

**Maria-Teresa Marchica**

**Manchester Business School**

**Women in the Financial Sector**

**Abstract:**

Using administrative micro data from the U.K., we examine the evolution and sources of the gender pay gap in finance. We show a persistently larger gender pay gap in finance over the last two decades, as compared to other sectors in the economy, even after controlling for firm and worker observable characteristics. Using workers who switch firms, we find that the gender pay gap in finance is predominantly explained by high-skill male workers sorting into finance relative to other sectors. Firm-specific pay premiums explain a smaller part of the gender pay gap in finance. We also show that the U.K. 2017 reform, that requires firms to publicly disclose the firm average gender pay gap, was successful into reducing the gender pay gap in the finance sector.