

Expanding the pool

The wealth management profession is reaching out to women and minorities

By: *Martin Daks*

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According to the Certified Financial Planner Board of Standards Inc., the number of women and minorities in the wealth management field is growing nationally as of the end of 2020: But the national organization, which sets standards for financial planning and administers the CFP certification, also noted that women represent less than a quarter of CFPs, while fewer than 5% of CFPs are Black or Latino. Leaders in New Jersey's wealth management segment outline a variety of ways in which they're reaching out these underrepresented populations.



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“It’s important to have a wider demographic in wealth management positions because clients feel more comfortable interacting with professionals that are more like their own age, culture, gender and other characteristics,” said Valerie Murray, president at Beacon Trust Co., a wealth management subsidiary of Provident Bank. “This helps them to better connect with clients.”

Murray has been with Beacon Trust for about 10 years and has been president since February 2017. “We used to see males primarily making the decisions and taking care of financial matters,” she added. “But there is evidence that women are taking a more-active role in handling finances, and more of them are accumulating assets on their

own, too. So one of our goals is to bring women into the conversation as early as possible. That helps to build trust and rapport, and our female clients say they appreciate having at least one woman on our team.”

In her early days, Murray was often the only woman in the room, “especially as I moved up the ranks,” she said. “Early on, I decided that I can’t change my age and gender, but I can get more education, like my CFP [a certified financial planner, which must meet rigorous education, training and ethical standards]. Since then, it hasn’t been an issue.”



Murray

Today, Murray is trying to help other under-represented individuals. “Along with others at Beacon Trust, I try to give more support and encourage them to get their own CFP certification,” she said. “We offer support, mentorships and coaching. Other people, men and women, invested in me and I want to give back.”

Beacon Trust has “a wide variety of clients,” she noted, “and our professionals, as well as our recent prospects and existing clients come from a wide variety of backgrounds. So when we’re hiring, we look for a diverse slate of candidates that represent a variety of backgrounds, experience, genders and cultures.”

“There are all kinds of advisers,” noted John P. Babcock, Peapack-Gladstone Bank senior executive vice president, and president of Peapack Private Wealth Management. “Women and minorities make up about 25% of our total advisers, while our financial planners, about 60 of them are equally weighted between women and men. In general, people like to deal with people with people who resemble them, although in some cases that’s not so important to a client.”

Peapack Gladstone is reaching out to a wider swath of professionals through networking and peer groups, he added. “A lot of our client-facing people very well connected with law firms, CPA firms and other professional services organizations, so instead of just using job postings we’re contacting through ‘warm’ recruits in a targeted approach.”

The approach is working, added Peapack-Gladstone Bank CEO Douglas L. Kennedy. “Even when we acquire an existing organizations [in July, Peapack-Gladstone picked up Princeton-based Princeton Portfolio Strategies Group], we generally retain 99% of their clients.”

For Santander Bank's investment arm, Santander Securities LLC, having more women and minority wealth management professionals is, "first and foremost, the right thing to do," according to CEO and Head of Investments Jeff Weiner. "We serve many diverse communities, and our clients want to work with someone to whom they can relate. Research shows us that diverse wealth management teams consistently out-perform teams that are less diverse, and that's because representation goes a long way to build trust between a client and their financial professional."

Keep working

He's proud of the diversity of Santander's workforce but says "we know there's always more work to be done. As of 2020, the workforce of Santander US was made up of 58% women and 53% who identify as diverse. In 2020, Santander signed The Hispanic Promise – a commitment to hire, promote, retain and empower Hispanic employees.

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Diversity is critical at all levels, especially among Santander's leaders, he added. "At our retail investments broker dealer, Santander Investment Services, 50% of the senior leaders overseeing our financial consultant workforce are women. These market directors recruit, mentor, and manage our FCs and in turn have a major impact on our customers. They know that representation matters and are always on the lookout for candidates who will be a benefit to our customers and representative of the diverse communities we serve."

In addition to Santander's Employee Resource Groups that offer webinars and panel discussions focusing on diversity, equity, and inclusion, "We've contacted the InvestmentNews Women Advisor Summit — a forum designed for female advisors looking to enhance their businesses and improve their personal skills — for a list of participants to proactively recruit more women wealth management professionals."

Institutions like Columbia Bank, which offers wealth management services through its Columbia Financial Services arm, is "addressing this issue," according to CEO Thomas J. Kemly. "There's potentially a huge market of under-served individuals, and it's important to have employees with different thoughts, approaches and connections. We represent all communities, so we may miss out if we don't have a diverse sales force that reflects this wide population."

He added that "[t]hroughout our company we're working on this, connecting with diverse professional groups like the African American Chamber of Commerce of New Jersey, and the Statewide Hispanic Chamber of Commerce of New Jersey. By partnering with

diverse organizations, there's a greater chance of connecting with this more potential employees from diverse backgrounds.”



Lalwani

Lakeland Bank — which in July announced an agreement to acquire 1st Constitution Bank — is expanding the ranks of its own women and minority wealth management professionals. “Women and minority financial advisors are needed more than ever in the wealth management field,” observed Chief Banking Officer Ellen Lalwani. “Historically, it’s been the male of the household who handled the financial matters for the family, but women have more influence regarding wealth planning and financial decisions for households today than ever before. That’s due to more women in the workforce as well as the highly anticipated transfer of wealth to women starting to occur among the baby boomer generation. And these clients may feel more comfortable working with a female financial advisor who will be able to provide better insights and financial stewardship.”

Hiring minorities is equally important, she added, “because, as the recent census indicates, the demographics of our communities are becoming much more diverse.” In addition to its standard recruiting practices, “we expanded Lakeland’s internal licensed branch professional program to provide professional growth opportunities in financial advisement for existing team members,” Lalwani added. “This is one of the ways we are trying to build a more diverse wealth management team.”

Evolving environment

When Deborah Shepherd started in the financial advisory field, more than 30 years ago, “I was one of very few women in the profession, and there were even fewer leaders.” Shepherd, a Naval Academy graduate and former officer, now serves as the Short Hills market executive at Merrill Lynch Wealth Management.



Shepherd

Back then, she recalled, “There were some clients who preferred to work with a male adviser, and some who preferred to work with a women. I had a very good relationship with my clients but it became even better when they worked with my male business partner as well as me — and he also saw improvements with his clients. In both cases, they seemed more relaxed, and opened up more easily.”

In her current role, “We target northern New Jersey, where you’ve got markets like Montclair that have a very diverse population, so we think about how to source financial advisors. Part if it involves spending time with psychology majors and other students in college, because behavioral finance [the study of psychological influences on investors and financial markets] is a big topic these days. We also get in front of women’s organizations, Hispanic and Latino, African American and others and speak with them about the entrepreneurial opportunities that Merrill Lynch Wealth Management offers.”

At the same time, the role of financial advisers has expanded, she added. “Originally there was primarily an investment focus, but now it’s more planning-based and holistic. Investments are the vehicle, but our advisers act as a kind of life coach, helping them organize portfolios for tax efficiency, wealth transfer, college, retirement and other goals. It’s important to have different points of view, and to reflect the communities you serve. And as demographics shift, it’s important for our advisers to reflect this, fielding more women and other under-represented populations.”