News from the Institute for Policy Studies — for release March 26, 2019

How Wall Street Drives Gender and Race Pay Gaps

Bonuses were down last year in the New York-based securities industry, according to just-released data from the New York State Comptroller. But the average end of year payout in this lucrative and overwhelmingly white and male sector is still dramatically higher than in decades past, while pay in low-wage jobs with greater workforce diversity has stagnated.

Wall Street pay v. the minimum wage

- The total bonus pool for 181,300 New York City-based Wall Street employees was $27.5 billion — more than 3 times the combined annual earnings of all 640,000 U.S. full-time minimum wage workers.
- Since 1985, the average Wall Street bonus has increased 1,000 percent, from $13,970 to $153,700. If the minimum wage had increased at that rate, it would be worth $33.51 today, instead of $7.25.
- These bonuses come on top of salary and other forms of compensation. The CEOs of the top 5 U.S. investment banks hauled in an average of $24.7 million in total compensation in 2018.

Wall Street bonuses and gender inequality

The rapid increase in Wall Street bonuses over the past several decades has contributed to gender inequality, since workers at the bottom of the wage scale are predominantly female, while the financial industry is overwhelmingly male, particularly at the upper echelons.

- The CEOs of the five largest U.S. investment banks are all white men, and the share of their senior executives and top managers who are male ranges from 68-80 percent. (JPMorgan Chase: 74%, Goldman Sachs: 78%, Bank of America Merrill Lynch: 68%, Morgan Stanley: 80%, and Citigroup: 68%)
- Securities industry employees are 60 percent male nationally, and more than two-thirds male in New York City.
- By contrast, men make up just 37 percent of the 1.8 million Americans who are working either full- or part-time at the federal minimum wage of $7.25 per hour.

Wall Street bonuses and racial inequality

The rapid increase in Wall Street bonuses over the past several decades has also contributed to racial inequality. People of color are disproportionately represented in jobs that pay less than $15 per hour, while the lucrative financial industry is overwhelmingly white.

- At the five largest U.S. investment banks, the share of executives and top managers who are white ranges from 78 to 84 percent. (JPMorgan

Chase: 84%, Goldman Sachs:80%, Bank of America Merrill Lynch: 84%, Morgan Stanley: 84%, and Citigroup: 78%)

- Securities industry employees are 83 percent white nationally, and more than two-thirds white in New York City.
- By contrast, whites make up only 55 percent of people in jobs that pay less than $15 per hour, according to a 2016 National Employment Law Project report.

"The decline in annual bonuses for 2018 is not a sign that Wall Street has changed their dangerous pay practices," notes Institute for Policy Studies Global Economy Director **Sarah Anderson**. "If you look at the overall trend, it's clear that Wall Street is still maintaining their reckless bonus culture. And the industry still has too much power in Washington while the working poor have too little. Powerful Wall Street lobbyists have blocked regulators from implementing financial industry pay restrictions in the 2010 Dodd-Frank financial reform legislation that were designed to help prevent future crises. Meanwhile, those hardest hit by that crisis, the low-wage workers who are disproportionately women and people of color, have waited a decade for a raise in the minimum wage."

A more detailed report with interactive charts will be available shortly at this link.

The **Institute for Policy Studies** is a 56-year-old multi-issue research center in Washington, D.C. Previous IPS analyses of the Wall Street bonus pool have received extensive press coverage, including this *New York Times* editorial. IPS also manages the website Inequality.org, which serves as a portal into all things related to income and wealth gaps. Twitter: @inequalityorg

For more information, contact:

Sarah Anderson, Global Economy Project Director and Inequality.org co-editor, Institute for Policy Studies, sarah@ips-dc.org, tel: 202 787 5227
Domenica Ghanem, Institute for Policy Studies Media Manager, domenica@ips-dc.org, 202-787-5205