

Financial and insurance services

...covers banks, credit unions and investment services, insurances and superannuation services, brokering services and other auxiliary services such as executor services, stock exchange operation and trustee services.

This suite of Industry Snapshots complements *Future Focus*, the 2013 National Workforce Development Strategy. These snapshots provide additional information and analysis on each industry to assist stakeholders in planning for the future of their industry or sector. It should be noted that the longer term data contained in this publication is based on AWP's four scenarios for Australia to 2025 and is not intended to be compared to other data sources or projections.

Key points

- ▶ Financial and insurance services employ approximately 413,400 people, accounting for around 4 per cent of the total Australian workforce.
- ▶ The majority of the industry workforce is employed in small-sized enterprises (i.e. those that employ less than 20 workers).
- ▶ The financial and insurance services industry workforce is primarily female (at 53 per cent) and has a relatively young age profile, with less than one-third (31 per cent) of workers aged 45 years or older compared to 38 per cent for all industries.
- ▶ The industry has a low proportion of part-time workers, with 18 per cent compared to 30 per cent for all industries.
- ▶ Only one in five workers in financial and insurance services (20 per cent) are employed in regional and remote areas: nearly half the all-industry average of 37 per cent.¹
- ▶ A high proportion of workers in financial and insurance services (41 per cent) have completed a Bachelor degree or higher qualification.
- ▶ A detailed employment profile for financial and insurance services (including information on its workforce, industry and occupational characteristics) can be found at www.skillsinfo.gov.au.

Industry outlook

The financial and insurance services sector is a relatively small industry in terms of employment size, comprising around 413,400 workers, but is one that contributes substantially to the Australian economy. In terms of industry value added, the financial and insurance services industry contributed \$144.9b, or 10.5 per cent, to the Australian economy in 2011–12.²

¹ Regional and remote areas are defined as those outside state capital cities.

² 'Industry value added' is the measure of the contribution by industry to gross domestic product (GDP) at basic prices. ABS (2012) *Australian System of National Accounts*, cat. no. 5204.0.

Short-term growth

Over the past five years, the financial and insurance services sector has experienced an increase in employment of just under two per cent. Growth has been variable across industry subsectors, with employment in Insurance and Superannuation Funds increasing by 11,400 workers (14 per cent) during this period, and in Auxiliary Finance and Insurance Services by 10,700 workers (10.2 per cent). By contrast, employment in the largest subsector, Finance, has decreased by 12,500 workers (or 5.9 per cent) over the past five years.

Table 1 Current and past employment in financial and insurance services

Industry	Current employment		Past growth: five years	
	'000	% of total	'000	%
Financial and Insurance Services	413.4	3.6	7.5	1.8
Finance	198.4	1.8	-12.5	-5.9
Insurance and Superannuation Funds	93.1	0.8	11.4	14.0
Auxiliary Finance and Insurance Services	115.7	1.0	10.7	10.2
All industries	11,588.7	100.0	798.1	7.4

Note: Data for industry subsectors may not sum to the industry total because data for each subsector have been separately seasonally adjusted and trended and at the higher levels include 'not further defined' categories. Source: ABS (2013) *Labour Force Australia*, February, cat. no. 6291.0.55.003 (DEEWR trend).

Long-term growth

Australia needs to position itself in a world where work is changing rapidly. Technological innovation, globalisation, the Asian century and new patterns of work are impacting on the demand for skills and the speed of change is making it hard to predict and plan for the future.

To deal with this uncertainty, AWPA has adopted a scenario planning approach to help us overcome these limitations in making projections about the future. Scenarios are alternative visions of potential futures, and provide a means to make decisions that take account of uncertainty.

AWPA developed four possible, plausible scenarios for Australia to 2025.

- ▶ In the **Long Boom** scenario, the high demand for resources traded with China and other countries continues. Industries challenged by the high terms of trade undertake structural adjustment. This results in a scenario of sustained prosperity and a restructured economy.
- ▶ In **Smart Recovery**, the challenges facing Europe and the United States affect financial markets. This means low growth for Australia to 2014–15. Growth then improves and Australia benefits from industry and government strategies to implement a knowledge economy.
- ▶ In **Terms of Trade Shock**, resource prices fall mainly due to increased supply from other countries, the Australian dollar falls and we move to a broader-based economy.
- ▶ **Ring of Fire** is a risky world with multiple economic and environmental shocks resulting in ongoing lower growth.

Economic modelling against each of these four scenarios was undertaken by Deloitte Access Economics (DAE) to determine the skills demand for the economy into the future.³

As Table 2 shows, average employment growth per annum is expected to be slightly higher than the Australian average between 2011 and 2025 for all scenarios. While the industry as a whole is forecast to grow under all scenarios, the Finance subsector is expected to decline slightly in the years to 2025, with much of this decrease in employment expected before 2018.

Employment within Insurance and Superannuation Funds is predicted to grow particularly strongly across all four scenarios, at more than double the rate of growth in the other subsectors.

Table 2 Average annual industry employment growth in four scenarios, 2011–18 and 2011–25 (% per annum)

Industry	Long Boom		Smart Recovery		Terms of Trade Shock		Ring of Fire	
	2018	2025	2018	2025	2018	2025	2018	2025
Financial and Insurance Services	2.5	2.7	2.0	2.5	1.8	2.2	1.0	1.4
Finance	-2.6	-1.5	-3.1	-1.7	-3.3	-2.0	-4.0	-2.7
Insurance and Superannuation Funds	10.9	8.8	10.3	8.6	10.2	8.2	9.3	7.5
Auxiliary Finance and Insurance Services	2.6	1.9	2.0	1.7	1.9	1.4	1.1	0.7
All industries	2.1	2.0	1.5	1.5	1.7	1.6	0.8	0.7

Source: Deloitte Access Economics (2012) *Economic modelling of skills demand and supply*, Scenario output—detailed employment results.

Occupation outlook

Key occupations

The top ten financial and insurance services occupations account for more than half (57.2 per cent) of total employment within the industry. The largest occupations are Bank Workers (comprising 12.5 per cent of the total workforce); Financial Investment Advisers and Managers (9.0 per cent); and Insurance, Money Market and Statistical Clerks (6.4 per cent).

³ A description of the scenarios and the Deloitte Access Economics modeling of employment in each, with state and territory breakdowns, is available at the AWPA website www.awpa.gov.au.

Table 3 Top ten financial and insurance services occupations

Occupation	People employed	Industry employment
	'000	% of total
5521 Bank Workers	52.9	12.5
2223 Financial Investment Advisers and Managers	38.1	9.0
5523 Insurance, Money Market and Statistical Clerks	27.2	6.4
5522 Credit and Loans Officers	26.2	6.2
2211 Accountants	19.5	4.6
1499 Other Hospitality, Retail and Service Managers	19.2	4.5
2221 Financial Brokers	18.6	4.4
2222 Financial Dealers	16.4	3.9
5311 General Clerks	13.1	3.1
6112 Insurance Agents	11.2	2.6
Total financial and insurance services	423.6	57.2

Source: ABS (2013) *Labour Force Australia*, detailed quarterly report, 2012 average of four quarters, cat. no. 6291.0.55.003.

Short-term growth

Table 4 shows recent past and forecast growth rates for the occupations that feature prominently within the industry. **Note that the figures refer to the expected number of people in these occupations across all industries, not just in finances and insurance services.**

Employment growth was particularly strong within a number of key occupations over the past five years, including General Clerks (which grew by 52.2 per cent over this period); Insurance, Money Market and Statistical Clerks (43.3 per cent); Other Hospitality, Retail and Service Managers (33.5 per cent); Financial Investment Advisers and Managers (23.4 per cent); and Insurance Agents (10.5 per cent). In comparison, employment of Financial Dealers and Credit and Loan Officers decreased markedly over the past five years, while employment growth among Bank Workers and Financial Brokers was below average during this period.

Table 4 Current and past employment in key occupations

Occupation	Current employment (all industries)		Past growth: five years	
	'000	% of total	'000	%
5521 Bank Workers	56.9	0.5	1.6	2.9
2223 Financial Investment Advisers and Managers	49.0	0.4	9.3	23.4
5523 Insurance, Money Market and Statistical Clerks	35.6	0.3	10.8	43.3
5522 Credit and Loans Officers	25.3	0.2	-7.6	-23.1
2211 Accountants	158.4	1.4	-7.9	-4.7
1499 Other Hospitality, Retail and Service Managers	63.9	0.6	16.0	33.5
2221 Financial Brokers	28.1	0.2	1.3	4.9
2222 Financial Dealers	15.4	0.1	-10.6	-40.9
5311 General Clerks	204.1	1.8	70.0	52.2
6112 Insurance Agents	12.4	0.1	1.2	10.5
All employed	11,588.7	100.0	798.1	7.4

Source: ABS (2013) *Labour Force Australia*, February, cat. no. 6291.0.55.003 (DEEWR trend).

Long-term growth and job openings

Table 5 indicates the long-term net job growth per annum expected in these occupation groups, according to Deloitte Access Economics' economic modelling of the scenarios. As Table 5 shows, employment growth is expected to be highest for Insurance, Money Market and Statistical Clerks across all four scenarios, followed by General Clerks. Conversely, employment of Bank Workers; Insurance Agents; and Credit and Loans Officers is expected to decline in the years to 2025.

Table 5 Average annual occupation growth in four scenarios, 2011–18 and 2011–25 (%pa)

Industry	Long Boom		Smart Recovery		Terms of Trade Shock		Ring of Fire	
	2018	2025	2018	2025	2018	2025	2018	2025
5521 Bank Workers	-3.3	-2.2	-4.0	-2.5	-4.1	-2.8	-5.1	-3.8
2223 Financial Investment Advisers and Managers	1.8	2.0	1.0	1.5	1.3	1.5	0.1	0.6
5523 Insurance, Money Market and Statistical Clerks	4.7	4.2	4.1	3.9	4.1	3.7	3.3	3.0
5522 Credit and Loans Officers	-0.2	-0.3	-0.8	-0.6	-0.8	-0.8	-1.7	-1.5
2211 Accountants	3.2	2.5	1.9	1.7	2.0	1.9	0.8	1.0
1499 Other Hospitality, Retail and Service Managers	0.9	1.4	0.4	1.1	0.5	1.1	-0.1	0.5
2221 Financial Brokers	0.6	1.1	-0.1	0.7	-0.1	0.6	-1.1	-0.4
2222 Financial Dealers	0.6	0.8	-0.2	0.4	0.1	0.4	-1.2	-0.6
5311 General Clerks	4.0	3.1	3.2	2.6	3.5	2.6	2.3	1.6
6112 Insurance Agents	-0.8	0.1	-1.3	-0.1	-1.3	-0.4	-2.1	-1.1
All occupations	2.1	2.0	1.5	1.5	1.7	1.6	0.8	0.7

Source: Deloitte Access Economics (2012) *Economic modelling of skills demand and supply*, Scenario output—detailed employment results.

As noted, the data in Table 5 concerns employment growth in an industry. The number of total **job openings** which includes both employment growth and **the replacement resulting from individuals leaving the occupation net of those re-entering** can also be estimated. This replacement requirement is particularly significant in industries where there are high numbers of people retiring or leaving the occupation.

Table 6 shows the average annual job openings projected in key financial and insurance services occupations to 2025.

As Table 6 illustrates, job openings among Insurance, Money Market and Statistical Clerks; and General Clerks are expected to increase at higher rates than the all industry average across all scenarios to 2025. Job opening rates for Accountants; Financial Investment Advisers and Managers; and Financial Dealers are expected to be around the average for all industries to 2025, while the proportion of annual job openings is forecast to be low for Bank Workers; Insurance Agents; and Credit and Loans Officers.

Table 6 Average annual job openings per annum, 2011 to 2025, in four scenarios

Occupation		Long Boom		Smart Recovery		Terms of Trade Shock		Ring of Fire	
		('000)	%	('000)	%	('000)	%	('000)	%
5521	Bank Workers	1.5	0.6	1.4	0.3	1.4	0.0	1.3	-1.0
2223	Financial Investment Advisers and Managers	3.0	4.0	2.7	3.6	2.7	3.6	2.2	2.7
5523	Insurance, Money Market and Statistical Clerks	2.5	5.3	2.3	5.0	2.2	4.8	1.8	4.1
5522	Credit and Loans Officers	0.8	1.9	0.7	1.6	0.7	1.4	0.7	0.7
2211	Accountants	7.8	4.1	6.1	3.4	6.5	3.5	4.6	2.6
1499	Other Hospitality, Retail and Service Managers	2.6	2.5	2.4	2.2	2.3	2.2	1.9	1.7
2221	Financial Brokers	1.0	3.3	0.9	2.9	0.8	2.8	0.6	1.9
2222	Financial Dealers	1.0	4.4	0.9	4.0	0.9	3.9	0.7	2.9
5311	General Clerks	10.6	4.7	9.2	4.2	9.4	4.2	6.7	3.2
6112	Insurance Agents	0.3	1.7	0.3	1.4	0.3	1.2	0.2	0.5
All occupations		576.4	4.4	500.9	3.9	513.3	4.0	391.4	3.1

Source: Deloitte Access Economics (2012) *Economic modelling of skills demand and supply*, Scenario output—detailed employment results. Net replacement demand by AWPA (2013).

Table 7 shows the number and proportion of job openings that are driven by new growth and replacement, respectively. Under the Long Boom scenario to 2025, five occupations are expected to have a higher proportion of job openings generated by replacement demands than by new growth. These are: Bank Workers; Credit and Loan Officers; Financial Brokers; Financial Dealers; and Insurance Agents. This pattern is repeated across all other scenarios for these occupations, albeit with higher levels of replacement demand.

Table 7 Total job openings (growth and net replacement) in four scenarios, 2011 to 2025

7.1 Long Boom

Occupation		Total growth (persons)		Net replacement estimates (persons)		Total job openings (persons)	
		('000)	%	('000)	%	('000)	%
5521	Bank Workers	3.0	13.9	18.9	86.1	21.9	100.0
2223	Financial Investment Advisers and Managers	28.1	62.7	16.7	37.3	44.8	100.0
5523	Insurance, Money Market and Statistical Clerks	29.7	80.7	7.1	19.3	36.8	100.0
5522	Credit and Loans Officers	2.5	21.8	9.1	78.2	11.6	100.0
2211	Accountants	67.6	57.7	49.5	42.3	117.1	100.0
1499	Other Hospitality, Retail and Service Managers	26.7	67.8	12.7	32.2	39.4	100.0
2221	Financial Brokers	6.0	40.8	8.7	59.2	14.6	100.0
2222	Financial Dealers	3.6	24.6	10.9	75.4	14.5	100.0
5311	General Clerks	102.0	64.1	57.1	35.9	159.0	100.0
6112	Insurance Agents	2.3	47.1	2.6	52.9	4.9	100.0
All occupations		3,889.7	45.0	4,755.6	55.0	8,645.3	100.0

7.2 Smart Recovery

Occupation		Total growth (persons)		Net replacement estimates (persons)		Total job openings (persons)	
		('000)	%	('000)	%	('000)	%
5521	Bank Workers	3.0	14.4	18.2	85.6	21.2	100.0
2223	Financial Investment Advisers and Managers	24.6	60.6	16.0	39.4	40.5	100.0
5523	Insurance, Money Market and Statistical Clerks	27.7	80.1	6.9	19.9	34.6	100.0
5522	Credit and Loans Officers	2.4	21.1	8.8	78.9	11.2	100.0
2211	Accountants	45.9	49.9	46.0	50.1	91.9	100.0
1499	Other Hospitality, Retail and Service Managers	23.2	65.3	12.3	34.7	35.5	100.0
2221	Financial Brokers	4.5	35.0	8.3	65.0	12.8	100.0
2222	Financial Dealers	2.6	20.2	10.5	79.8	13.1	100.0
5311	General Clerks	83.0	60.4	54.3	39.6	137.3	100.0
6112	Insurance Agents	2.0	44.4	2.5	55.6	4.5	100.0
All occupations		2,953.2	39.3	4,559.6	60.7	7,512.9	100.0

7.3 Terms of Trade Shock

Occupation		Total growth (persons)		Net replacement estimates (persons)		Total job openings (persons)	
		('000)	%	('000)	%	('000)	%
5521	Bank Workers	3.0	14.5	18.0	85.5	21.1	100.0
2223	Financial Investment Advisers and Managers	24.8	60.5	16.2	39.5	41.0	100.0
5523	Insurance, Money Market and Statistical Clerks	26.4	79.4	6.8	20.6	33.3	100.0
5522	Credit and Loans Officers	2.3	20.9	8.8	79.1	11.1	100.0
2211	Accountants	51.0	52.2	46.7	47.8	97.7	100.0
1499	Other Hospitality, Retail and Service Managers	22.8	64.8	12.4	35.2	35.2	100.0
2221	Financial Brokers	4.1	32.8	8.3	67.2	12.4	100.0
2222	Financial Dealers	2.3	17.7	10.6	82.3	12.8	100.0
5311	General Clerks	85.4	60.7	55.2	39.3	140.7	100.0
6112	Insurance Agents	1.5	38.2	2.5	61.8	4.0	100.0
All occupations		3,080.4	40.0	4,619.3	60.0	7,699.6	100.0

7.4 Ring of Fire

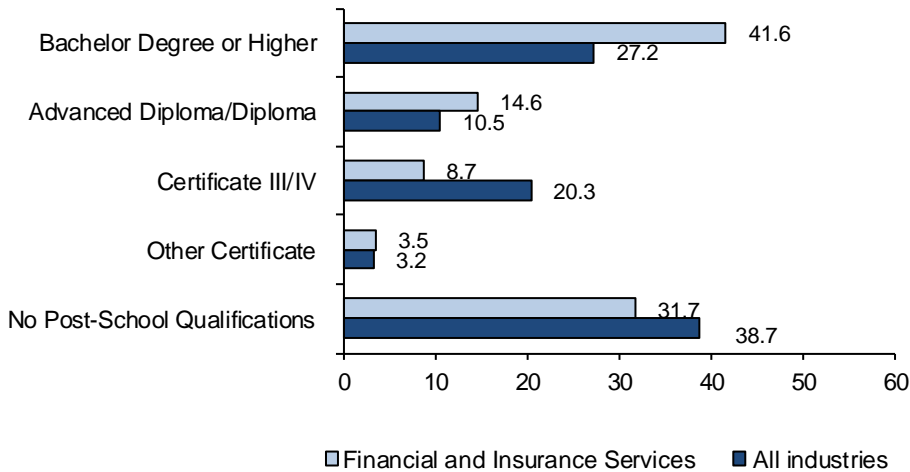
Occupation		Total growth (persons)		Net replacement estimates (persons)		Total job openings (persons)	
		('000)	%	('000)	%	('000)	%
5521	Bank Workers	3.0	15.4	16.8	84.6	19.8	100.0
2223	Financial Investment Advisers and Managers	17.7	54.1	15.0	45.9	32.6	100.0
5523	Insurance, Money Market and Statistical Clerks	21.3	76.8	6.4	23.2	27.7	100.0
5522	Credit and Loans Officers	2.3	21.9	8.3	78.1	10.6	100.0
2211	Accountants	26.1	37.7	43.1	62.3	69.2	100.0
1499	Other Hospitality, Retail and Service Managers	17.2	59.2	11.9	40.8	29.1	100.0
2221	Financial Brokers	1.3	14.8	7.7	85.2	9.1	100.0
2222	Financial Dealers	0.5	5.2	9.7	94.8	10.3	100.0
5311	General Clerks	49.3	49.2	50.9	50.8	100.2	100.0
6112	Insurance Agents	1.0	29.4	2.4	70.6	3.3	100.0
All occupations		1,532.9	26.1	4,338.5	73.9	5,871.4	100.0

Source: Deloitte Access Economics (2012) *Economic modelling of skills demand and supply*, Scenario output—detailed employment results. Net replacement demand by AWPA (2013).

Education and training profile

The financial and insurance services workforce is characterised by a high proportion of tertiary attainment, with more than two fifths (41.6 per cent) having completed a Bachelor degree or higher qualification, compared to 27.2 per cent across all industries. Workers within the financial and insurance services sector also have a higher proportion of Diplomas and Advanced Diplomas, at 14.6 per cent, than the general workforce, at 10.5 per cent.

Figure 1 Education profile of the financial and insurance services workforce (%)



Note: Excludes 'Level of education not stated' from total.

Source: DEEWR (2012) *Australian Jobs 2012* (ABS 2011 Census data).

Figure 2 illustrates how demand for qualifications is expected to change over time. It shows the current education profile for each respective occupation: across all industries and within the financial and insurance services industry. It also shows projected levels of educational attainment to 2025 by each occupation group depending on which of the four scenarios eventuates.

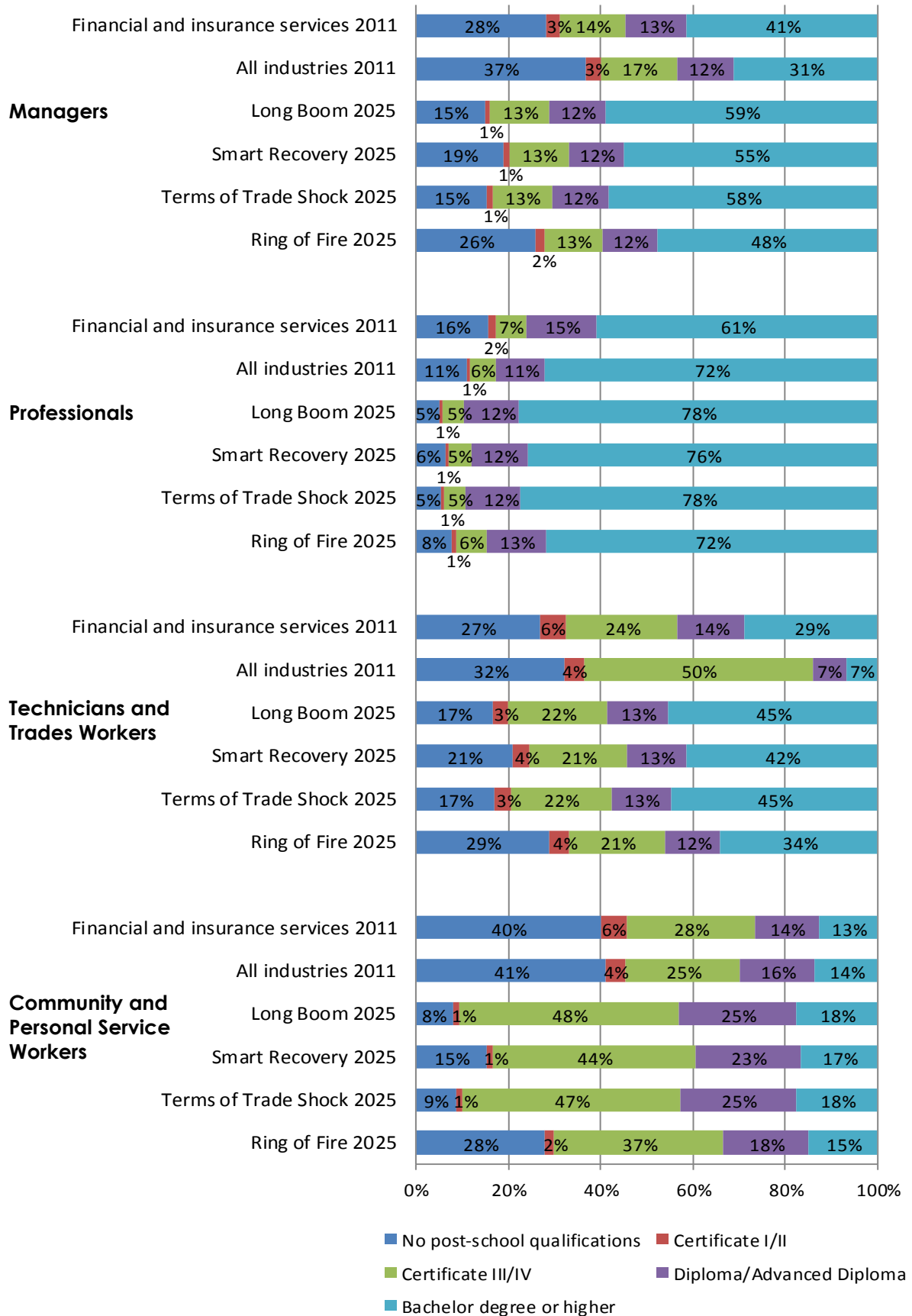
As Figure 2 shows, managers within the financial and insurance services industry are expected to upskill over time, with the proportion with a Bachelor degree or higher qualification forecast to rise from 41 per cent in 2011 to between 55 and 59 per cent in 2025 across the three higher growth scenarios, and to 48 per cent under Ring of Fire.

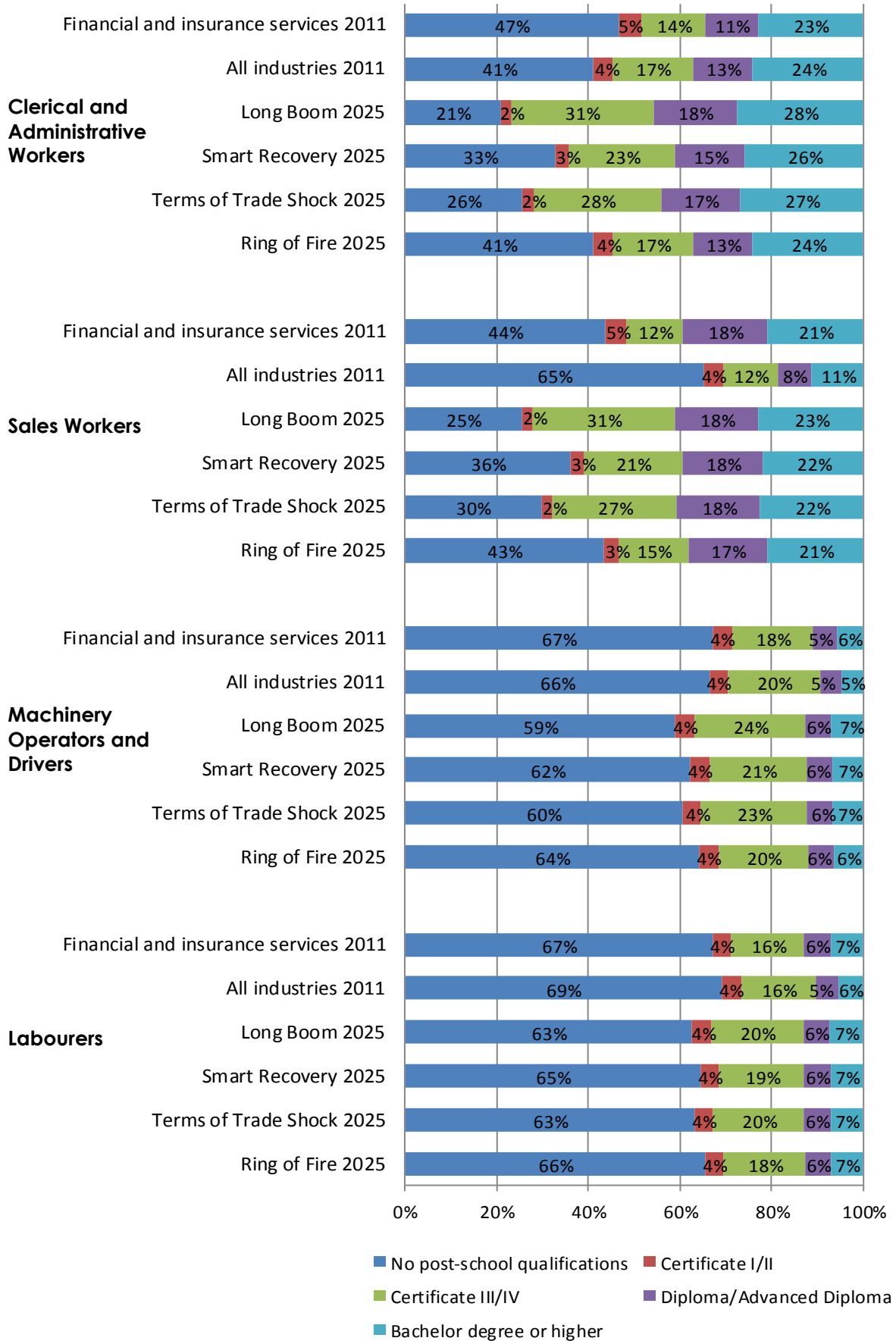
The professional occupations overwhelmingly hold a Bachelor degree or higher qualification, and this level of educational attainment is expected to increase further irrespective of which scenario eventuates.

The proportion of Clerical and Administrative Workers without post school qualification is forecast to decrease from nearly half in 2011 (47 per cent) to between 21 and 33 per cent across the three higher growth scenarios, with most of this growth in qualifications expected at the Certificate III/IV level. A similar pattern of upskilling is anticipated for Sales Workers.

It should be noted that the number of Community and Personal Service Workers; Machinery Operators and Drivers; and Labourers in the financial and insurance services industry is very small, accounting for less than two thousand workers in each occupational group. Projections for qualification holding within this occupation/industry breakdown should therefore be treated with caution.

Figure 2 Educational attainment in the financial and insurance services industry by occupation: 2011 and projections to 2025 (%)





Source: ABS (2012) *Survey of Education and Work 2012*, cat. no. 6227.0; and DAE (2012) Unpublished data.

Specialised occupations

In *Future Focus*, the 2013 National Workforce Development Strategy, AWPA has proposed that national planning for skills and industry workforce development should focus on **specialised occupations**. Specialised occupations are defined as those 'where specialised skills, learned in formal education and training, are needed at entry level and where the impact of market failure is potentially significant for the economy and/or the community.'

Specialised occupations demonstrate these characteristics:

- ▶ long lead time—skills are highly specialised and require extended learning and preparation time over several years;
- ▶ high use—skills are deployed for the uses intended (i.e. good occupational 'fit');
- ▶ high risk—the disruption caused by the skills being in short supply is great, resulting either in bottlenecks in supply chains or imposing significant economic or community costs because an organisation cannot operate; and
- ▶ high information—the quality of information about the occupation is adequate to the task of assessing future demand and evaluating the first three criteria.

Monitoring skills supply, especially for specialised occupations, will remain a critical element in meeting our workforce needs.

Specialised occupations associated with the financial and insurance services industry include:

Accountants

Auditors, Company Secretaries and Corporate Treasurers

Financial Brokers

Actuaries, Mathematicians and Statisticians

More detailed information about specialised occupations is available in *Future Focus, 2013 National Workforce Development Strategy* at <http://www.awpa.gov.au>.

Example workforce development initiatives

Investment in workforce development has been shown to maximise people's capabilities, lift productivity and increase workforce participation. Employee satisfaction levels and engagement also increase when enterprises make better use of their employees' skills.⁴ Current workforce development initiatives in financial and insurance services include the following examples:

- ▶ Innovation and Business Skills Australia (IBSA) will form a Workforce Development Strategy for the Superannuation Sector of the Financial Services industry to help ensure the skilled workforce needed by this sector and the wider industry are available. More information can be found at www.ibsa.org.au.
- ▶ SkillGAP is an online Industry Skills Council-assisted tool that assists organisations in evidence-based workforce planning and analysis. For further information see www.skillgap.com.au/index.php.
- ▶ IBSA has published Training Solutions for the Information and Communications Technology Industry to assist employers in the ICT industry, as well as prospective employees interested in training and employment opportunities in the industry. The guide builds greater understanding of the training and employment opportunities available. More information is available at www.ibsa.org.au.

⁴ Skills Australia (2012) *Better use of skills, better outcomes: A research report on skills utilisation in Australia*.