



# Employment Outlook for Financial and Insurance Services



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## Introduction

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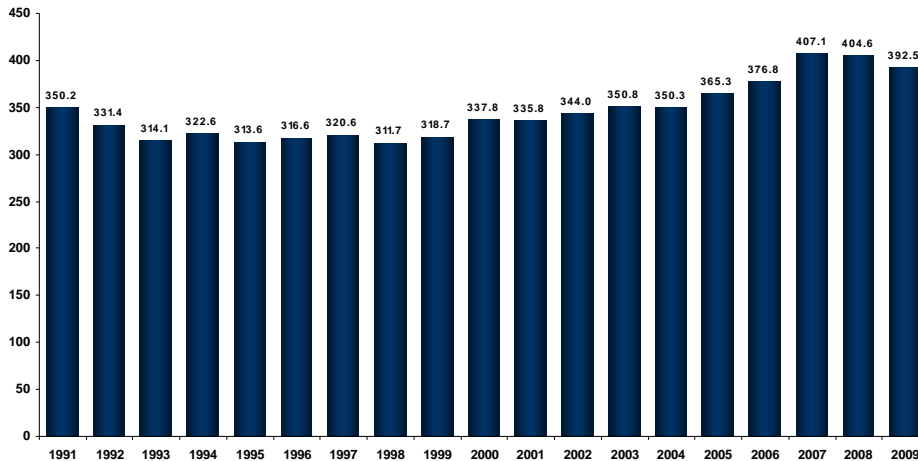
The Financial and Insurance Services industry is a relatively small industry, employing 392 500 people (or 3.6 per cent of the total workforce) as at February 2009. The industry is roughly divided into nine sectors comprising of: Central Banking, Depository Financial Intermediation, Non-Depository Financing, Financial Asset Investing, Life Insurance, Health and General Insurance, Superannuation Funds, Auxiliary Finance and Investment Services, and Auxiliary Insurance Services.

The discussion below focuses on employment characteristics, trends and prospects in the Financial and Insurance Services industry, and highlights specific sectors where job growth is strongest. The analysis of characteristics includes workforce ageing, employment share by gender, educational profile, weekly earnings, average hours worked, regional and occupational employment.

## Employment Growth

In the 10 years to February 2009, employment in the Financial and Insurance Services industry rose by 73 900 (or 23.2 per cent) to 392 500 (see Figure 1). This represents an average annual growth rate of 2.1 per cent. In the year to February 2009, however, employment in the industry decreased by 12 100 (or 3.0 per cent).

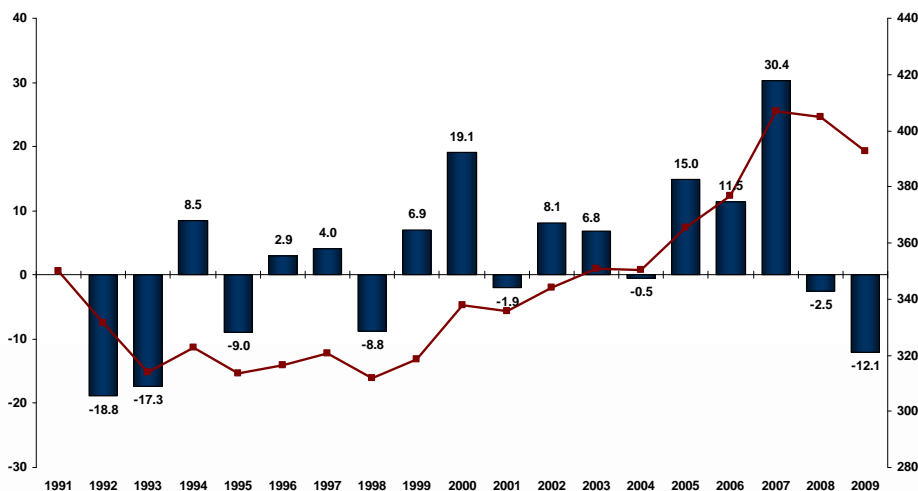
**Figure 1: Employment Level ('000) - February 1991 to February 2009**



Source: ABS Labour Force Survey (DEEWR trend data)

Long-term job growth in the Financial and Insurance Services industry has been somewhat volatile (see Figure 2). Employment in the industry declined during the early to mid 1990s, reflecting a relatively slow decade for global economic growth. In contrast, in the year to February 2007, the industry experienced an employment gain of 30 400, marking the culmination of rapid growth since the late 1990s. As evidenced by the volatility in changes to the employment level, the Financial and Insurance Services industry is sensitive to several factors, including the macroeconomic environment, financial regulation, the global economic environment, industry policies, and changes in technology.

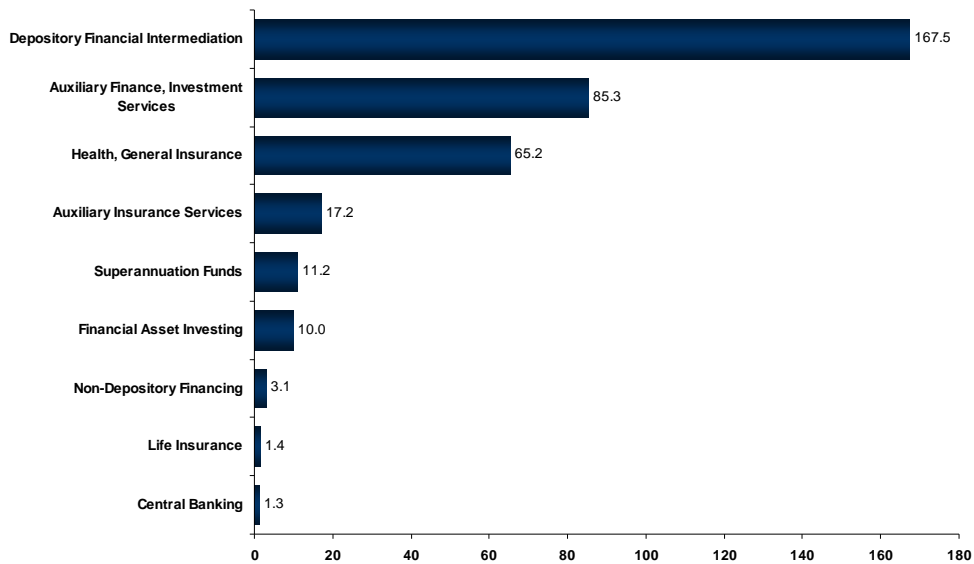
**Figure 2: Employment Level (line RHS) and Annual Change ('000) - year to February (cols LHS)**



Source: ABS Labour Force Survey (DEEWR trend data)

When employment in the Financial and Insurance Services industry is broken down into specific sectors, the main contributors to employment can be identified. The Depository Financial Intermediation sector dominates employment in the industry, accounting for 167 500 workers (or 46.3 per cent of industry employment) as at February 2009 (see Figure 3). Auxiliary Finance and Investment Services was the second largest employing sector (employing 85 300 workers or 23.6 per cent), followed by Health and General Insurance (65 200 workers or 18.0 per cent).

**Figure 3: Financial and Insurance Services Sectors - Employment Level ('000) – February 2009**



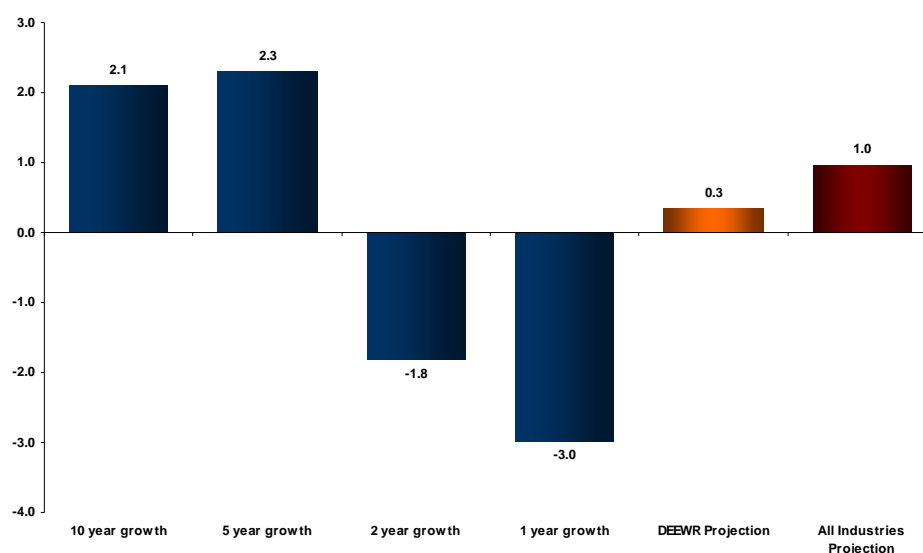
Source: ABS Labour Force Survey (DEEWR trend data)

## Employment Prospects

The Department of Education, Employment and Workplace Relations (DEEWR) prepares annual updates of employment projections for industries for the next five years. These are based in part on the Monash model developed by the Centre of Policy Studies at Monash University, but also take into account recent employment trends and prospective industry developments. It should be noted that a certain degree of uncertainty is attached to these employment projections, especially for sectors within the broader Financial and Insurance Services industry.

Employment growth in Financial and Insurance Services is highly correlated with macroeconomic and global conditions. Growth in the industry has been strong in the five years to February 2009 (up by 2.3 per cent per annum), however, in the year to February 2009, it experienced a strong decline of 3.0 per cent. In the five years to 2013-2014, employment in the Financial and Insurance Services industry is expected to grow at an average rate of 0.3 per cent per annum, which equates to around 6700 new jobs over the period (see Figure 4). This compares with an average annual growth rate of 1.0 per cent per annum across all industries.

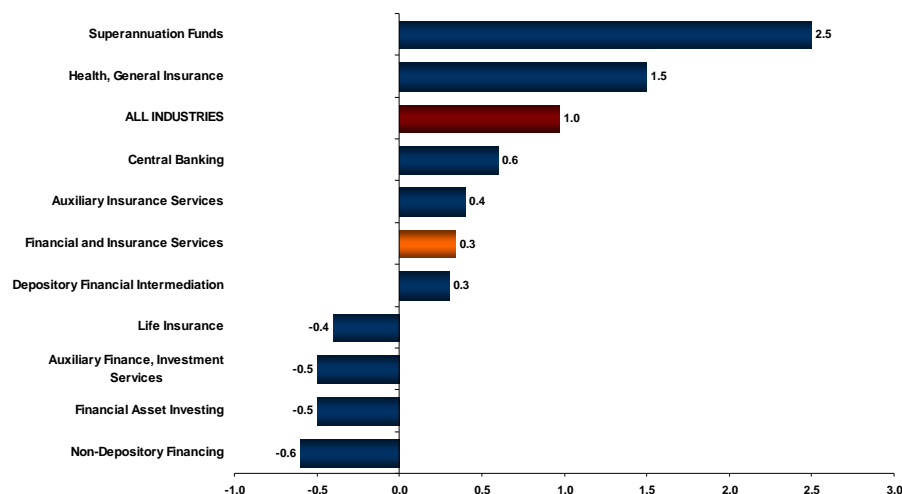
**Figure 4: Recent and Projected Employment Growth (% pa) - to February 2009 (past) and 5 years to 2013-2014 (projected)**



Source: ABS Labour Force Survey (DEEWR trend data); DEEWR projections

Projected employment growth is expected to vary significantly across the nine Financial and Insurance Services sectors (see Figure 5). Superannuation Funds are projected to experience the strongest employment growth within the industry (up by 2.5 per cent per annum). This stands in stark contrast with employment growth in the Non-Depository Financing sector which is forecast to decline by 0.6 per cent per annum, followed by Financial Asset Investing (down by 0.5 per cent per annum) and Auxiliary Finance and Investment Services (down by 0.5 per cent per annum).

**Figure 5: Financial and Insurance Services Sectors - Projected Employment Growth (% pa) to 2013-2014**

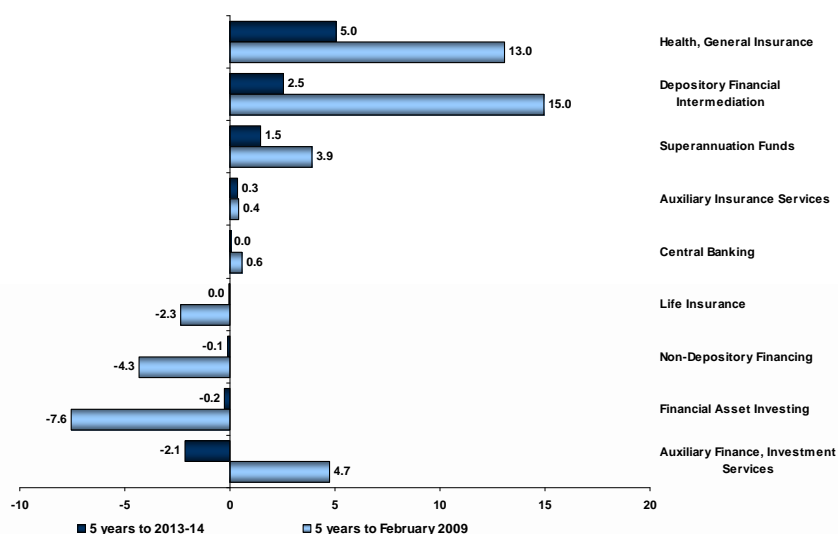


Source: DEEWR projections

In the five years to February 2009, the main drivers of employment growth have been Depository Financial Intermediation (up by 15 000, see Figure 6), Health and General Insurance (13 000) and Auxiliary Finance and Investment Services (4700).

Looking ahead, in the five years to 2013-2014, the largest employment growth within the industry is projected for Health and General Insurance (up by 5000) and Depository Financial Intermediation (2500). Significant negative employment growth is expected to occur in Auxiliary Finance and Investment Services (down by 2100).

**Figure 6: Financial and Insurance Services Sectors - Recent and Future Employment Growth ('000) - 5 years to February 2009 (past) and to 2013-14 (projected)**

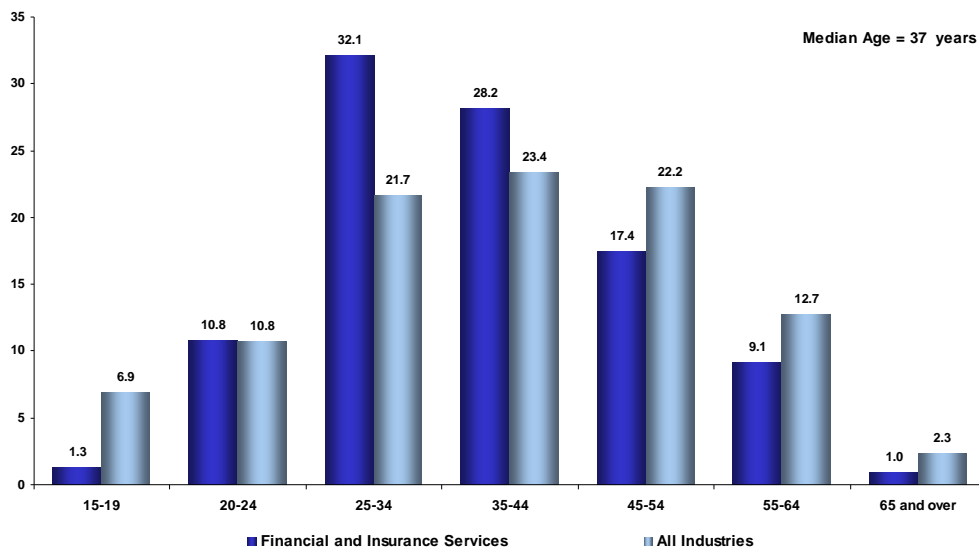


Source: ABS Labour Force Survey (DEEWR trend data); DEEWR projections

## Workforce Ageing

Compared with other industries, the Financial and Insurance Services industry has an above average share of 'prime age' workers (aged 25 to 44 years). Over half (60.3 per cent) of the Financial and Insurance Services workforce were aged between 25 and 44 years in 2008, compared with the average of 45.1 per cent for all industries (see Figure 7). The share of teenagers (those aged 15 to 19 years), by contrast, was well below the average for all industries (1.3 per cent compared with 6.9 per cent).

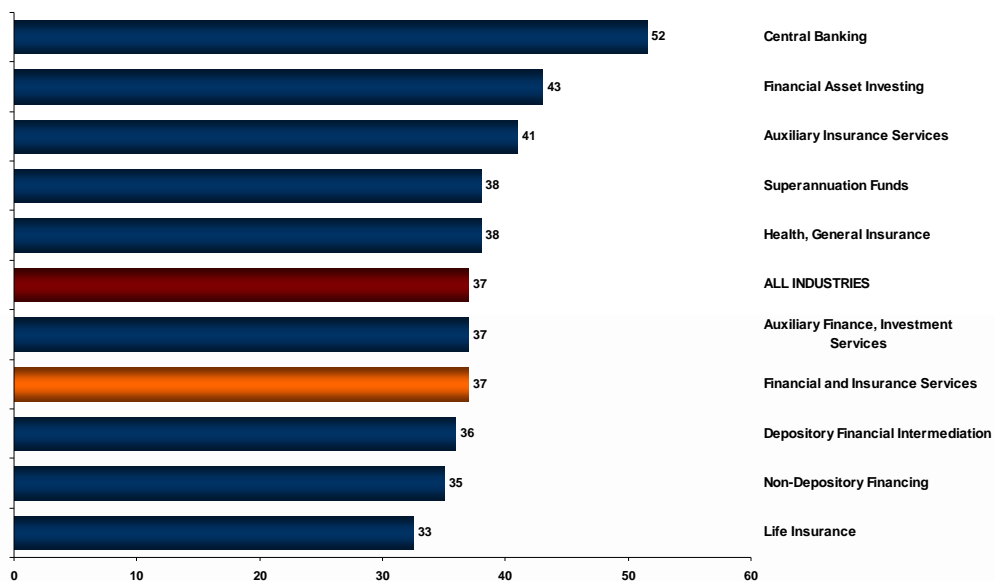
**Figure 7: Employed Persons by Age Compared with All Industries (% share of employment) - 2008**



Source: ABS Labour Force Survey

In 2008, the median age of workers in the Financial and Insurance Services industry was equal to the median age for all industries of 37 years (see Figure 8). Within the industry, the median age of workers ranged from 52 years for Central Banking, down to 33 years for Life Insurance. With a younger workforce, the Financial and Insurance Services industry provides good career opportunities and is less vulnerable to workforce ageing than other industries.

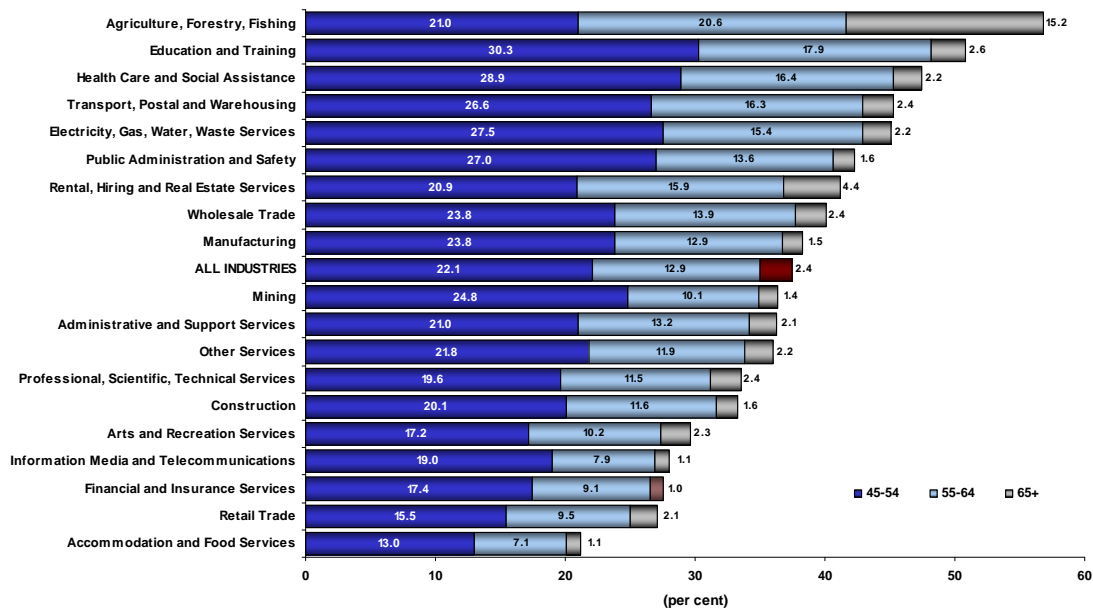
**Figure 8: Financial and Insurance Services Sectors - Median Age (years) - 2008**



Source: ABS Labour Force Survey

Of the 19 broad Australian and New Zealand Industrial Classification (ANZSIC) industries, Financial and Insurance Services has the third lowest share of mature age workers (aged 45 years and over). In 2008, 27.5 per cent of workers in the industry were aged 45 years and over, compared with the all industries average of 37.4 per cent (see Figure 9).

**Figure 9: Mature Age Workers (45+ years) - % share of employment – 2008**

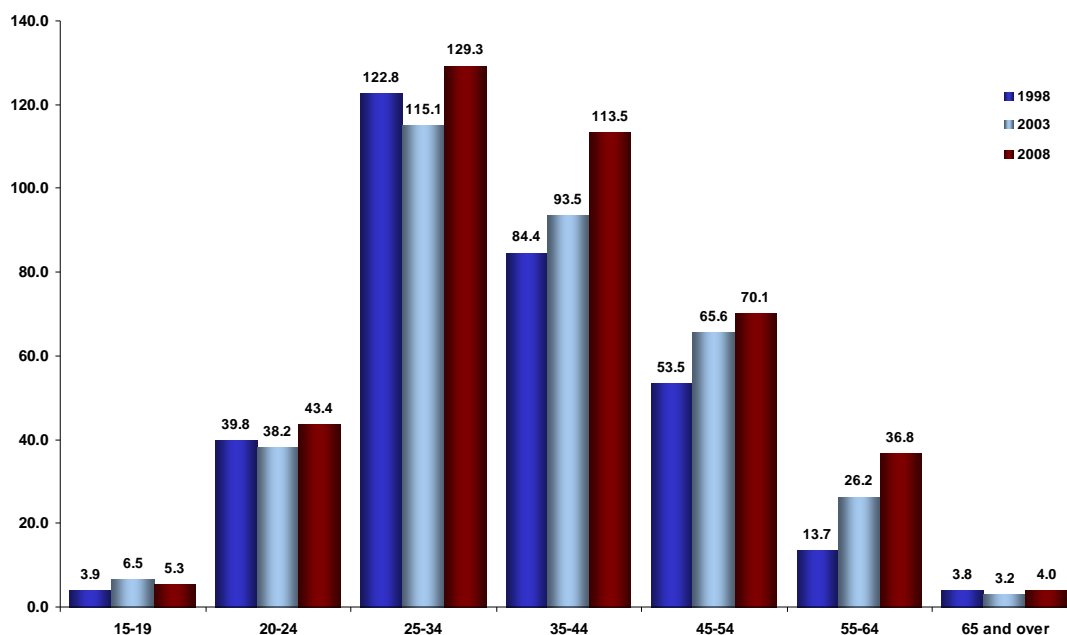


Source: ABS Labour Force Survey

Figure 10 shows employment by age group for three calendar years: 1998, 2003 and 2008. This provides a guide to changes in the employment mix by age group in the Financial and Insurance Services industry. As the Australian workforce experiences an increase in the median age of the population, it is important that there is a supply of prime age and mature age workers entering the workforce.

Prime age workers (25 to 44 years) have been the main driver of job growth in the industry, with workers aged between 35 and 44 years experiencing the largest employment growth in the 10 years to 2008 (up by 29 100). Mature age workers also contributed to job growth, with employment for workers aged 55 to 64 years increasing by 23 100 over the same period. This reflects existing workers taking their jobs with them as they move into mature age cohorts as well as new workers entering the industry.

**Figure 10: Employed persons by age ('000) - 1998, 2003, 2008**

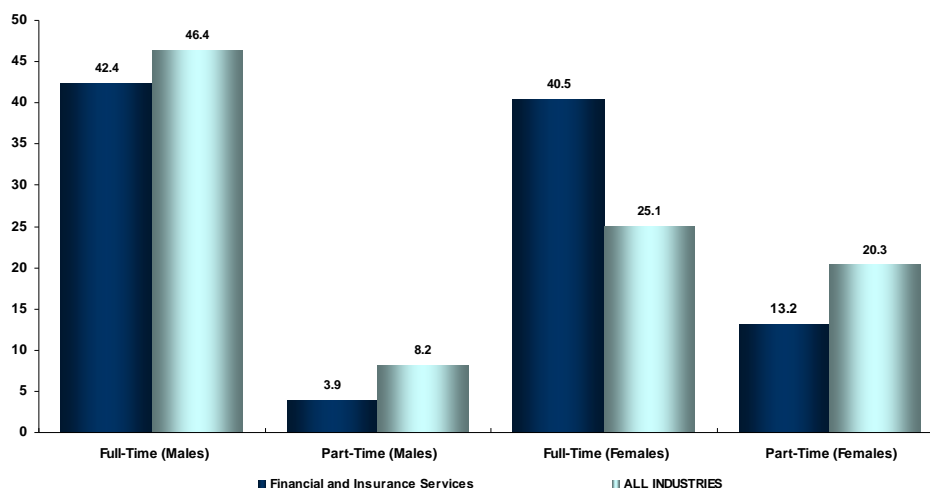


Source: ABS Labour Force Survey

## Employment by Gender and Full-time/Part-time

Financial and Insurance Services workers represent a relatively even mix of males and females. Female workers accounted for 53.7 per cent of the industry workforce in the year to February 2009 (see Figure 11), with the majority of industry workers employed full-time (82.9 per cent).

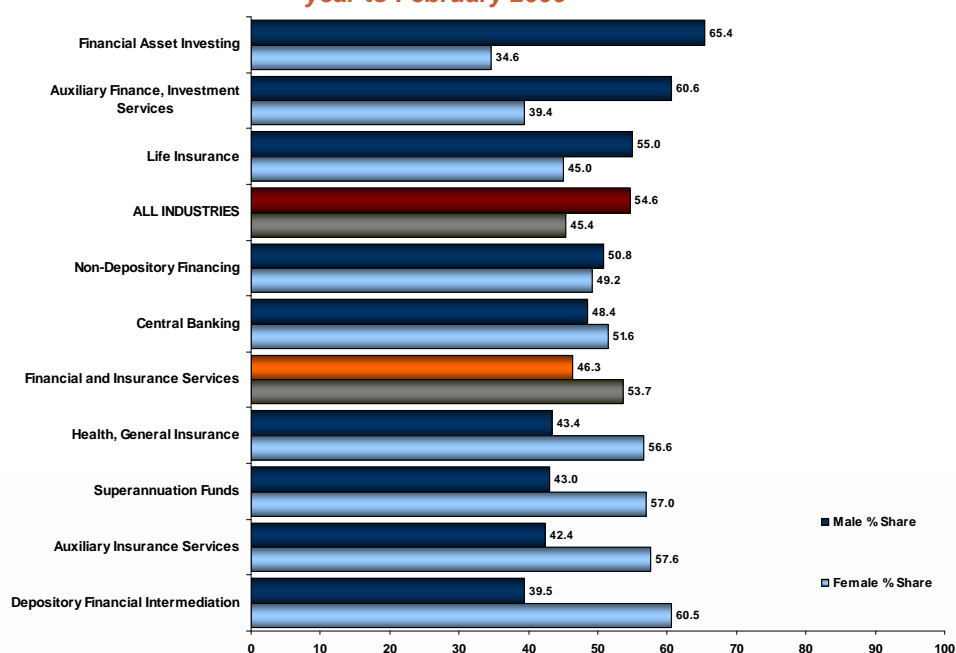
**Figure 11: Employment by Gender and Full-time / Part-time - year to February 2009 (% share)**



Source: ABS Labour Force Survey

Figure 12 shows that, within the Financial and Insurance Services industry, the Financial Asset Investing sector employed the largest proportion of male workers (65.4 per cent), followed by Auxiliary Finance and Investment Services (60.6 per cent) and Life Insurance (55.0 per cent). Employment levels of female workers were highest in Depository Financial Intermediation (60.5 per cent), Auxiliary Insurance Services (57.6 per cent) and Superannuation Funds (57.0 per cent).

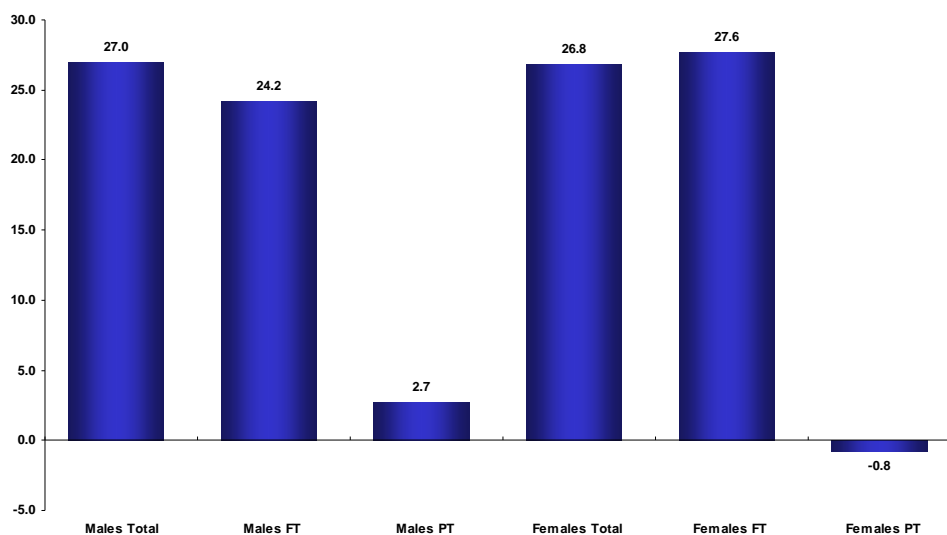
**Figure 12: Financial and Insurance Services Sectors - Employment by Gender (% share) year to February 2009**



Source: ABS Labour Force Survey

In the five years to February 2009 (see Figure 13), both male and female workers in the Financial and Insurance Services industry experienced strong employment growth (up by 27 000 and 26 800 respectively). The majority of this employment growth can be attributed to full-time workers (up by 24 200 for males and 27 600 for females).

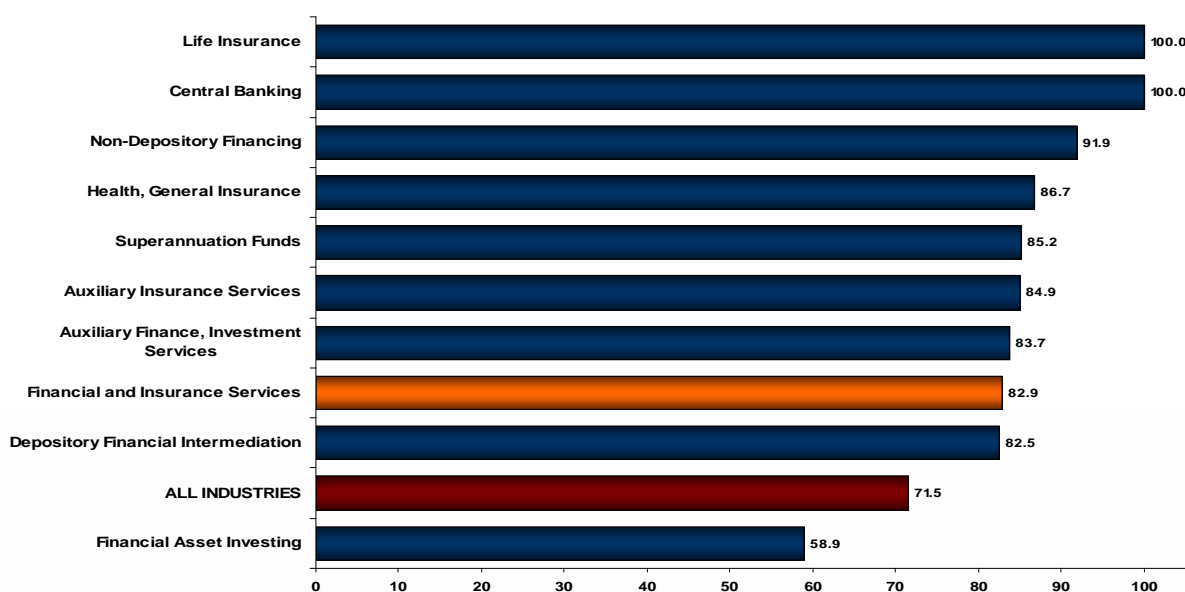
**Figure 13: Employment Growth by Gender (5 years) Full-time / Part-time ('000) - year to February 2009**



Source: ABS Labour Force Survey

All of the Financial and Insurance Services industry sectors have a higher full-time employment share than the all industries average (71.5 per cent, see Figure 14), with the exception of Financial Asset Investing (58.9 per cent). In the year to February 2009, the highest full-time employment shares were recorded for Life Insurance and Central Banking (both 100.0 per cent), followed by Non-Depository Financing (91.9 per cent).

**Figure 14: Financial and Insurance Services Sectors - % working full-time - year to February 2009**

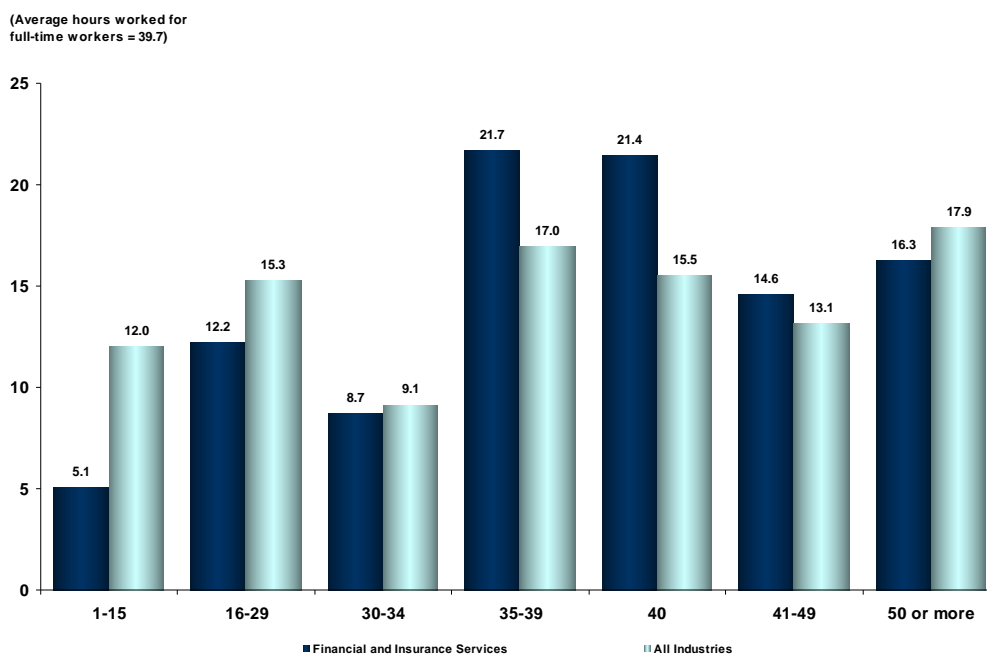


Source: ABS Labour Force Survey

## Hours Worked

The average weekly hours worked for full-time employees in Financial and Insurance Services were 39.7 hours in the year to February 2009 (see Figure 15). This compares with an average of 41.3 hours for all industries. More workers in the Financial and Insurance Services industry were recorded in the 35 to 39 hours category than workers in all industries (21.7 per cent compared with 17.0 per cent across all industries), as well as in the 40 hours category (21.4 per cent compared with 15.5 per cent) and, less notably, in the 41 to 49 hours category (14.6 per cent compared with 13.1 per cent).

**Figure 15: Hours of Work - year to February 2009 (% share)**



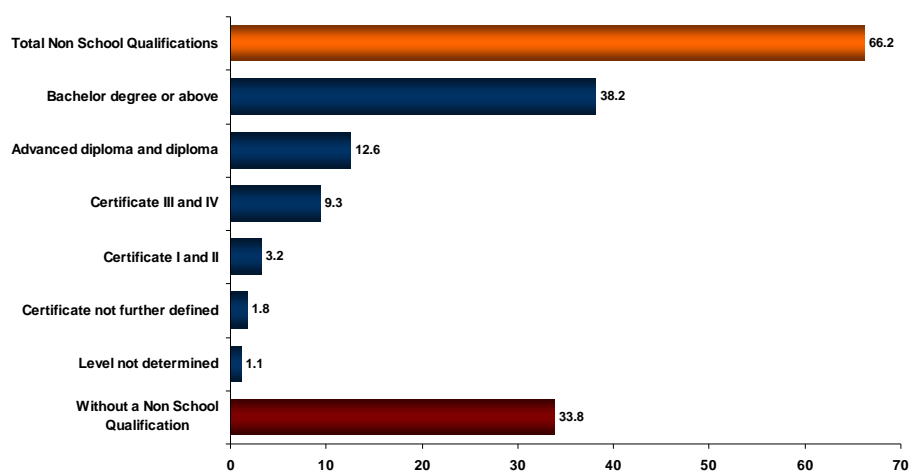
Source: ABS Labour Force Survey

## Employment Characteristics

### Educational Profile

In general, Financial and Insurance Services workers are highly qualified, with 66.2 per cent of the industry workforce having completed a non-school qualification as at May 2008 (see Figure 16). This compares with 60.2 per cent for all industries. The most prevalent non-school qualification in the industry was a Bachelor degree or above (38.2 per cent). However, around a third (33.8 per cent) of the industry workforce were without a non-school qualification, reflecting the diverse range of occupations on offer in the Financial and Insurance Services industry, including many job and career opportunities for less-skilled workers.

**Figure 16: Educational Attainment Share of Employment (%) - May 2008**

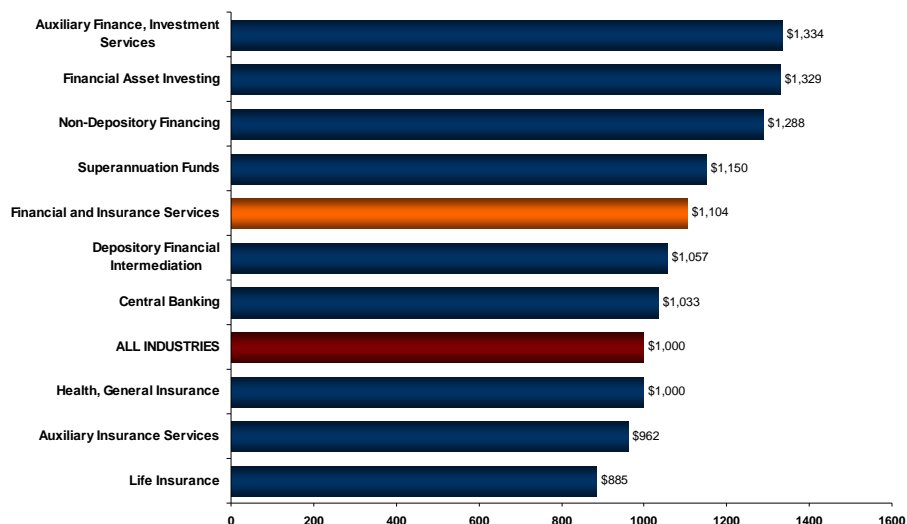


Source: ABS Education and Work, cat. no. 6227.0

## Median Weekly Earnings

In August 2008, the median weekly earnings of full-time workers in Financial and Insurance Services were \$1104, which was above the all industries average of \$1000 (see Figure 17). Most sectors within the industry recorded median weekly full-time earnings which were higher than the median for all industries, ranging from \$1334 for Auxiliary Finance and Investment Services, down to \$885 for Life Insurance. Earnings in the industry reflect the mix of higher paying professional occupations, offset partly by support staff with lower earnings.

**Figure 17: Financial and Insurance Services Sectors - Median weekly earnings (full-time and before tax) - August 2008**

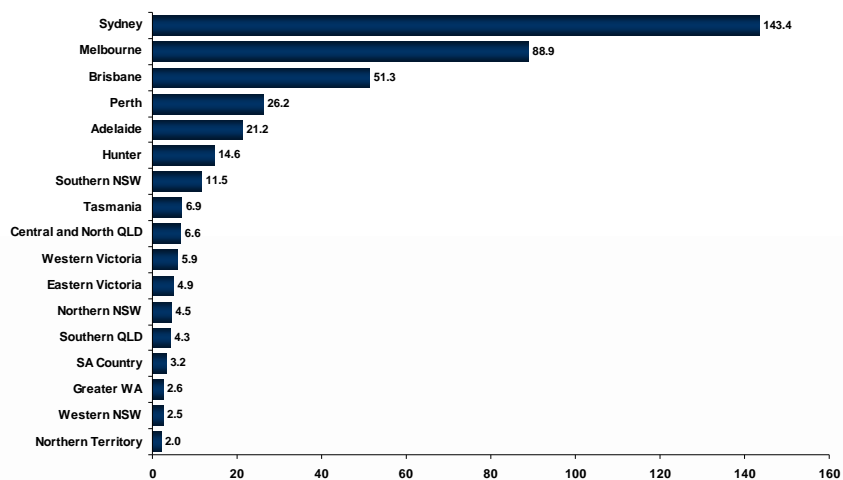


Source: ABS Employee Earnings, Benefits and Trade Union Membership, Cat. no. 6310.0

## Employment by Region

Employment in the Financial and Insurance Services industry is concentrated in the major capital cities in Australia, reflecting the large population base in these cities, with Sydney and Melbourne representing the two main financial centres. In the year to February 2009, the largest number of workers in the industry were employed in Sydney (143 400) and Melbourne (88 900), followed by Brisbane (51 300), Perth (26 200) and Adelaide (21 200).

**Figure 18: Main Employing Regions ('000) – year to February 2009**

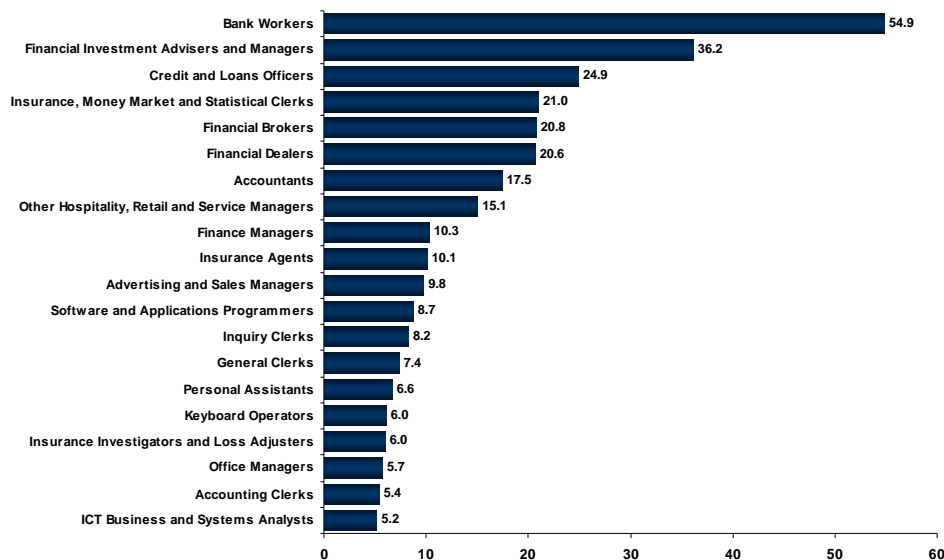


Source: ABS Labour Force Survey

## Main Employing Occupations

Figure 19 shows that, in 2008, the largest employing occupations in Financial and Insurance Services were Bank Workers (54 900), followed by Financial Investment Advisers and Managers (36 200) and Credit and Loans Officers (24 900).

*Figure 19: Top 20 Employing Occupations ('000) –2008*



Source: ABS Labour Force Survey

Further information on occupations is available on the Job Outlook website ([www.joboutlook.gov.au](http://www.joboutlook.gov.au))

For further information on the Financial and Insurance Services industry (or other industries), visit the SkillsInfo website at [www.skillsinfo.gov.au](http://www.skillsinfo.gov.au). SkillsInfo provides a range of skills related information for industries and regions. The website offers a broad range of information on employment, careers, education and training and skills issues - including workforce ageing, skills in demand, labour force data, ICT and employability skills, as well as quick links to skills information. Data are sourced mainly from the ABS Labour Force Survey.

SkillsInfo also brings together a large collection of links to external industry and skills related websites.

