



# 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.*

## Key points

- ▶ Financial and insurance services employ approximately 398,900 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 (29 per cent) of workers aged 45 years or older compared to 39 per cent for all industries
- ▶ The industry has a low proportion of part-time workers, with 16 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
- ▶ A high proportion of workers in financial and insurance services (40 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](http://www.skillsinfo.gov.au)

## Industry outlook

The financial and insurance services sector is a relatively small industry in terms of employment size (comprising around 398,900 workers), but one that contributes substantially to the Australian economy. In terms of industry value added, the financial and insurance services industry contributed \$127b, or 11.6 per cent, to the Australian economy in 2009-10.<sup>1</sup>

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<sup>1</sup> 'Industry value added' is the measure of the contribution by industry to gross domestic product (GDP) at basic prices. ABS (2010) *Australian System of National Accounts* (Cat. no. 5204.0).

## Short-term growth

The following table depicts short-term employment growth in the financial and insurance services industry (to 2014-15).

**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	398.9	3.6	24.3	6.5
<b>All employed</b>	<b>11,044.6</b>	<b>100.0</b>	<b>1,060.1</b>	<b>10.6</b>

Population: Employed people.

Source: DEEWR analysis of ABS trend data, May 2010 (Cat no: 6291.0.55.003).

## Long-term growth

Skills Australia used scenario planning and economic modelling undertaken by Access Economics to calculate the skills demand for the economy into the future. The three scenarios are:

- ▶ Open Doors – assumes an industry and occupation structure that is driven by greater global openness, high economic growth and high productivity
- ▶ Low Trust Globalisation – assumes global competition but with more moderate participation rates, productivity growth and rates of growth of net migration, and accordingly, medium economic growth
- ▶ Flags – assumes a more protectionist economy, with a greater move to domestic self-sufficiency, a lower rate of net migration and productivity growth, and accordingly, assumes a low rate of economic growth.

As Table 2 shows, average employment growth per annum is expected to be slightly higher than the Australian average between 2010 and 2025 for both the Open Doors and Low-Trust Globalisation worlds.<sup>2</sup> However, under the Flags scenario, employment growth in the industry is expected to be slightly lower than that of the national average by 2025.

Overall, the financial and insurance services industry is forecast to grow whatever scenario eventuates, but some subsectors may decline under the Flags world in the longer-term period (to 2025). Employment within auxiliary finance and insurance services is expected to grow particularly strongly across all three scenarios, at more than double the rate of growth of the other subdivisions (i.e. finance and insurance and superannuation funds).

<sup>2</sup> A description of the scenarios and the Access Economics modeling of employment in each, with state and territory break-downs, is available at the Skills Australia web-site [www.skillsaustralia.gov.au](http://www.skillsaustralia.gov.au)

**Table 2 Average annual industry employment growth in three scenarios, 2010-15 and 2010-25 (%pa)**

Industry	Open Doors		Low-Trust Globalisation		Flags	
	2015	2025	2015	2025	2015	2025
<b>Financial and insurance services</b>	<b>3.5</b>	<b>2.3</b>	<b>2.8</b>	<b>1.6</b>	<b>1.6</b>	<b>0.5</b>
Finance	2.4	1.2	1.7	0.5	0.4	-0.8
Insurance and superannuation funds	3.0	1.7	2.3	1.0	1.1	-0.2
Auxiliary finance and insurance services	5.8	4.4	5.2	3.8	4.0	2.7
<b>All industries</b>	<b>2.6</b>	<b>2.1</b>	<b>1.9</b>	<b>1.5</b>	<b>1.3</b>	<b>0.9</b>

Source: ABS (2010) *Labour Force Australia*, detailed quarterly report, 2009 average of four quarters (Cat. no. 6291.0.55.003).

## Occupation outlook

### Key occupations

The top ten financial and insurance services occupations comprise around half (54.3 per cent) of total employment within the industry. The largest occupations are bank workers (accounting for 13.6 per cent of the total workforce), financial investment advisers and managers (8.2 per cent) and credit and loans officers (5.9 per cent).

**Table 3 Top ten financial and insurance services occupations**

Occupation	People employed	Industry employment
ANZSCO	'000	% of total
5521 Bank workers	55.2	13.6
2223 Financial investment advisers and managers	33.3	8.2
5522 Credit and loans officers	23.9	5.9
5523 Insurance, money market and statistical clerks	22.5	5.5
2221 Financial brokers	18.9	4.6
1499 Other hospitality, retail and service managers	17.5	4.3
2211 Accountants	15.6	3.8
2222 Financial dealers	14.3	3.5
1311 Advertising and sales managers	10.2	2.5
6112 Insurance agents	9.6	2.4
<b>Total</b>	<b>407.3</b>	<b>54.3</b>

Source: ABS (2009) *Labour Force Australia*, detailed quarterly report, 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 financial and insurance services.**

Short-term employment growth is anticipated to be particularly strong for credit and loans officers, accountants, insurance agents, and financial investment advisers and managers. Only a handful of occupations are expected to show employment growth below the all-occupation average of 9.2 per cent. These are: financial dealers (at 7.4 per cent); other hospitality, retail and service managers (2.5 per cent); and bank workers (2.2 per cent).

**Table 4 Current and past employment in key occupations**

Occupation	Current employment (all industries)		Past growth: five years	
	'000	% of total	'000	%
ANZSCO				
1311 Advertising and sales managers	141.8	1.3	28.4	25.0
1499 Other hospitality, retail and service managers	61.5	0.6	12.2	24.8
2211 Accountants	173.2	1.6	32.5	23.1
2221 Financial brokers	25.9	0.2	4.2	19.2
2222 Financial dealers	27.1	0.2	1.9	7.5
2223 Financial investment advisers and managers	36.3	0.3	-1.1	-3.0
5521 Bank workers	51.3	0.5	-4.0	-7.3
5522 Credit and loans officers	24.9	0.2	-5.1	-17.0
5523 Insurance, money market and statistical clerks	23.1	0.2	-1.3	-5.5
6112 Insurance agents	9.1	0.1	-2.3	-20.4
<b>All employed</b>	<b>11,044.6</b>	<b>100.0</b>	<b>1,060.1</b>	<b>10.6</b>

Population: Employed people.

Source: DEEWR analysis of ABS trend data, May 2010 (Cat no: 6291.0.55.003).

## Long-term growth and job openings

Table 5 indicates the long-term net job growth per annum expected in these occupation groups, according to Access Economics' scenario modelling. In the longer-term, these are occupations which have average or above-average expected growth compared to other groups. General clerks, for example, are forecast to be a high-growth occupation across all scenarios, increasing at 1.4 times the average job growth rate.

**Table 5 Average annual occupation growth in three scenarios, 2010-15 and 2010-25 (%pa)**

Industry	Open doors		Low-trust globalisation		Flags	
	2015	2025	2015	2025	2015	2025
ANZSCO						
131 Advertising and sales managers	2.3	1.7	1.6	1.0	1.4	0.7
149 Miscellaneous hospitality, retail and service managers	3.0	2.3	2.4	1.7	1.5	0.8
221 Accountants, auditors and company secretaries	2.9	2.2	2.2	1.5	1.5	0.8
222 Financial brokers and dealers, and investment advisers	3.5	2.6	2.9	2.0	1.9	1.0
531 General clerks	3.8	3.0	2.9	2.2	2.0	1.3
552 Financial and insurance clerks	2.4	1.8	1.7	1.1	1.1	0.5
611 Insurance agents & sales reps	2.6	1.9	1.8	1.1	1.4	0.6
<b>All occupations</b>	<b>2.6</b>	<b>2.1</b>	<b>1.9</b>	<b>1.5</b>	<b>1.3</b>	<b>0.9</b>

Source: Access Economics (2009) *Economic modelling of skills demand*, Table D4 (ASCO); conversion to ANZSCO by CEET (2009). Three-digit ANZSCO job titles are used in this analysis.

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 occupations to 2025.

**Table 6 Average annual job openings, pa 2010 to 2025, in three scenarios**

Occupation	Open doors		Low trust globalisation		Flags	
	('000)	%	('000)	%	('000)	%
ANZSCO						
131 Advertising and sales managers	4.4	3.1	3.2	2.3	2.8	2.1
149 Miscellaneous hospitality, retail and service managers	6.5	3.6	5.1	2.9	3.4	2.1
221 Accountants, auditors and company secretaries	7.4	3.2	5.7	2.6	3.9	1.8
222 Financial brokers and dealers, and investment advisers	4.7	4.0	3.9	3.4	2.6	2.4
531 General clerks	12.6	5.6	10.0	4.8	7.6	3.9
552 Financial and insurance clerks	6.7	4.6	5.5	3.9	4.4	3.3
611 Insurance agents & sales reps	5.6	4.2	4.2	3.4	3.5	2.9
<b>All occupations</b>	<b>579.1</b>	<b>4.4</b>	<b>465.9</b>	<b>3.8</b>	<b>373.7</b>	<b>3.2</b>

Source: Access Economics (2009) *Economic modelling of skills demand*, Table D4 (ASCO); conversion to ANZSCO and net replacement demand by CEET (2009). Three-digit ANZSCO job titles are used in this analysis.

As Table 6 illustrates, job openings among general clerks are expected to increase at a rate of 5.6 per cent each year to 2025 under Open Doors – representing around 12,600 jobs per annum. Job openings among financial and insurance clerks are also forecast to be high under the Open Doors scenario, with an estimated 4.6 per cent increase (approximately 6,700 jobs) per year to 2025.

Table 7 shows the number and proportion of job openings that are driven by new growth and replacement, respectively. Under the Open Doors scenario to 2025, only two occupations are expected to have a higher proportion of job openings generated by replacement demands than by new growth. These are: financial and insurance clerks (with 61.3 per cent of job openings driven by replacement requirements), and insurance agents and sales representatives (with 55.4 per cent replacement demand).

**Table 7 Total job openings (growth and net replacement) in three scenarios, 2010 to 2025**

### 7.1 Open Doors

Occupation	Total growth (persons)		Net replacement estimates (persons)		Total job openings (persons)	
	('000)	%	('000)	%	('000)	%
ANZSCO						
131 Advertising and sales managers	40.1	57.1	30.1	42.9	70.2	100.0
149 Miscellaneous hospitality, retail and service managers	67.0	64.4	37.0	35.6	104.0	100.0
221 Accountants, auditors and company secretaries	79.9	67.4	38.6	32.6	118.5	100.0
222 Financial brokers and dealers, and investment advisers	48.7	64.2	27.2	35.8	76.0	100.0
531 General clerks	106.9	52.9	95.3	47.1	202.2	100.0
552 Financial and insurance clerks	41.7	38.7	66.2	61.3	107.9	100.0
611 Insurance agents & sales reps	39.9	44.6	49.6	55.4	89.6	100.0
<b>All occupations</b>	<b>4,425.7</b>	<b>47.8</b>	<b>4,840.1</b>	<b>52.2</b>	<b>9,265.8</b>	<b>100.0</b>

### 7.2 Low-Trust Globalisation

Occupation	Total growth (persons)		Net replacement estimates (persons)		Total job openings (persons)	
	('000)	%	('000)	%	('000)	%
ANZSCO						
131 Advertising and sales managers	23.0	44.9	28.3	55.1	51.3	100.0
149 Miscellaneous hospitality, retail and service managers	47.3	57.5	35.0	42.5	82.3	100.0
221 Accountants, auditors and company secretaries	54.4	59.9	36.5	40.1	90.9	100.0
222 Financial brokers and dealers, and investment advisers	36.2	58.4	25.8	41.6	62.0	100.0
531 General clerks	72.3	45.1	88.0	54.9	160.3	100.0
552 Financial and insurance clerks	25.9	29.3	62.5	70.7	88.3	100.0
611 Insurance agents & sales reps	21.8	32.1	46.1	67.9	67.9	100.0
<b>All occupations</b>	<b>2,892.9</b>	<b>38.8</b>	<b>4,561.3</b>	<b>61.2</b>	<b>7,454.2</b>	<b>100.0</b>

### 7.3 Flags

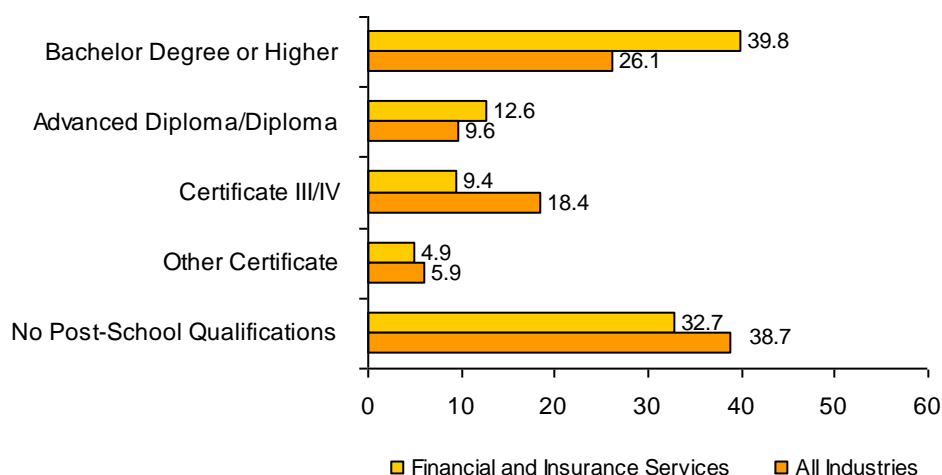
Occupation	Total growth (persons)		Net replacement estimates (persons)		Total job openings (persons)	
	('000)	%	('000)	%	('000)	%
ANZSCO						
131 Advertising and sales managers	16.9	37.9	27.7	62.1	44.5	100.0
149 Miscellaneous hospitality, retail and service managers	21.9	40.3	32.3	59.7	54.2	100.0
221 Accountants, auditors and company secretaries	28.2	45.2	34.2	54.8	62.3	100.0
222 Financial brokers and dealers, and investment advisers	17.7	42.8	23.7	57.2	41.4	100.0
531 General clerks	41.0	33.5	81.3	66.5	122.3	100.0
552 Financial and insurance clerks	11.0	15.8	58.9	84.2	69.9	100.0
611 Insurance agents and sales reps	11.9	21.2	44.3	78.8	56.2	100.0
<b>All occupations</b>	<b>1,681.7</b>	<b>28.1</b>	<b>4,297.2</b>	<b>71.9</b>	<b>5,978.9</b>	<b>100.0</b>

Source: Access Economics (2009) *Economic modelling of skills demand*, Table D4 (ASCO); conversion to ANZSCO and net replacement demand by CEET (2009). Three-digit ANZSCO job titles are used in this analysis.

### Education and training profile

The financial and insurance services workforce is characterised by a high proportion of tertiary attainment, with 40 per cent having completed a Bachelor degree or higher qualification, compared to 26 per cent across all industries.

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



Source: DEEWR (2010) *Australian Jobs 2010*.

Figure 2 shows 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 2015 and 2025 by each occupation group depending on which of the three scenarios eventuates.

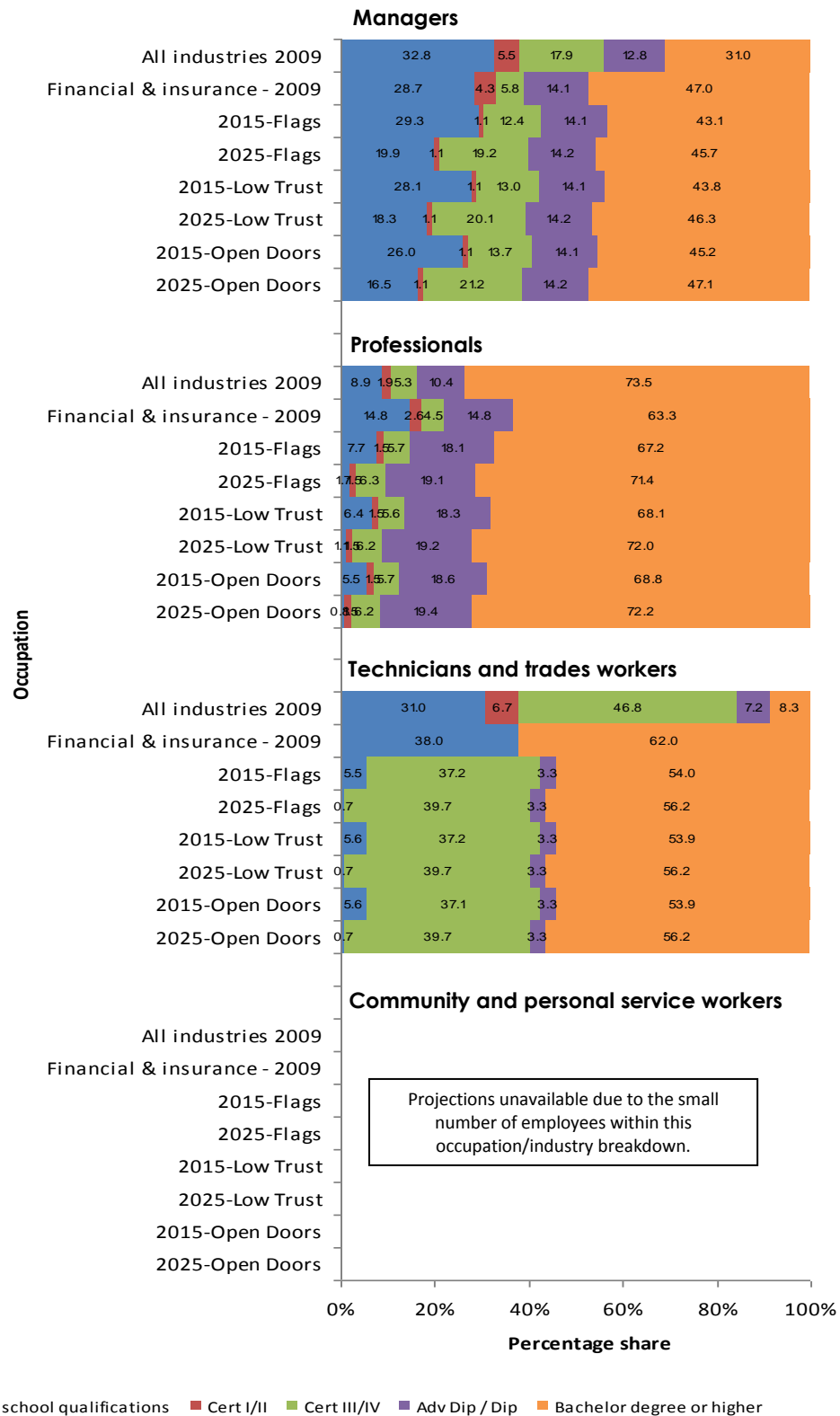
As Figure 2 shows, the professional occupations overwhelmingly hold a Bachelor degree or higher, and this level of educational attainment is expected to remain the case irrespective of which scenario eventuates.

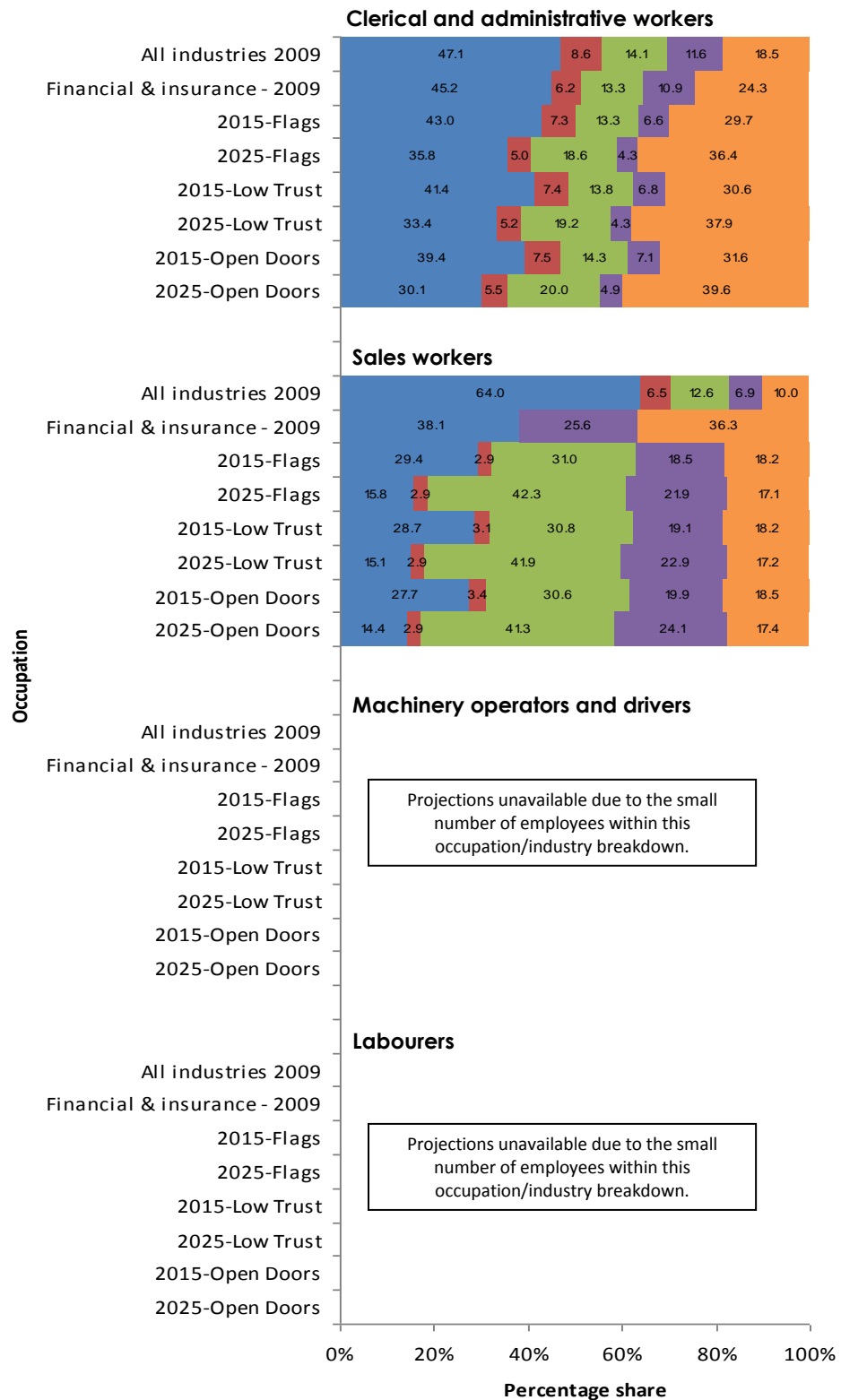
Managers and technicians and trade workers are also expected to upskill over time. While the share of managers with a Bachelor degree or higher is forecast to remain relatively stable to 2025, the proportion of managers with a Certificate III/IV is set to increase from 5.8 per cent in 2009 to 21.2 per cent in 2025 under Open Doors.

Technicians and trades workers comprise only a small proportion of the financial and insurance services workforce. However, the number of technicians and trades workers with no post school qualifications is expected to drop significantly under all three scenarios, and a high share of workers with a Certificate III/IV is set to emerge by 2025.

The share of Certificate III/IV qualifications is also forecast to increase among sales workers under all three alternative 'worlds'. However the small number of sales workers employed within the financial and insurance services industry means that analysis of education attainment over time is problematic, and is responsible for the dramatic changes in qualification mix shown between 2009 and 2025.

**Figure 2 Level of educational attainment in the financial and insurance services industry by occupation: 2009 and projections to 2015 and 2025 (%)**





■ No post school qualifications ■ Cert I/II ■ Cert III/IV ■ Adv Dip / Dip ■ Bachelor degree or higher

Source: ABS (2009) *Survey of Education and Work 2009* (Cat. no. 6227.0).

## Specialised occupations

In *Workforce Futures*, Skills Australia has proposed that national skills and workforce planning 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.

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 from *Australian Workforce Futures: A National Workforce Development Strategy* at [http://www.skillsaustralia.gov.au/PDFs\\_RTf/WWF\\_strategy.pdf](http://www.skillsaustralia.gov.au/PDFs_RTf/WWF_strategy.pdf).

## 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.<sup>3</sup> Current workforce development initiatives in financial and insurance services include the following examples:

- ▶ The **TVET Workforce Development Tool** is a simple online survey tool that provides immediate feedback on the needs and status of enterprises' current workforce through case study based information. The results provide advice to enterprise on how to address workforce development and future workforce planning needs. The tool is available through the TVET Australia website below and through Innovation and Business Skills Australia, the Industry Skills Council for financial services. For further information see <http://workforce.tvetaustralia.com.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](http://www.skillgap.com.au/index.php).
- ▶ Applied research projects are also being conducted by Innovation and Business Skills Australia on management and leadership projects. Reports will be produced on: **Corporate Social Responsibility, Australian Cultural Imprint for Leadership** & the **Outworking of the Karpin Report**. Additionally in January 2010 a report on the financial service sector that was commissioned by IBSA, was released. This along with current research will inform future workforce development in the financial and insurance services industries. For further information see [www.ibsa.org.au/news-and-projects/reports-and-publications.aspx](http://www.ibsa.org.au/news-and-projects/reports-and-publications.aspx).
- ▶ The Australian Government's **Enterprise Based Productivity Places Program** has enabled IBSA to broker funding for upskilling existing workers in the financial services sector for a number of enterprises including Insurance Australian Group, the Bank of Queensland, Viva College and Deniliquin Nursing Home.



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<sup>3</sup> Skills Australia (2010) *Australian Workforce Futures: A National Workforce Development Strategy*.