

Equality as a cultural cornerstone

In Iceland, gender balance has become part of its self-image



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GENDER equality has become the foundation of Icelandic society. Changes in cultural thinking and legislation over the past decades have ensured that equality seeps into all of society, public policy and institutions, including the Central Bank of Iceland.

Equal rights reached a turning point on 24 October 1975 when 90% of Icelandic women attended one of the largest mass demonstrations in the country's history: Kvennafrídagurinn, or Women's Day Off. The objective of the strike was to highlight the importance of women in the labour market.

To say such action was needed would be a gross understatement. Women accounted for only 5% of Iceland's members of parliament in 1975. Five years later, Vigdís Finnbogadóttir was elected president of Iceland, becoming the first democratically elected female head of state in the world. After another three years, the share of women in parliament was up to 20%.

In the 1990s, improved access to childcare and pre-school helped increase women's participation in the labour market. Since 2000, fathers as well as mothers have been entitled to parental leave. The aim of this was to help promote gender equality, based on the idea that employers considering hiring or promoting an employee will know that men and women are equally likely to take childbirth leave.

Gender equality is prioritised in appointments to public committees and councils, as well as boards of government-owned companies. In 2010, gender quotas in corporate boards of directors were enshrined in law. The aim is that representation should not fall below 40% for men or women.

In 2019, women's labour force participation was over 84% and women made up 65% of university graduates. In 2009, a woman became prime minister of Iceland for the first time, and in the past decade there have been two female prime

ministers. The share of women in parliament peaked at 47% in 2016. All of this is reflected in global metrics such as the 'Global Gender Gap Report', where Iceland has ranked at the top for the past 11 years.

By now, this success is part of Icelanders' culture and self-image, and it affects our institutional structure as well. The Central Bank of Iceland is no exception. The bank has reaped the benefits of these reforms and has worked systematically towards equal rights in its own activities.

In 1975, only one of the bank's key employees was a woman. In 2017, an equal pay analysis and interviews with managers and staff revealed that the 40% threshold had been reached at all levels except for governorship positions.

The bank's first female deputy governor was appointed in 2018, and today two of the three deputy governors are women. Just under half of bank employees are women, as are six of 13 departmental directors and 12 of 29 unit heads.

The survey conducted in 2017 showed a gender-based pay gap of 3.2% in favour of men.

'The 2020 pay analysis revealed a wage gap of 1.6% in favour of women'

The bank then set the goal of bringing the pay gap below 2.5% by 2019. Since then, the bank has implemented an equal pay system, which is mandatory for all organisations with 25 or more employees.

The 2020 pay analysis revealed a wage gap of 1.6% in favour of women. As this is considered small enough to be insignificant, it can be concluded that there is no unexplained gender-based wage gap within the bank.

By absorbing the cultural belief that gender equality is the natural state in a modern institution, and by taking calculated steps to ensure that women gain experience as specialists and managers, the central bank has given women a voice in economic policy in Iceland. Important steps have been taken towards equal rights, but even though the numbers are promising, challenges remain to maintain the progress achieved thus far. •