always been tough for new entrants, more so for those from an ethnic minority background. Black, Asian and Minority Ethnic applicants sent 70-90% more applications than White Britons to receive the same number of call-backs, with Pakistanis needing to send fewer than their Nigerian and MENA (Middle East and North Africa) counterparts. For high-skilled occupations, Nigerian applicants had to send the greatest number of applications, 120% more than White Britons, to receive the same number of call-backs.¹³

Financial Capability

A joint study by University College London and Cambridge University found that one in three British adults are unable to work out the correct change from a shopping trip.¹⁴ Individuals need to be able to complete basic financial calculations to make well-informed financial decisions, so improving financial literacy should be seen as vital.

Low financial capability is a barrier that significantly affects communities that are young, financially insecure and suffer from educational inequalities. Black, Asian and Minority Ethnic communities are disproportionately represented in these groups.

Supply chain

Currently, the NatWest Group does not collect data on the ethnicity of our supply chain. Nor do we have agreed metrics for measuring supply chain diversity and inclusivity. As an organisation, this means we are currently unable to leverage its size, reputation and influence to encourage the organisations it works with to stand up against racism. Evidence points to the fact that increased diversity in leadership leads to better run enterprises, encouraging our partners to do better on diversity also improves their performance as a whole.¹⁵

However, our suppliers range in size, location and frequency of contact with us as a business. This means that any plan we implement to engage with them will need take into account the varying contexts and barriers that Black, Ethnic and Minority-owned businesses may encounter when working with large corporates such as ours.

¹³ Are employers in Britain discriminating against ethnic minorities? – Dr. Valentina Di Stasio, European Research Centre on Migration and Ethnic Relations, Briefing note, 2019

¹⁴ England has one of the lowest levels of financial literacy, study says – Institute of Education, University College London, Article, 2018

¹⁵ Getting to Equal 2019: Creating a culture that drives innovation – Ellyn Shook, Research note, 2018

Our commitments

Commitment:

We will ensure our suppliers are as diverse as our customers and communities.

Our commitment to supporting Black, Asian and Minority Ethnic communities runs through our business as a purpose-driven bank. Through our commitment to diversify in our supply chains, we will ensure they mirror the communities in which we operate.

We will achieve this by working more closely with EcoVadis to collect data on the ethnicity of our existing suppliers and reviewing our onboarding process to improve transparency throughout the supply chain.

Commitment:

We will build financial capability with our UK Black, Asian and Minority Ethnic colleagues, customers and communities.

Low financial capability is a barrier that significantly affects Black, Asian and Minority Ethnic communities due to issues such as financial insecurity, educational inequalities and language barriers. We will commit to financial education that is open to all and tailored to the needs of Black, Asian and Minority Ethnic groups. Where necessary, we will be explicit about targeting our resources on defined groups and working in locations where we can have the most significant impact with Black, Asian and Minority Ethnic communities.



Conclusion

These commitments will build on existing plans and help drive forward NatWest Group's aim to become an open and inclusive bank, one that stands against racism.

The bank's purpose – championing potential, helping people, families and businesses to thrive – is an active call to action. It is about breaking down the barriers and ensuring that everyone, regardless of race, can achieve their full potential. These commitments will involve identifying, challenging and changing the attitudes, behaviours and structures that perpetuate any form of racism, whether it is overt or covert.

We are passionate about driving towards that goal because this issue goes to the heart of who we are and what we stand for as an organisation.

Fulfilling these commitments will not be easy. It will take focus and perseverance and we cannot do this alone.

At our best we are an open, inclusive, progressive organisation, but until that is everyone's experience, every time, we have more to do.



Glossary

A note on terminology

We understand that language matters when engaging on the topic of race. These definitions will naturally evolve through discussion and collaboration within NatWest Group and outside of it. We intend to be part of that conversation and adapt our language where appropriate. We hope that the fear of misusing a term or using a word incorrectly will not act as a barrier to engaging in the issues that this report highlights.

Ally

In the context of this report, a person whose commitment to dismantling racism manifests in actions that include but are not limited to educating themselves, learning from and actively listening to people who are victims of discrimination and challenging racist remarks, behaviours, policies, and institutional structures.

Black, Asian and Minority Ethnic

In the UK, the term Black, Asian and Minority Ethnic defines all minority groups where there are shared common histories including ethnicity, religion, language, nationality, cultural traditions etc. In line with the Parker Review and the McGregor Smith

Review we draw a distinction when discussing ethnicity at the top four levels of the bank and refer specifically to individuals with visible heritage from African, Asian, Middle Eastern and South American regions e.g. all groups who are non-white.

We recognise the limitations of the term; which includes a failure to account for the nuances in experience between various ethnic minority groups. That is why we are committed to also focusing on groups that sit within the category (for example, Black colleagues), and that is why throughout most of this report we have not used the term BAME, rather ‘Black, Asian and Minority Ethnic’ to refer to our customers, colleagues and communities.

Lived experience

In the context of social justice, lived experience refers to the personal experiences of minorities. It acknowledges not only the discrimination that some people face, but also the psychological burden associated with being aware of that discrimination.

Racism

Interpersonal racism involves discrimination from one individual to another. Institutional racism involves discriminatory treatment, policies and practices within organisations.

Yes Check

The Yes Check is a key tool to help guide our thinking and decision making and includes five questions to help us consider the perspectives of different stakeholders before making the best decision. With the launch of our new purpose this year, the Yes Check has evolved to help make sure that purpose-led decision making becomes part of what we do, every day.



Methodology



The Taskforce worked alongside multiple entities throughout the Group, to pull together existing and new data, both qualitative and quantitative that forms the basis of this report.

Colleagues at NatWest Group are surveyed regularly throughout the year. Both our internal Our View survey, and the external Banking Standards Board survey are constructed to the best practice survey standards, and both use Office for National Statistics (ONS) definitions of ethnicity. This allows us to obtain deep insights into how colleagues from different backgrounds and ethnicities feel and what they think. The Our View survey gives us the opportunity to measure how NatWest Group colleagues feel versus a variety of global norms. The annual Banking Standards Board survey is run independently across 29 member banks and allows us to compare NatWest Group to its direct competitors.

Where appropriate, colleagues were asked to disclose their ethnic identity, allowing us to gather responses by race. In the UK, home to most of the Group's colleagues (and therefore survey respondents), it is legal to ask for ethnicity (as defined by the UK's Office for National Statistics). Other countries – for example, Poland, where we have several thousand employees, prohibits such data collection. As a result, we are unable to distinguish all responses by ethnicity; however, the significant response from UK colleagues has provided us with enough data to draw useful conclusions.

As part of our ongoing customer targeted listening exercise, we subscribe to Ipsos' Financial Research Survey (FRS). The largest of its kind, the survey interviews a representative sample of 60,000 adults. Approximately 40% are online surveys and approximately 60% are face-to-face. Data is collected and delivered monthly. IPSOS are a member of the British Polling Council and abide by their research ethics guidelines.