

GUIDANCE ON EQUAL PAY IN THE FINANCIAL SECTOR

Introduction

The Danish Employers' Association for the Financial Sector (FA), Finansforbundet and Forsikringsforbundet agree that values and structures in the financial sector are to help promote a pay structure that ensures equal pay for equal work regardless of gender. With this guidance, we therefore offer recommendations and tools for shedding light on and reducing wage differentials in the financial sector. Concerted efforts are needed for us to create lasting change.

The equal pay guidance has two parts

Part 1 addresses the rules on equal pay statistics and statements and the possibilities and obligations that businesses have in this respect. The aim of this part is to help the organisations' HR and financial functions as well as union representatives wanting to understand the system in detail.

Part 2 serves as an inspiration catalogue for the organisations' HR functions and managers as well as local union representatives, the intention being to support and motivate them in their daily work with equal pay and diversity.

1. The rules

- legislation and statistics requirements

1.1 Legislation

According to the Danish Equal Pay Act, men and women must receive the same pay for the same work or work of the same value. While this does not mean that men and women must be paid the same, there can be no difference in pay based on gender according to the law.

Under the Danish Equal Pay Act¹, all businesses of at least 35 employees and at least 10 employees of each gender with the same job function and the same level of responsibility must each year prepare gender-segregated earnings statistics. Businesses may choose to use the gender-specific earnings statistics from the FA or prepare their own statistics. If the employer and employee agree, the business concerned may choose to prepare an equal pay statement instead of statistics.

Gender-specific earnings statistics

Gender-specific earnings statistics must comprise all the business' employees who are paid for hours worked and must show the gender pay gaps in employee groups on the basis of the six-digit DISCO code or a corresponding classification system when groups include at least 10 persons of each gender. The groups must be broken down by "regular employees", "managers", "trainees" and "young people under 18 years of age". Gender-specific earnings statistics must cover a period of 12 months.

Businesses are required to share the earnings statistics with the employees' representatives, see section 5 a of the Danish Equal Pay Act and the Danish Act on Information and Consultation of Employees.

Businesses preparing their own gender-specific earnings statistics are obliged to account for the presented statistics and the concept of pay applied.

Equal pay statement

An equal pay statement must contain a description of the conditions impacting the remuneration of men and women in the business and an action plan for preventing or reducing gender pay gaps and for subsequent follow-up activities. The statement must cover all the employees of the business and be prepared in compliance with the principles of the Danish Act on Information and Consultation of Employees or of a collective agreement. The statement must cover a period of one to three years and be prepared by the end of the calendar year in which the obligation to present gender-specific earnings statistics applied.

1.2 FA's gender-specific earnings statistics

All businesses with membership of the FA may choose to use the gender-specific earnings statistics prepared by the FA on the basis of annual pay data reported. As stipulated by the act, the statistics cover all employees of the business who are paid for hours worked. Consequently, employees paid on a piece rate are not included. The statistics group the employees according to work function (six-digit DISCO code) and level of responsibility, broken down by "regular employees", "managers", "trainees" and "young people under 18 years of age". The statistics show the wage differential in per cent for groups of at least 10 of each gender (a calculated wage differential can also be 0). The statistics can be ordered from August and covers the preceding calendar year. The FA also sends the statistics to the businesses having reported the data and having, based on their reported data, a statutory obligation to prepare gender-specific earnings statistics.

¹ See section 5 a of the [Danish Act on Equal Pay for Men and Women](#)

1.3 Businesses preparing their own earnings statistics

Businesses may also choose to prepare their own gender-specific earnings statistics. This may be relevant if the FA is unable to supply the statistics, or if the business requests it faster or in a form other than that supplied by the FA.

These requirements also apply to businesses preparing their own gender-specific earnings statistics. The earnings statistics must therefore cover all employees of the business, but not employees paid on a piece-rate basis only. Moreover, the statistics must cover a period of 12 months. The earnings statistics may, however, be supplemented by a shorter and timely relevant period if the business so desires.

Businesses must show wage differentials between men and women in employee groups of at least 10 persons of each gender. The group must be broken down by the levels of responsibility “regular employees”, “managers”, “trainees” and “young people under 18 years of age” and by the six-digit DISCO code or a corresponding classification, for example one that the employees are more familiar with.

Businesses are also free to choose which concept of pay to apply in their statistics. The FA uses the following concepts in their earnings statistics:

- basic pay
- deduction in gross salary
- fixed bonuses
- bonus, etc.
- pension (own and employer-based contribution)
- holiday supplements
- taxable employee benefits
- hardship allowances

Overtime pay is outside the concept of pay in this context.

In the FA statistics, average earnings are weighted by actual hours worked, which means that an employee working for only one month in a year will not impact the average earnings as much as an employee working throughout the year. Businesses are also free to choose how to show wage differentials in their own statistics. Wage differentials may be shown, for example, by an index figure or in per cent. They may also show the average earnings for men and women, respectively, in absolute figures.

However, it is important to prepare the statistics based on uniform principles for the business to ensure comparability. The business is obligated to present the presented statistics and the applied concept of pay to its employees. The business’ works council would be a suitable forum to bring it up.

Businesses deciding to prepare their own gender-specific earnings statistics must do so by 31 December of the year following the year covered by the statistics.

1.4 Equal pay statement

If the employer and employee agree, the business concerned may choose to prepare an equal pay statement instead of statistics. An equal pay statement must contain a description of the conditions impacting the remuneration of men and women in the business and an action plan for preventing or reducing any gender pay gaps and for subsequent follow-up activities.

The statement must comprise all employees of the business and should be prepared through the business’ works council or through union representatives. The statement must cover a period of one to three years and be prepared by the end of the calendar year in which the obligation to present gender-specific earnings statistics applied.

1.5 Interpretation of the statistics

When grouping employees in categories for comparison of pay between men and women, it may be difficult to include all aspects influencing pay. Statistical wage differentials are not necessarily the same as unequal pay, but it may be relevant to map out and assess what might explain the underlying causes of potential gender pay gaps. This can be done by examining, for a selection of employee groups, the underlying reasons for the numbers, while including additional factors likely to affect how individual pay is determined. (Please also see the next section on workplace gender representation).

The following parameters can be included in the mapping of causes:

- Education, including business-specific further training
- Work experience
- Responsibility (management, project management, induction training, student work)
- Job area – if the employees are grouped according to DISCO-08, their job content might differ (internal job title), which could justify a difference in pay.
- Geography
- Form of remuneration, fixed salary/non-fixed salary, etc.
- Incorrect data, including if the pay of an employee was calculated incorrectly or the employee was entered by the wrong DISCO code or level of responsibility.

A range of other factors may be difficult to measure but might still influence individual pay. These factors may include performance, commitment, adaptability and overall achieved results and, potentially also, a gender bias.

Businesses using gender-specific earnings statistics from the FA have the option of receiving a special run with the underlying data at individual level. This will allow businesses to supplement the statistics with their own data that were not included in the reported data.

2. Working with equal pay

2.1 Gender representation at work

Når man kortlægger ligeløn på arbejdspladsen, bliver man også nødt til at se på, om der er særlige strukturer, der gør sig gældende. Det kan fx være, om der er en særlig kønsfordeling på tværs af virksomheden. Er der afdelinger, opgaveområder, arbejdsfunktion og opgaver, der er særligt domineret af et af kønnene?

Recommendations

To ensure a complete mapping, it is recommended to start by looking at how women and men are distributed across the organisation's departments (horizontal gender segregation). Then look at the representation of men and women in the various hierarchical roles, i.e. employees, middle managers, managers, etc. (vertical gender segregation).

Finally, make a detailed mapping of the tasks performed by women and men in the same departments with the same job functions and education. This will allow you to see if the division of work has slid in your organisation, i.e. if a gliding division of tasks is taking place between women and men with the same education and job function, the effect being that gender-based work is maintained.

Once you have mapped out your business' gender representation, you can see if departments, tasks or work functions are dominated by one gender.

Should the mapping reveal an imbalance in the representation of women and men in your business, you may consider the following:

- Is the gender representation what serves your business best?
- Is the gender representation the result of the employees' actual skills or the result of myths/traditions/gender stereotyping?
- Does the underrepresented gender have the same possibilities of getting the concerned job/responsibilities/tasks as the opposite gender and, if not, what are the barriers?
- Do the workplace culture, staff policy and other framework terms provide equal opportunities for both genders in relation to mobility between job functions and advancement.
- Do both genders experience having the opportunity of working with the same tasks as the opposite gender. It is important for your organisation to think unconventionally, for example in relation to further training for your employees. That way, you will be giving all employees, women and men alike, equal opportunities of acquiring new tasks and job functions.

2.2 Working hours and flexibility

Arbejdstid og nogle former for fleksibilitet er reguleret i overenskomsterne, fx ret til børnedeltid og seniordeltid. Udover visse minimumsforpligtelser i overenskomsterne kan I som virksomhed bruge fleksibilitet på mange måder.

Working hours

Working hours and some forms of flexibility are regulated in collective agreements, for example, entitlement to part-time work because of children or seniority.

Aside from certain minimum obligations in the collective agreements, your business may use flexibility in many ways.

Recommendations

It is a good idea to look at working hours and flexibility, for example in relation to the following:

- How many and who are working part-time?
- Do men and women have the same access to part-time work?
- Do men and women working part-time have the same possibilities of getting pay rises and promotions?
- What options for flexible work planning are available in your business?
- Would it be beneficial to plan work in a more flexible way, both in terms of working hours and place?
- Do men and women have the same access to flexibility and flexible work planning, including remote work?
- Is visibility the same for every employee no matter where they work?

More on flexibility

You could also look at whether your business supports equal opportunities regarding flexibility for both genders, and whether this flexibility is something your business takes into account in pay negotiations or the distribution of employee benefits.

- Does your business announce overtime work and the like so that everyone has the same opportunity of working overtime?
- What importance is given to other forms of flexibility at the business?
- Once everything is mapped out, you can assess if men and women alike have equal opportunities in relation to aspects of flexibility at the workplace. And whether that has any bearing on the determination of pay and the distribution of employee benefits. If the flexibility demonstrated by employees results in pay differences between women and men, the business must be able to prove that the employees' flexibility makes a difference to the work performed.

2.3 Salary entry point, fixed salary and local salary pools

Collective bargaining in 2020 and 2023 introduced a new salary system in the insurance and financial sector's collective agreements. This meant that the ordinary pay scale system was discontinued for some and that a minimum wage rate was introduced. It also became possible to use some of the centrally agreed wage increase for local salary pools, which are to be implemented according to locally agreed salary principles.

In relation to the salary entry point, it is therefore important to consider how it will take place in order not to create unexplainable wage differentials in the long term.

Recommendations

- Consider making an analysis and documentation of how pay has changed, on a breakdown of gender after the transition to minimum pay.
- Consider if there is a gender bias when the business lays down its salary principles in connection with salary pools, if any.

2.4 Staff policy

The staff policy is essential for setting the framework for the business' employees. It is therefore important to review the staff policy to see if any of its elements might maintain inappropriate pay structures in the organisation.

Recommendations

It may be beneficial to lay down clear policies for equal opportunities, diversity and inclusion in the staff policy.

- Consider whether to define clear gender and equality objectives, including how to achieve them.
- Consider if it is clear how management and employees work together to achieve equality.
- Consider if the works council should discuss annually whether the staff policy is in effect supporting the values, conduct and employees that the business is rewarding.
- Consider if the staff policy is sufficiently known and available to all employees – for example by way of annual satisfaction surveys in which the staff policy or elements therein are included in the questions.
- Consider if employment and recruitment processes are sufficiently good at attracting the right candidates, regardless of gender.

Delve into your staff policy and subject each element to a gender bias test.

It is important to pay attention to the meaning of gender in the wording of a staff policy, in order for women and men to derive the same benefit and joy of initiatives taken by the business.

2.5 Recruitment of employees

Recruitment and employment processes play an important role in attracting the right candidates. It is equally important to ensure the recruitment processes do not lead to gender bias. For example, it may be useful to review the job advertisements to see if they sufficiently attract a diverse pool of candidates for the vacancy in question. It might also be useful to look at the language, words and phrases used as some words might attract one gender rather than the other.

Once you know the representation of men and women in the different departments, job functions and professional groups across your organisation, it may be useful for the purpose of recruitment to examine who are recruited and how they are recruited for the various departments, job functions, etc.

If the aim is a wide and diverse field of applicants, it is important to consider how to communicate vacancies and conduct job interviews in a way making the position equally attractive to both genders.

Recommendations

Map out the recruitment process of the business. Decide on a given time period to review, e.g. a year, and ask:

- Do generally more men than women apply for our jobs?
- Whom do we hire and for what type of jobs?

Job advertisements

- Do job advertisements/descriptions use a neutral tone?
- Do the job advertisements/descriptions highlight all the skills you are looking for?
- Consider whether to screen the job advertisements for bias. Avoid using emotive and gender-specific words.
- Describe it if you have an inclusive culture at the workplace and what it consists of.
- In case you are using other recruitment methods, e.g. internal networks or word-of-mouth, are you aware of how that might affect the gender representation?

Conducting job interviews

- Do representatives of both genders take part in the selection of candidates?
- Do representatives of both genders participate at job interviews?
- Pay attention to whether men and women are asked the same questions and are allowed the same speaking time at job interviews. An interview guide could be helpful in this respect. As a business, you must make sure that women and men are entered on equal pay terms based on qualifications when they commence work, and not based on pay claims made or previous pay levels.

2.6 Workplace culture

A good place to start is by gaining an overview of the culture, environment and values of the workplace. Consider if the culture promotes equality, equal work division between genders, family-friendliness, etc.

Recommendations

- Consider if it would be expedient to map out and assess the workplace culture and working environment.
- Consider which aspects promote respect for other people.
- Consider what a good workplace atmosphere is and who defines it. Observe, for example, the tone at pay negotiations, or listen to what people talk about on their lunch break.
- Consider and express in words the values associated with a good employee and a good manager.

Review of gender barriers

You can base it on the following points, if helpful:

- Does the allocation of tasks take place in a way considering one gender over the other? Examine what decides how these tasks are allocated, and whether a certain type of tasks is more respected than others, and whether these tasks tend to be handled by a certain gender.
- Does the business do enough to communicate good examples and highlight those who dare to make ground-breaking choices in relation to diversity, equal pay, etc?
- Does your business do enough to highlight women and men who make use of the family-friendly options at the workplace?
- Is “the good employee” or “the good manager” usually associated with a certain gender? Examine, for example, whether women and men have the same prerequisites for and same opportunities of becoming a good employee or manager.
- You might also examine if employees and managers are assessed based on values that women and men consider differently or may have different prerequisites for possessing or identifying with.

2.7 Further training

Access to further training and education could impact the employees' pay and possibilities of promotion. Therefore, it is highly relevant to map out which employees get further training and education and see if specific further training and education are more likely to lead to pay rises or promotions.

Recommendations

It may be expedient to map out the business' further training and education. The obvious place to start is to examine how many employees in a given calendar year have been awarded further training and education. Also map out the departments, job functions and professional groups that have typically been awarded further training and education.

You should also look at the following:

- Is there, within the departments, job functions and professional groups, an uneven gender-distribution of individuals being awarded further training and education?
- Is there, within departments, job functions and professional groups, a difference between the type of further training and education that men apply for and are awarded compared to women?

If it differs which groups or genders are awarded further training and education, and if it differs which type of further training is awarded to whom, you may want to examine the following:

- What is the need for further training and education among the employees?
- Do some groups need further training and education more than others? If so, why?
- Are the possibilities of further training and education sufficiently communicated?
- What are the criteria based on which employees are awarded further training and education?
- When the business allocates resources to further training and education, how are the resources distributed between employee groups – and between genders?
- How do further training and education impact the salary development at your business for men and women?

3. Contact

Questions about this equal pay guidance or about what your business can do in practice to work with equal pay and diversity, please contact:

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