# BANKING



# INSURANCE



SECURITIES









# Finance & Insurance Career Pathways

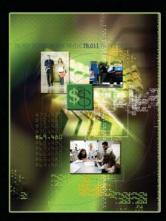




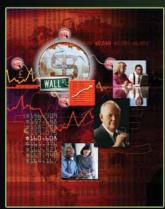














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## **Executive Summary**

This report examines career paths and skills crosswalks within the Finance and Insurance Sector (F&I Sector), comprised of the banking, insurance and securities industries. It provides information to assist employers expand their talent pool, individuals identify career opportunities in the sector, and education, training and workforce development organizations respond to the skill needs of employers and individuals.

The Workforce Boards of Metropolitan Chicago sponsored the project, in partnership with the Chicagoland Chamber of Commerce, Illinois Bankers Association, Illinois State Association of Health Underwriters, Illinois Credit Union League, Illinois League of Financial Institutions, and the Illinois Mortgage Bankers Association. Financial support was provided by the Illinois Department of Commerce and Economic Opportunity.

#### Research Methodology

The research goals of the project were to examine the labor markets in each of the industries, identify common competencies, map the existing and potential career pathways and identify the crosswalks between industries. The methodology involved analysis of available public data and information sources, interviews with industry experts and leaders and representatives of education and training organizations in the metropolitan Chicago region, and an online survey of individuals working in the industry.

The research was concluded just prior to the crisis in the financial services industry in September 2008. The employment projections in this report do not reflect these events. On the other hand, the crisis is not expected to substantially impact the career pathways and core skills requirements.

#### **Industry Profiles**

The profiles of the banking, insurance, and securities industries include the following key points:

#### Banking

- Jobs in the banking industry are projected to exhibit moderate growth in the next five to ten years.
- The main entry-level occupation in banking is the teller, which despite the growth of online banking continues to grow as a result of branch expansion.
- Advancement into higher-paying positions usually requires a college degree, particularly in a business-related field.
- Career movement across market segments within the banking industry (i.e. retail, commercial, and wealth management) is somewhat limited.

#### Insurance

- The insurance industry is growing at a relatively slow pace overall, although jobs within agencies and brokerages continue to grow moderately.
- Core jobs within insurance carriers include underwriters and actuaries while sales agents and brokers are core jobs relating to customers.
- The insurance industry has a significant number of well-paying jobs for individuals without a college degree that will increasingly focus on customer service rather than administrative support positions.
- Career paths within insurance carriers are mostly upward and limited to functional lines, while in agencies advancement occurs through expanded networks and sales.
- Education and licensing are very important for advancement in the insurance industry.







#### Securities

- The securities industry is a fast-growing but volatile industry that includes investment firms, brokerages and financial advisory companies.
- Core client-facing occupations within securities include financial advisors and investment bankers, supported by financial analysts and brokerage clerks.
- The vast majority of jobs within the industry require at a minimum a four-year college degree.
- The industry is extremely fast-paced, requiring long hours but high compensation.

#### **Key Findings**

The key research findings regarding career pathway opportunities and challenges in the Finance and Insurance Sector are:

- 1. The F&I Sector continues to be important for the metro Chicago economy despite ongoing restructuring and consolidation.
- 2. The F&I Sector provides a range of good-paying jobs for individuals, but will increasingly require higher levels of education.
- 3. Most jobs in the F&I Sector require a baseline of computer and basic math skills with the fastest growing jobs requiring customer service and sales skills.
- 4. Consolidation is increasing overlaps in the skills and knowledge base of the three industries, suggesting greater potential for cross-industry career paths.
- 5. Employers are currently experiencing relatively little "pain" overall with respect to workforce issues, although this may change in the future
- 6. Diversity (e.g., race, gender, and age) remains a challenge for employers in the F&I Sector, particularly at higher levels of the organization.
- 7. Workers in the F&I Sector face challenges in adapting to a more individually-oriented system of career advancement.
- 8. The region's education and training services are generally meeting the needs of the region's employers despite a limited degree of systematic organization.







## I. Introduction

This report examines career paths and skills crosswalks within the Finance and Insurance Sector (F&I Sector), comprised of the banking, insurance and securities industries. These industries play an important role in the regional economy, employing over 250,000 people in the 11-county metropolitan Chicago region.\(^1\) With average salaries of \$90,000 across all three industries and slow but steady growth rates, they provide good job and career opportunities for individuals throughout the region.

The report is designed to provide an information resource to employers who want to expand their talent pool, employees seeking career opportunities in the sector, and education, training and workforce development organization serving the skill needs of employers and individuals.

The Workforce Boards of Metropolitan Chicago sponsored the project, in partnership with the Chicagoland Chamber of Commerce, Illinois Bankers Association, Illinois State Association of Health Underwriters, Illinois Credit Union League, Illinois League of Financial Institutions, and Illinois Mortgage Bankers Association. Financial support was provided by the Illinois Department of Commerce and Economic Opportunity.

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Tables 1-12 present the data that informs the report; Table 13 presents the skills crosswalks between the industries; Figures 1-4 display the career pathways for the three industries and the educational pathway for the sector. All tables and figures are in the Appendix.

The research results were used to profile:

- Major employment groupings and corresponding qualifications;
- Recruitment and advancement practices;
- Existing and potential career pathways;
- Employment challenges for employers and individuals;
- The training and education infrastructure; and
- Potential for using career pathways to strengthen the supply of highly skilled employees and increase access to employment and careers.

The research does not reflect the impact of the severe economic downturn in September 2008 on employment in the F&I Sector, particularly in employment projections. The downturn however is not expected to have a substantial impact on the career pathways and core skills requirements described in the report.

#### **Analytical Categories**

Based on discussions with employers, three key functional employment groupings were identified in all of the industries: client facing, client-facing support, and operations. Additionally, four tiers of employment were identified within each industry. These categories were used in mapping career pathways in the three industries and crosswalks between industries. The categories are designed to capture the functions and levels that are core to each industry in a way that is clear to those within and outside the industry.

The functional categories are defined as follows:

- Client Facing functions- Direct sales, customer service, financial advising, and structuring and managing financial products;
- Client-facing Support functions Research, underwriting, risk analysis, forecasting, and market development;
- Operations functions– Process, examine, and audit transactions, and assure compliance with industry regulations and company policies.

The employment levels are defined by their required skills and qualifications as follows;

- Tier 1: Assistant/Associate A high school degree, basic communication computer and data-entry skills;
- Tier 2: Specialist A BA degree, advanced basic skills, strong functional competencies, industry knowledge, and experience;
- Tier 3: Manager BA, BS, and MBA degrees, industry certificates and progressing toward industry recognized licenses, management skills, advanced technical expertise and industry knowledge;
- Tier 4: Director MA, MBA, and doctorate degrees, business expertise and leadership skills.







#### **Findings**

The research shows that the labor markets of the three industries have much in common. These industries share the core skills of written and verbal communication, customer service, and computers, with increasing levels of proficiency in mid and high level positions. Continuing trends of product and service integration, expanding retail markets, and use of new technologies have had a substantial impact on the labor market for all three industries. These trends are creating new intersections between the skills sets across the industries. This is particularly true in sales and customer service positions, and is beginning to emerge in some technical and operational functions.

The new access point trends could provide opportunities for individuals to access a greater number of career pathways that suit their interests and competencies. At the same time, however, entry level requirements are increasing. Although nearly half of all F&I Sector jobs are accessible with a high school degree or GED, experience and good basic skills, the proportion of these jobs is declining with growing use of technology, outsourcing and other administrative efficiencies. Entry and advancement into higher level, more specialized positions generally requires a bachelor's degree, advanced basic skills, and experience.

As a result, individuals interested in employment in this sector will need industry information and career preparation at all levels of their education. Increased linkages between the various education and training providers, core courses focusing on the finance and insurance sector, and opportunities to acquire and build skills through experience will strengthen the quality and effectiveness of the system for employers and employees.

## II. Finance & Insurance Sector: An Overview

The Finance and Insurance (F&I) Sector (NAICS 52) includes the banking and credit, insurance and securities industries.

The banking and credit industry comprises depository institutions and non-depository institutions (NAICS 522). Depository institutions (NAICS 5221) comprise commercial banks, which provide a full range of services to retail, commercial and institutional clients; savings (and loan) banks, which focus primarily on retail customers, and credit unions, which serve individuals sharing a common connection, for example to an employer.<sup>2</sup> The non-depository side of the industry (NAICS 5222) includes companies – such as credit card issuers, mortgage and other consumer lenders – engaged in extending credit or lending from non-depository assets. Additionally, activities related to the Federal Reserve Bank system (NAICS 521), which has a small but significant presence in Chicago, are included within a broad definition of the banking and credit industry.

The **insurance industry** is divided primarily along product segments, including property and casualty, health and other medical, life, and title insurance, as well as reinsurance. It is also segmented between the "production" side of the industry – insurance carriers (NAICS 5241) – and the "distribution" side – insurance agents and brokerages (NAICS 5242).

Finally, the **securities industry** is the smallest but fastest growing among the three F&I industries. The industry (NAICS 523) is organized functionally into several different segments:<sup>3</sup> investment banks, which engage in underwriting, originating, and/or maintaining markets for issues of securities; securities exchanges, which provide a venue for buyers and sellers to meet to trade securities and commodities; brokerages, which participate in exchanges on behalf of other clients; portfolio management firms (e.g., mutual funds), which pool money on behalf of investors for the purpose of securities exchange; and investment advisory firms, which provide advice to investors. Additionally, funds and trusts (NAICS 525), which pool securities and assets on behalf of shareholders or other beneficiaries (e.g., pension funds), can be considered part of the securities industry in broad terms.

#### **Employment Trends**

As of 2006, there were 254,627 jobs in the F&I Sector in the 11-county Chicago metropolitan region, representing 6.2 percent of all jobs in the region. (*Table 1*) Overall, the F&I Sector is the eighth largest in terms of employment, below Accommodation and Food Services, and above Construction and Wholesale Trade. From 1991 to 2006, metro Chicago employment in the sector grew at a rate of 15.6 percent, which was slightly higher than the rate of 15 percent for the overall regional economy. (*Table 2*) In the same time period, growth in the sector was below that of the nation as a whole, 15.6 percent compared to 21.3 percent. (*Table 3*)

#### **Industry Concentration**

The F&I Sector is significantly overrepresented in the Chicago metro region, with an employment share that is 38 percent higher than the United States overall. These figures reflect the area's status as a regional banking center, global investment hub and home to major insurance companies. Of the five largest financial centers in the U.S. (the others being New York City, Los Angeles, Atlanta and Dallas), only Chicago ranks first or second in employment concentration in all three industry sub-segments, suggesting that the region's financial sector is both highly concentrated but also relatively diversified. Other factors impacting industry growth and investment include individual wealth and income, commercial activity, access to capital, access to a qualified talent pool, and cost. (*Table 5*)

#### Geography

Geographically, the largest relative concentrations of F&I jobs are found in the City of Chicago, where they represent roughly one in 10 of the city's jobs. Of the other eight Local Workforce Investment Areas in the region, DuPage County (6.0%), Lake County (5.2%) and Northern Cook County (5.1%) have the largest shares of F&I jobs. (*Table 1*)

#### **Industry Dynamics**

The major trends and dynamics that are driving the structure of industry nationally and its workforce are also powerful forces in the regional industry. These trends include the following

#### Financial Market Turmoil

The research for this report was done during a time of significant turmoil within United States and global financial markets. The impacts of rising energy prices and the subprime mortgage crisis of 2007 and 2008 created adverse conditions for the financial sector. The mortgage crisis and resulting "credit crunch," in particular, weakened the banking and securities industries. National employment data through mid-2008 suggest that resulting job losses were mostly contained within the non-depository side of the banking industry (i.e., in the mortgage lending companies) as well as within securities and investment firms. The bankruptcy and closure of several major institutions in September 2008 however had a profound impact on the whole economy as well as all three industries. Employment declines can be expected in most occupational functions across all three industries at least in the short term. On the other hand, proposed changes in the regulatory system will most likely lead to a greater demand for auditors and compliance officers.

#### Convergence of Products and Services

The Gramm-Leach-Bliley Financial Services Modernization Act (GLB) passed in 1999 removed the regulatory firewalls separating the various segments of the financial services industry as well as many of the Depression era barriers that restricted competition. Today finance and insurance companies can offer comparable products and services. Companies representing nearly all segments of the three industries are broadening their array of financial tools and services, giving consumers a wide spectrum of choices from companies that aim to serve multiple needs to those that specialize in one or two types of products. Companies expand their historic products lines by acquiring the types of businesses they need and by

<sup>&</sup>lt;sup>4</sup> William Testa, "Financial Services Employment Growth in Chicago," Midwest Economy Blog, Chicago Federal Reserve Bank, April 13, 2007, at: http://midwest.chicagofedblogs.org/archives/2007/04/financial\_servi.html

creating their new product lines. For example, banks, insurance companies, and securities firms now can offer financial planning and asset management services and many banks offer their own line of insurance.<sup>5</sup>

#### Mergers and Acquisitions

In removing the regulatory barriers between the industry segments, the GLB precipitated a wave of mergers and acquisitions across sectors that continue to gain momentum as companies look for innovative ways to tap the growing market for financial products. In 2006 the value of mergers and acquisitions in the finance and insurance industries reached \$200 billion, up 27 percent from \$158 billion in 2005. Companies (and their stock holders) sought to buy or merge with other companies to accomplish important strategic goals, such as 1) expand their product mix, 2) broaden and solidify their customer base in certain geographic areas and demographic groups, and 3) take advantage of scale economies. Banks for example acquired specialized securities firms, and existing insurance agencies and brokers to expand their products. As a result some of the largest insurance brokerages now belong to banks. For their part, insurance companies set up thrift or banking divisions rather than buying existing banks. Many of these subsidiaries, a number of which are web-based with no physical location, offer a full range of banking services and investment products. At the same time large companies bought smaller ones to expand their markets and create scale economies and smaller companies that found it difficult to compete on the basis of costs or product range sought suitable buyers.

#### Information Technology /Retail Expansion

Information technology (IT) has transformed the financial services industry, making available many features that would have otherwise been impossible to offer. The features of these products and services range from automated teller machines (ATMs), to more recent innovations such as online banking and account management. Using advanced information technology, banks have transformed some of their core services, such as personal banking. Consumers can now conduct many banking activities over the telephone and online as well as in traditional branch offices. As people have grown more comfortable making routine purchases online, there has been a corresponding increase in their use of the internet to manage their personal finances.

On the operational side, companies in all sectors continue to invest in IT products to reduce costs, increase efficiencies, and deepen functional capabilities. These investments have had profound impacts on all functions and activities in marketing and communication, service delivery (sales, customer service, accounts management, financial planning, and portfolio management), administration (e.g. loan processing, reporting, employee benefits), and analysis (e.g. risk analysis and setting increasingly precise actuarial rates).

#### Outsourcing and Strategic Alliances

In response to competitive pressures, companies in all three segments continue to look at outsourcing and strategic alliances as avenues to reduce costs, increase efficiencies and shed functions that allow them to focus on their core functions. Functions that are typically outsourced: a) are routine, standardized, and computerized; b) do not have to be in a specific geographic region; c) are highly technical, requiring the expertise of specialized consultants; and d) can be performed at a lower cost outside core operations. Examples include claims processing, human resources benefits, sales and customer service call centers, transactions recording, accounting, IT, and law. Outsourcing may take several forms, such as contracting with a third party to perform specific functions, establishing specialized units in low-cost areas, or forming strategic alliances with companies to perform specific functions.

 $<sup>^5</sup>$ Insurance Information Institute and Financial Services Roundtable, The Financial Services Fact Book, 1998. "Overview," online at <a href="http://www.iii.org/financial2/">http://www.iii.org/financial2/</a>.

<sup>&</sup>lt;sup>6</sup>Same as above.

## III. Industry Profiles







This section examines each of the three industries comprising the F&I Sector – banking, insurance, and securities. For each, a description is provided of the overall structure of opportunity, including the breakdown of employment by key business lines and industry sub-segments, occupational-functional lines within organizations, level or "tier," and geography. A profile of key occupations within each industry is included and career pathway dynamics (i.e., employer recruitment and training) within the industry are discussed.



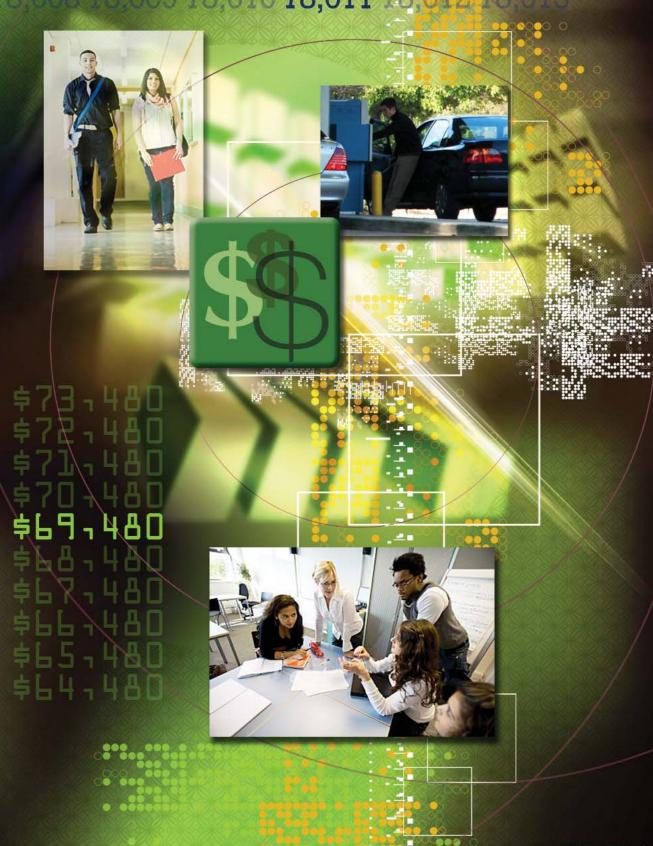






## Banking

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## Banking

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### Banking

#### Key Points

- Jobs in the banking industry are projected to exhibit moderate growth in the future.
- The main entry-level occupation in banking is the teller, which despite the growth of online banking continues to grow as a result of branch expansion.
- Advancement into higher-paying positions usually requires a college degree, particularly in a businessrelated field.
- Career movement across market segments within the banking industry (i.e. retail, commercial, wealth management) is somewhat limited. (Figure 1)

## Banking

#### **Industry Overview**

The banking industry is engaged primarily in the provision of credit (i.e., loans) and depository services (i.e., checking, savings accounts) to individuals, businesses, and institutions. For this reason banks fall within the broad industry category of "Credit Intermediation" (NAICS 522), which includes credit card issuers and consumer lenders (e.g. mortgage lenders). Because they derive their funds available for lending activities from customer deposits and wholesale liquidities – as opposed to other sources such as investors – banks are generally classified as "Depository Institutions" (NAICS 5221).<sup>7</sup>

In recent years the range of financial products and services offered by banks has expanded significantly, with most now offering investment services and many offering various insurance products. The arrival of interstate banking and the rise of bank holding companies in the 1980s set the stage for what has been an ongoing period of mergers and acquisitions within the industry. Many banks have widened their national and international footprint through acquisitions.

Banks are differentiated in terms of their legal organization. The largest share of banks (over two-thirds of establishments and approximately 70 percent of employment)<sup>8</sup> is in *commercial banks*, which serve a comprehensive base of retail, commercial and institutional customers. Most large commercial banks are publicly-traded corporations. A second category of banking institutions is *savings banks* or *savings and loans* (often called "thrifts"), which focus primarily on retail customers and lending for home mortgages and secondarily on some commercial deposits and lending. The ownership of thrifts can be either mutual (where the members own the institution) or stock (where stockholders own the institution). The final category of banking institutions is *credit unions*, which operate similar to banks but are membership-based, with membership commonly linked to affiliation with an employer, union, or institutions like churches. Relative to the United States overall, the metro Chicago region has a large representation of savings banks, 23% of banking employment compared with 13% nationally, and a smaller representation of credit unions, 5% versus 12%. In practice, the lines between these categories are less clear. For example, *community banks* operate as commercial banks, but many operate with a community orientation and market focus that is similar to savings banks.

The banking world is also distinguished in terms of market segmentation. The three primary market segments of bank activity are *retail banking*, *commercial/institutional banking*, and *wealth management*. Retail banking is a common foundation for nearly all banks, relying on a network of branch establishments, and increasingly, automated teller machines or ATMs to reach the consumer marketplace. Commercial and institutional banking is an activity of commercial banks, especially larger regional and national ones, many of which develop specializations around certain industry segments. Finally, wealth management, which involves the provision of more specialized and personalized financial services to high net-worth individuals, is a niche where certain banks have successfully focused. Larger commercial banks are increasingly active in all three segments of the market, in some cases acquiring more specialized banks in the process.

#### **Employment Trends**

Overall, the banking industry employed 78,011 people in the 11-county metro Chicago region as of 2006,<sup>10</sup> representing 1.9 percent of total regional employment. Since 1991, banking employment has grown by 18 percent, compared with 15 percent for all industries in the region. (*Table 3*)

The banking industry is projected to exhibit slow-to-moderate employment growth in the coming decade, with a projected annual regional growth rate of 0.45 percent to 2014, which is less than half the rate of projected growth for the overall economy (0.95%). These figures are in line with national projections for industry growth.<sup>11</sup>

Average earnings in the banking industry compare quite favorably to the economy overall. As of 2006, average annual pay in the banking industry for the metro Chicago region was \$69,480, which is 37 percent higher than the average for all sectors.<sup>12</sup> Consequently, the quarterly rate of job turnover within the industry is only 8.4 percent, over a percentage point lower than the rate for all sectors (9.7%). (*Table 4*)

<sup>&</sup>lt;sup>7</sup>n this report we are not examining the non-depository side.

<sup>&</sup>lt;sup>8</sup>Figures from US Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2006 <sup>9</sup>Same as above

 $<sup>^{10}</sup>$  IDES, LED data. The "banking industry" refers to NAICS 5221, Depository Credit Intermediation.

 $<sup>^{11}</sup>BLS, Monthly\ Labor\ Review \quad http://www.bls.gov/opub/mlr/2005/11/art4full.pdf$ 

<sup>&</sup>lt;sup>12</sup>IDES, LED data for Chicago-Naperville-Joliet metro division.

#### Geography in the Region

Within the metro Chicago region, jobs in the banking industry are heavily concentrated in the city of Chicago, where the Loop serves as a hub for operations and commercial and institutional lending activities. As of 2006, approximately 58 percent of the region's banking jobs were in Chicago, compared with 31 percent of all jobs. However, retail banking jobs are widely dispersed throughout the metro region, as are certain "back office" functions such as loan processing and customer service call centers.

#### Workforce Demographics

Compared with the overall workforce, the banking industry tends to be younger, more educated, more female, and relatively diverse. According to data from the American Community Survey, <sup>13</sup> nearly 42 percent of metro Chicago-area banking workers were age 34 or younger and only 12 percent were 55 or older, compared with 35 percent and 16 percent for the overall regional workforce. Just under half (46%) of banking workers had completed a four-year college degree or more, nearly ten percent higher than overall share (36%). Over six in ten (62%) banking workers were women, well above the regional average (46%), and 41 percent were people of color (i.e., non white-non-Hispanic), just above the regional average (39%). (*Table 11*)

#### Occupational Structure

#### By Function

Client-facing positions comprise more than half (54%) of industry employment, 20 percent are client-facing support occupations, and 26 percent in operations. Client-facing positions are projected to grow the fastest from 2006 to 2016 (10%), while client-facing support and operations positions are projected to decline by 4% and 1% respectively. (*Table 6*)

#### By Tier

Sixty-one percent of banking industry jobs is considered Tier 1 in nature, meaning that they are generally accessible to individuals without a college degree. The industry is further broken out with 30 percent considered Tier 2, 6 percent considered Tier 3 and 2 percent considered Tier 4. Tier 2 jobs are projected to grow the fastest, 7% from 2006 to 2016, followed by Tier 1 jobs at 4%, Tier 3 jobs at 2%, and a decline of 8% in Tier 4 jobs.

#### Client Facing

Client-facing positions are engaged directly with customers to provide banking services, whether it is in the form of handling routine transactions (e.g., deposits) or information requests, selling the bank's products and services, or servicing and maintaining ongoing relations with existing customers.

The typical – and most familiar – client-facing banking job is the **teller**, which accounts for roughly 1 in 5 jobs in the industry. Tellers handle routine transactions such as check cashing and deposits, but are increasingly engaging customers to identify potential sales opportunities, with some banks now re-naming the position as "sales associate." Entry-level teller positions are commonly part-time at the outset and pay approximately \$9-10 per hour, increasing to \$13 and higher for more experienced, full-time workers. <sup>14</sup> Despite the fact that a growing share of routine banking transactions are being handled electronically (i.e., through ATMs and online banking), demand for tellers is projected to increase nationally by 13.2 percent from 2006 to 2016, over 60 percent faster than the industry overall. <sup>15</sup> Most likely this relates to the ongoing expansion of retail banking establishments, resulting in smaller but more ubiquitous bank branches.

The two other client-facing positions that are considered "Tier 1" (requiring less than a four-year college degree) are **new accounts** and **customer service representatives** (**CSR**). New accounts representatives, often called "personal bankers," work with customers interested in establishing new credit or depository accounts at the bank. These positions are considered advancement positions from tellers, with hourly wages increasing to \$12 to \$20. CSRs, like tellers, handle routine inquiries and requests from customers about their accounts, but unlike tellers they are generally not located within bank branches but rather centralized

 $<sup>^{13}</sup>$  CUED analysis of ACS PUMS microdata for 2005 and 2006.

<sup>&</sup>lt;sup>14</sup> IDES, OES wage data.

<sup>&</sup>lt;sup>15</sup> BLS, Occupational employment projections by industry, 2006-2016.

call centers. Nationally, wages for CSRs in the banking industry track closely to the average for CSRs across all industries, <sup>16</sup> with hourly wages for CSRs in metro Chicago ranging from approximately \$11 for entry-level workers to \$20 for experienced workers. *(Table 6)* 

Several key client-facing banking positions are found at Tier 2 and above, meaning that they typically require a bachelor's degree or higher. Within the retail side of the business, **loan officers and counselors** work with individuals interested in obtaining financing for a home mortgage, car loan or other form of credit, and intermediating between the customer and loan processors and underwriters to determine the customer's eligibility. Similarly, on the commercial/institutional side, **commercial loan officers** work with businesses and other organizations to identify their credit needs and determine the right package for them. And on the wealth management side, **private bankers** and **financial advisors** work with individuals to determine the mix of banking and investment products that match the individual customer's needs. Salaries for these positions range from \$32,000 for retail loan counselors to \$80,000 and above for commercial loan officers and private bankers.

#### Client-facing Support

Within this category the jobs can be broken down further into two broad groups: analysis and processing, and managerial positions. Individuals working in analysis and processing positions interface with loan officers and bankers, communicating information regarding whether potential deals meet bank underwriting standards. At Tier 1, consumer and commercial loan processors use standardized procedures and programs to gather and analyze information collected from customers. These positions pay from \$25,000 to \$42,000 annually, but are projected to decline in the future as this function becomes more automated, and capable of being "offshored" to low-cost locations throughout the world. At Tier 2, these positions take the form of commercial associates and credit analysts. Commercial associates are generally entry-level positions leading toward commercial bankers, working in a team environment to structure deals with business customers. Credit analysts develop more specialized expertise around particular industry or market segments to make sure the bank has the current analysis regarding potential business opportunities. Salaries for these positions range from \$40,000 to \$80,000 at Tier 2.

Most front-line managerial positions in the banking industry can be classified as client-facing support because they are supervising client-oriented activities. There are a few positions within this category at Tier 1 and 2, such as **teller managers** and **customer service managers**, which pay in the \$40,000 to \$50,000 range. However, most are found at Tier 3 and above, meaning that they require both a postsecondary degree and significant experience. The most common position is **branch manager**, which oversees the activities of a single retail establishment. Pay for branch managers varies greatly, with salaries for assistant branch managers and trainees starting around \$35,000 and ranging up to \$75,000 for experienced managers in larger branches. Managers for commercial and wealth management divisions can earn even more, up to \$100,000 and more.

#### **Operations**

These positions are further removed from the end customer, often embedded within headquarters or back office locations. Tier 1 positions within the operations category include proof/lockbox operators, who process checks and cash deposits that are collected from bank branches and reconcile accounts. These positions pay from \$20,000 to \$30,000 annually, but like loan processors they are projected to decline in the future as more transactions occur electronically. Other Tier 1 positions include accounting clerks, which provide administrative support to higher-level operations workers.

At Tier 2, operations functions are focused around accounting, auditing and compliance. These individuals assess the bank's financial performance and ensure that it is operating within federal regulatory guidelines. These positions, which generally require a college degree in accounting, finance or a related field, pay from \$50,000 to \$75,000 annually and lead directly toward higher level positions such as compliance officer.

#### Career Pathway Dynamics

On the retail side, the banking industry has undergone significant change in recent years as companies have endeavored to offer customers more flexible business hours and convenient locations. The former change in

<sup>&</sup>lt;sup>16</sup>BLS, Occupational wages by industry, 2007.

particular has led to an increased reliance on part-time workers, such as students, to fill entry-level positions working nights and weekends. In this regard, retail banking has followed the trend within the retail trade sector toward a more flexible workforce where turnover is high but advancement into positions like personal bankers can be fairly rapid. For Tier 1 positions, banks conduct ongoing recruitment through job fairs and internet boards like Career Builder, educational institutions (from high schools to colleges), community organizations and public workforce agencies, and sometimes private staffing agencies. Because of their ubiquitous presence, banks are able to advertise and direct interested applicants to online hiring sections of their corporate websites; like a lot of industries, banks use computer-based application processes to screen out candidates lacking the necessary computer skills.

Banks rely heavily on college campus recruiting to hire individuals for Tier 2 positions. For positions in commercial lending and analysis, banks generally look for graduates with bachelor's degrees in business, finance, economics or a related field. In this area banks (especially larger ones) commonly bring in individuals as interns during their final years of college, where they are trained in company protocols for credit and industry analysis, and subsequently hired upon completion of the program.

For retail lending and management positions, banks are more open to individuals from other fields (such as liberal arts), especially if they have experience in a retail sales environment. Again similar to retail trade, advancement from entry-level retail banking positions like tellers and personal bankers into branch managers is much more highly restricted than in previous years for individuals without a college degree. Citing increased skill and performance requirements for those positions, banks are opting to hire individuals directly from college into management training programs, where they are exposed to different aspects of the retail banking environment. As with retail managers, bank managers advance in a given company by moving to progressively larger branches and eventually into geographical (i.e., district, regional) management positions.

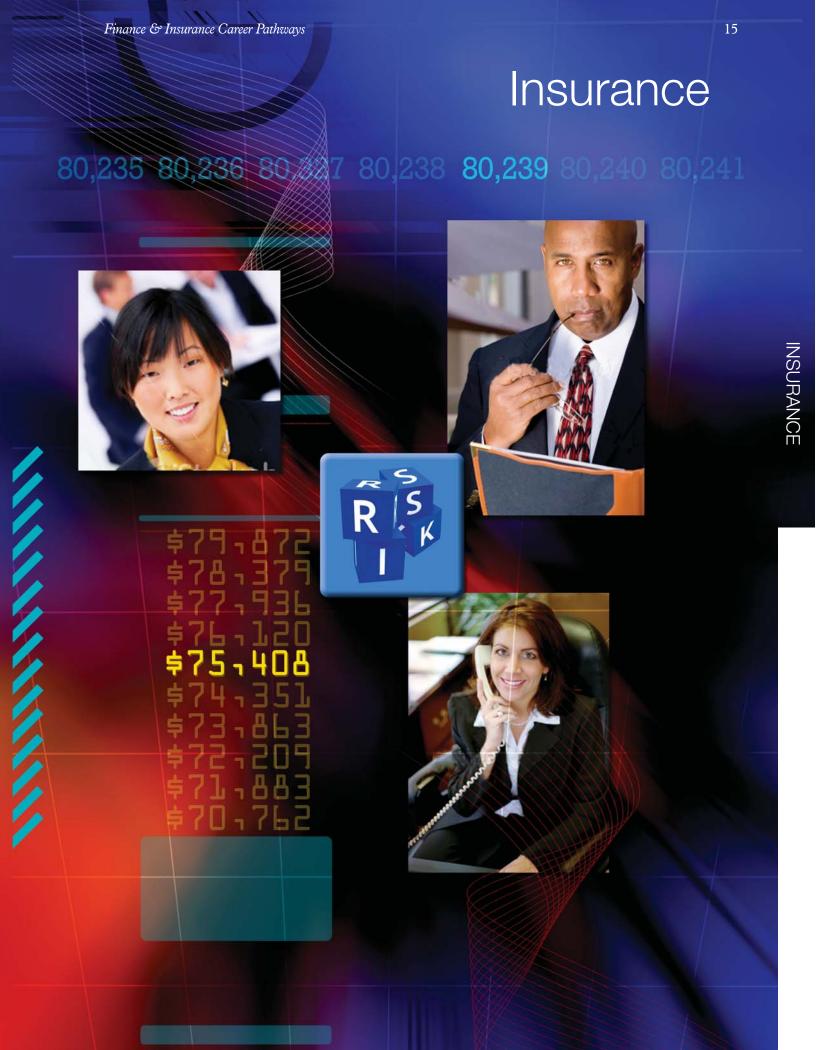
In general, career movement across banks tends to be from larger to smaller banks. Larger banks have greater resources and systems for investing in training and development, and as a result many individuals begin their careers with larger banks where they build their technical and sales skills and then take their experience and contacts into smaller banks. This has prompted larger banks to become highly strategic in managing their talent, investing considerable development resources on individuals they wish to "fast track" toward management positions, and eyeing external talent where either internal candidates do not exist or new markets are sought. Ongoing consolidation within the banking industry, which has resulted in periodic layoffs of highly skilled, experienced workers, has tended to make the cultures of banks somewhat less insular than in generations past.

Our interviews suggested that career advancement from one market segment (retail, commercial, wealth management) to another can be difficult, in part because of the specialized knowledge that is involved. For individuals in retail banking, movement to corporate banking was all but impossible, while movement into wealth management was possible for exceptional personal bankers who were able to learn about investment instruments and obtain the necessary National Association of Securities Dealers (NASD) licensing. (Figure 1)

Movement between client-facing and client-facing support positions was relatively common, in both directions. For college graduates, many work in a more technical support role as part of teams before

choosing whether to pursue a client-facing position like a commercial loan officer, or a more technical one like a credit analyst. And movement into front-line managerial positions necessarily entails a move from a direct, client-facing position into a support position. By contrast, movement from operations positions into client-facing, direct or support, is relatively uncommon.





## Insurance

80,235 80,236 80,327 (11),238 80,239



#### Insurance

#### **Key Points**

- The insurance industry is growing relatively slowly overall, although jobs within agencies and brokerages continue to grow moderately.
- Core jobs within insurance carriers include underwriters and actuaries, while sales agents and brokers are core jobs relating to customers.
- The insurance industry has a significant number of well-paid jobs for individuals without a college degree, although these will be increasingly focused on customer service positions rather than administrative support.
- Career paths within insurance carriers are mostly upward and limited to functional lines, while in agencies advancement occurs through expanded networks and sales. (Figure 2)
- Education and licensing are very important for advancement in the insurance industry.

### Insurance

#### **Industry Overview**

The insurance industry develops and sells products that allow customers (individuals, businesses, institutions) to secure their financial assets against a variety of types of risk, from property damage and loss to illness and disability to death. Through insurance policies and annuities, <sup>17</sup> insurance companies assume risk on behalf of their customers. To do this, they rely upon principles of statistical probability and risk analysis to assign premiums that allow them to cover the cost of claims made against insurance policies in the event of loss.

The insurance industry is highly complex in nature and can be divided along several key dimensions. The first is the type of the product or risk the company is insuring. The three major categories are *health*, *life and disability*, and *property and casualty* (P&C). Although some larger companies operate in more than one segment (typically life and P&C), none operate directly in all three. This is because of the unique regulatory aspects of each segment; health insurers, for example, operate in a regulatory environment that is vastly different from specialized automobile insurers.

The second dimension for segmenting the insurance industry is the relationship to the customer. The major distinction is between *insurance carriers* on one end, which develop the insurance products, and *insurance agencies and brokers* on the other, which deliver those products to the market. Historically, these functions were often integrated within individual companies, with underwriters, agents, and claims adjusters all operating under the same corporate roof (albeit typically in different locations). This has changed in recent years, as some insurance carriers have restructured their relationship with agents and claims adjusters toward more of a network model, relying on independent agents and contractors to fulfill certain functions. At the same time, some companies bypassed the agency structure altogether, relying upon direct marketing and the internet and call centers as service delivery mechanisms. Throughout the industry, insurance agents and brokers are increasingly offering a more comprehensive suite of financial services, including banking and investment products, either directly or through partnerships with other companies.

A third dimension is between companies that focus primarily on retail customers versus commercial or institutional customers. Within the commercial insurance sector, some companies operate as brokers packaging different types of insurance products to corporate customers. A further distinction is between direct carriers and *reinsurance* carriers, which effectively provide "insurance for insurance companies," by assuming some of the risk borne by direct carriers, especially in the event of major events like hurricanes and earthquakes.

Finally, ownership structure is an important distinguishing characteristic of companies within the insurance industry. The insurance industry is somewhat unique in that a number of major carriers are "mutual" companies, meaning that they are owned in part by the policyholders rather than shareholders or other private owners. Although this insulates those carriers to a large extent from the performance pressures of publicly-traded carriers, it also limits their ability to raise capital. In the last two decades a number of insurance companies have gone through partial or complete processes of "demutualization," as part of an effort to access financial markets more effectively and facilitate organizational restructuring. Because of the preponderance of "mutuals," consolidation within the insurance industry has been much less rapid than in the banking industry.

#### **Employment Trends**

Overall, the insurance industry employed 80,239 people in the 11-county metro Chicago region as of 2006,<sup>19</sup> representing 2.0 percent of total regional employment. Since 1991, insurance employment has declined by 9 percent, compared with 15 percent growth for all industries in the region. This decline has been found almost entirely in insurance carriers (NAICS 5241), which shed 14 percent of their jobs during that period. Employment in insurance agencies and brokers (NAICS 5242) declined by only 2 percent. (*Table 3*)

The insurance industry is projected to exhibit practically no (0.02% annual) net employment growth in the metro Chicago region to  $2014.^{20}$  Nationally, the industry is projected to add jobs at an annual rate of 0.7 percent to 2016, with nearly all of that growth attributable to insurance agencies and brokerages  $(1.4\%).^{21}$  (*Table 3*)

<sup>&</sup>lt;sup>17</sup>Annuities are financial instruments that guarantee customers a flow of income from an asset stock, mitigating the risk of change in the value of the underlying asset <sup>18</sup>Some larger carriers broker individual health insurance from other carriers.

<sup>19</sup> IIDES, LED data.

<sup>&</sup>lt;sup>20</sup>IDES, Employment Projections by Industry, 10 county NE Illinois region. (data unavailable for 11-county region)

<sup>&</sup>lt;sup>21</sup>BLS, Industry Employment Projections, 2006-2016. Detailed insurance employment projections are not available below the national level

Average earnings in the insurance industry are significantly higher than the economy overall. As of 2006, average annual pay in the insurance industry for the metro Chicago region was \$75,408, which is 49 percent higher than the average for all sectors.<sup>22</sup> Consequently, the rate of job turnover within the industry is only 6.7 percent, almost three percentage points lower than the rate for all sectors (9.7%). Interestingly, the gap between average pay in the insurance industry and the economy overall has more than doubled since 1991, when the industry paid only 23 percent higher than the all-sectors average. This is likely a result of technological change and corporate restructuring efforts that have outsourced or altogether eliminated less-skilled administrative positions within the industry. (*Table 4*)

#### Geography in the Region

Within the metro Chicago region, jobs in the insurance industry are most heavily concentrated in the city of Chicago. As of 2006, approximately 42 percent of the region's insurance jobs were in Chicago, compared with 31 percent of all jobs. However, DuPage County (18%) and northern Cook County (16%) also boast significant agglomerations of insurance industry employment. (Table 5)

#### Workforce Demographics

Compared with the overall workforce, the insurance industry tends to be older, more educated, more female, and less diverse. According to data from the American Community Survey,<sup>23</sup> only 27 percent of metro Chicago-area insurance workers were age 34 or younger and only 20 percent were 55 or older, compared with 35 percent and 16 percent for the overall regional workforce (*Table 12*). Half (50%) of insurance workers had completed a four-year college degree or more, well above the share for all workers (36%). Nearly six in ten (58%) insurance workers were women, well above the regional average (46%), but only 28 percent were people of color (i.e., not white-non-Hispanic), placing it well below the regional share (39%). (*Table 11*)

#### Occupational Structure

#### By Function

Jobs within the insurance industry can be classified into three categories: client facing, client-facing support, and operations. Thirty-three percent of jobs in the insurance industry can be considered client-facing in nature; 22 percent are in client-facing support; and 45 percent are in operations. Of the three groups, client-facing occupations are projected to grow the fastest at 16 percent from 2006 to 2016, with operations growing slightly (4%) and client-facing support with minimal growth (1%).

#### By Tier

Forty-five percent of insurance industry jobs are considered Tier 1 in nature, meaning that they are generally accessible to individuals without a college degree. Forty-seven percent are considered Tier 2, 5 percent are considered Tier 3 and 2 percent are considered Tier 4. Tier 2 jobs are projected to grow the fastest (11% from 2006 to 2016), followed by Tier 3 (6%), Tier 1 (4%), and Tier 4 (-2%). (Table 9)

#### Client Facing

Insurance agents and brokers are the single largest occupation within the insurance industry, representing almost one in seven jobs within the industry.<sup>24</sup> They are the primary interface for most customers (especially retail customers) with the insurance carrier, helping them navigate the process from application to claims. For this reason, insurance agents require sales skills to help generate business, but also strong customer service skills to address questions and concerns that arise after the sale, especially in situations where their clients have sustained some kind of accident or loss. Earnings for insurance agents vary greatly, and are often based heavily on sales commissions and ongoing fees. According to IDES, the mean annual earnings for insurance sales agents in the metro Chicago region was \$46,492, ranging from just over \$30,000 for entry-level agents to over \$80,000 for experienced ones.<sup>25</sup> Despite the emergence of agent-less carriers, demand for insurance sales agents is projected to be robust in the future, growing at a rate of 16 percent from 2006 to 2016. Although historically the job has been accessible to individuals without a postsecondary degree, increasingly carriers and independent brokerages are requiring new agents to have a four-year college degree, more and more in business-related fields; for this reason the job is classified as a Tier 2 position.

<sup>&</sup>lt;sup>22</sup>IDES, LED data for Chicago-Naperville-Joliet metro division, 2006 average annual.

<sup>&</sup>lt;sup>23</sup> CUED analysis of ACS PUMS microdata for 2005 and 2006.

<sup>&</sup>lt;sup>24</sup> For an extended discussion of insurance agents, see the BLS, Occupational Outlook Handbook: http://www.bls.gov/oco/ocos118.htm

<sup>&</sup>lt;sup>25</sup> IDES, OES data.

At entry level or Tier 1, **customer service representatives** (CSRs) represent an increasingly important client-facing position in the insurance industry. Most CSRs in the insurance industry are located in centralized call centers, although some work out of larger agencies supporting the work of agents, providing a "front line" contact for customers seeking information or routine modifications to their policy. Because of the trend toward online and/or 24/7 customer service, demand for CSRs in the insurance industry is projected to grow at roughly 20 percent from 2006 to 2016. Compared to other sectors, CSRs in the insurance industry are paid approximately 7 percent higher on average, with salaries estimated to range from \$24,000 to \$44,000. This reflects somewhat higher requirements for product knowledge and demands for customer service. Although many insurance companies seek out individuals with some postsecondary background for the position, it is generally not a requirement for the job. (*Table 7*)

The other major client-facing position within the insurance industry (primarily within property & casualty) is claims adjuster. Claims adjusters are responsible for working with customers who have incurred a loss on an insured asset to assess the extent of damage and the options for repair or restoration. Although the job requires a certain amount of technical ability to determine loss and replacement values, it also entails a substantial degree of customer service skill, as adjusters are often responsible for communicating decisions made by the company about whether to accept or deny a customer's claim. Annual earnings for claims adjusters range from \$50,000 to \$67,000, and like insurance agents, companies are increasingly seeking college-educated individuals to fill these positions, making them Tier 2 jobs.

#### Client-facing Support

Underwriters are the most important client-facing support position within the insurance industry, and overall, they are perhaps the industry's most essential function. Underwriters work closely with agents and brokers to determine the appropriate risk category and premium to assign to an applicant (individual or business) or a pool of applicants. Because they often rely upon information gathered from agents, their interaction with end customers tends to be limited. Underwriters earn just under \$52,000 annually on average, ranging from \$35,000 to over \$75,000, with the range reflecting the potential for individuals to build substantial careers within that occupation. The job is a Tier 2 position requiring a four-year college degree in a business-related field like accounting, reflecting the need for familiarity with math and statistical principles. Demand for underwriters within the industry is expected to grow moderately, projected at 5.6 percent from 2006 to 2016.

Claims investigators work directly with adjusters to examine claims of loss or damage made by customers. Investigators are responsible for gathering information from clients and other relevant sources, assessing whether claims made are legitimate or fraudulent, and recommending to adjusters whether to accept or deny a claim. With experience, investigators advance to claims adjusters, where they have more responsibility for client interaction. These Tier 2 jobs are often entry-level positions for college graduates into the insurance industry, with companies looking for individuals with a broad range of educational backgrounds but solid computer and communications skills. Earnings for claims investigators ranges from \$38,000 to \$50,000, with demand projected to be fairly robust in the future.

Supporting the work of both claims adjusters and investigators and underwriters are **clerk** positions. These Tier 1 jobs, which make up almost one in ten jobs in the industry, are essentially administrative in nature, gathering, organizing and inputting information regarding policies and claims. They generally do not require a college degree, but instead a solid foundation of basic skills, especially computer skills such as data entry and word processing. These positions pay approximately \$35,000 per year on average, but are projected to decline in number in the coming decade, both as a result of technological change that will automate these functions to a large extent as well as corporate efforts to outsource and/or offshore these functions.

#### **Operations**

Actuaries represent a small (less than half of one percent of industry employment) but critical function underlying the entire insurance industry. Actuaries conduct complex statistical analyses based on internal and external data, developing models that are ultimately used by underwriters to determine the risk category and premium level for an applicant. For this reason, actuarial jobs require extensive mathematical training, with at least a bachelor's degree, and often more, in a related field. Like underwriters, actuaries typically advance within their occupation as they gain experience and earn relevant industry credentials, such as the Associate designation from the Society of Actuaries (SOA). Starting salaries begin around \$57,500 and range up to \$114,585 for experienced actuaries. This Tier 2 occupation is projected for moderate employment growth in the coming decade (5.4% from 2006-2016).

Insurance carriers of all types have **specialists** who fulfill a variety of core functions, such as ensuring the licensing of agents, building and maintaining provider networks (in the case of health insurers), and ensuring compliance with appropriate state and federal regulations governing the industry. These positions are specialists in that they relate to specific aspects of the insurance business, but they require relatively few specialized skills per se. More generalized computer, writing and analysis skills associated with a post-secondary degree are required, making them Tier 2 positions in nature. Salaries for these positions range from \$32,800 to over \$85,000, and are projected for moderate growth in the future.

And as with the client-facing support segment, a significant number of Tier 1 clerk positions are found within the operations segment of the industry, supporting the work of analysts, accountants, auditors and others. These administrative positions are similarly well-paid relative to their educational requirements, and are also projected to decline in the coming years.

#### Career Pathway Dynamics

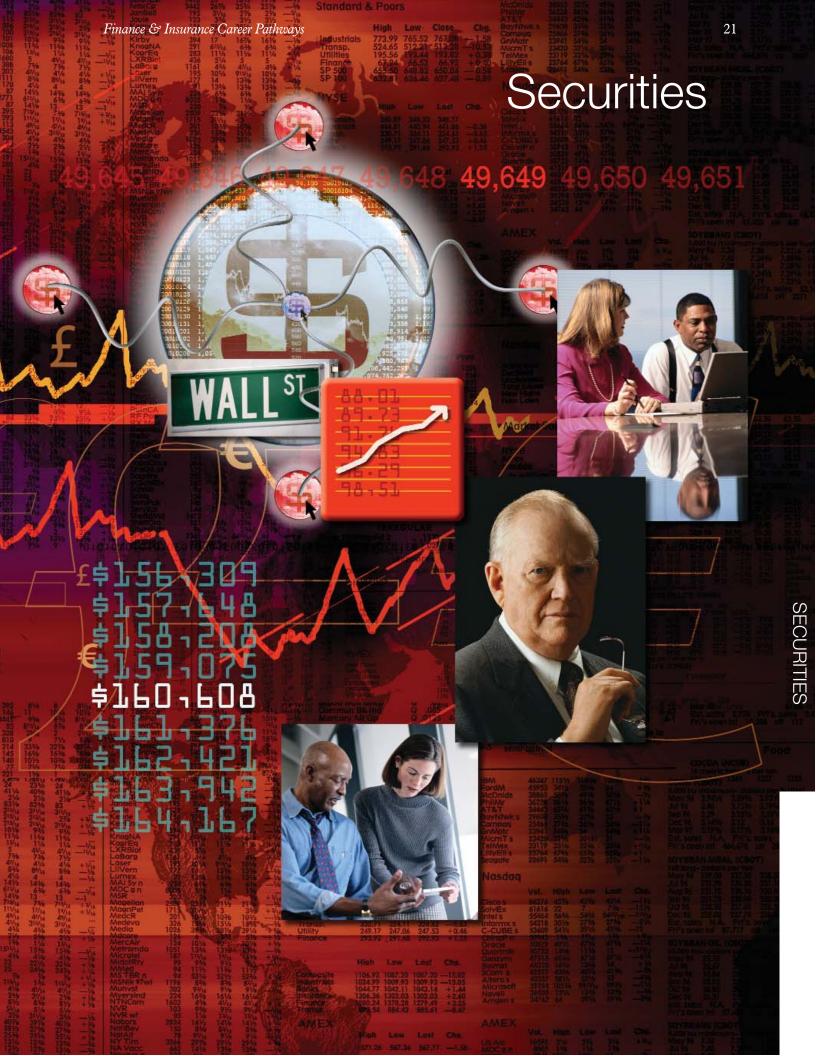
The dynamics of career pathways and advancement vary greatly between insurance carriers and agencies/brokerages. Insurance carriers, which usually maintain very large organizations, have historically been extremely "siloed" and compartmentalized in nature, organized around functional divisions with well-defined entry points and internal career ladders. Although ongoing corporate restructuring efforts have greatly reduced the number of middle-management positions available to new entrants, insurance carriers still offer individuals – especially those with a college degree – significant opportunities for internal advancement. Movement across insurance carriers tends to be relatively limited. For individuals without a college degree, career mobility is limited almost exclusively to clerical and administrative positions, which have wages that compare favorably to other positions with similar educational requirements, but are increasingly vulnerable to job loss. (*Figure 2*)

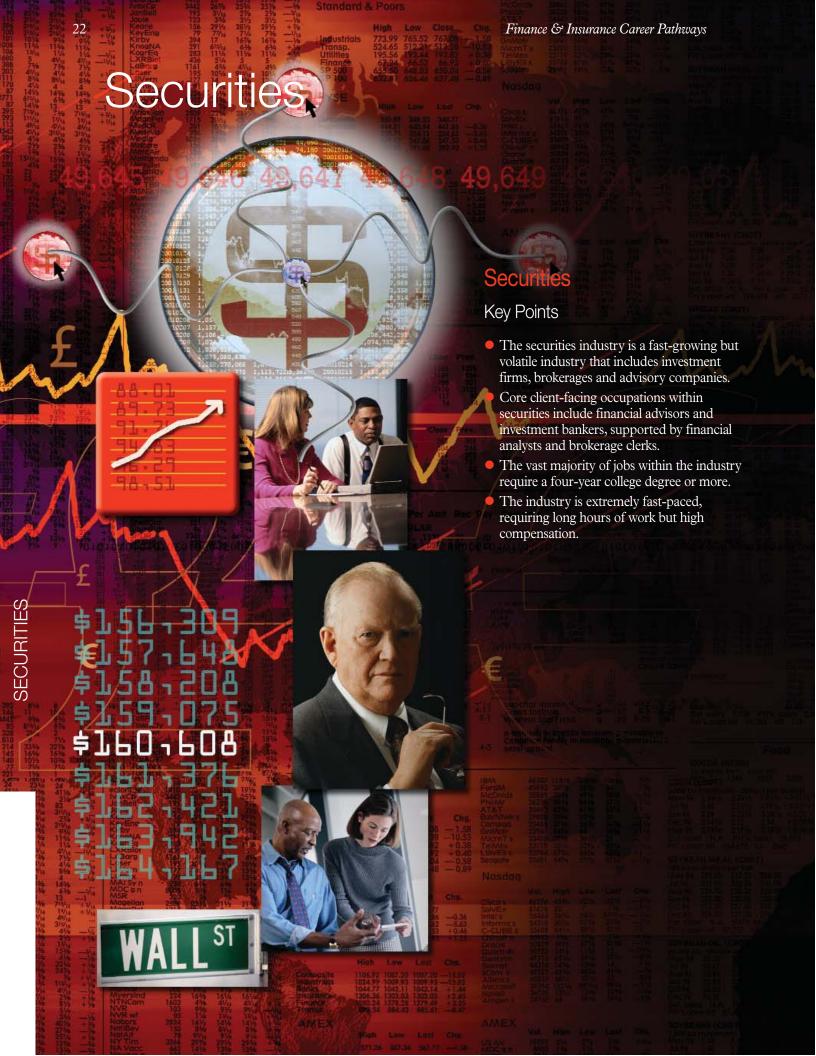
By contrast, career paths on the agency or brokerage side of the industry tend to be largely horizontal in nature. Insurance agents advance their careers by growing their "book" of clients and, once established, are unlikely to leave the occupation. Some may choose to move toward a managerial role while growing their agency and adding a number of associate agents, while others decide to keep their business fairly small. To the extent that movement occurs – either across companies or into related occupations such as financial advisors – it is in the first few years when individuals are in training and before they develop a client base and professional networks in their companies.

Insurance companies, like banks, rely heavily on four-year colleges and universities in recruiting of Tier 2 positions. They also provide internships for advanced undergraduates, especially around core functions like underwriting, that help individuals to learn specific aspects of the insurance industry. Very few universities have programs specifically geared toward the insurance industry; one of the exceptions is Illinois State University in Normal, where the Katy School of Insurance offers specialized courses for advanced undergraduates in the business school, as well as continuing education programs for companies and individuals within the industry.

Insurance companies invest heavily in training and development for their employees, sponsoring them in obtaining relevant industry credentials, such as the Chartered Property and Casualty Underwriter (CPCU), Chartered Life Underwriter (CLU), or Registered Health Underwriter (RHU) designation. However, similar to banks, insurance companies are becoming more strategic in their training efforts, especially for management positions. Whereas companies used to promote line managers directly from functional divisions into management roles, they are increasingly identifying high-performing individuals within the organization and cross-training them in different parts of the company so that they can obtain a better "big picture" sense of the business needed to become an effective manager.

Overall, the biggest workforce challenge facing the insurance industry is an organizational challenge to become more attractive to a younger, more diverse workforce. Despite all of the downsizing and restructuring, the insurance industry has a significantly older workforce that will be approaching retirement age in the coming decade. Even though it is unlikely to grow significantly, insurance companies – and the industry as a whole – will be forced to respond to the retirement bubble by adapting their organizational cultures to meet the needs of a younger workforce for a more dynamic culture. At the same time, they will likely need to look outside the industry – which is relatively uncommon at present – for workers with skills and experience that are complementary to those of the insurance industry.





## Securities

#### **Industry Overview**

Securities are tradable, negotiable instruments that embody financial value, and can be roughly broken down into debt securities (e.g., bonds) and equity securities (e.g., stocks). The securities industry (NAICS 523) is organized functionally into several different segments: \*\*investment banks\*\*, which engage in underwriting, originating, and/or maintaining markets for issues of securities; \*\*securities exchanges\*\*, which provide a venue for buyers and sellers to meet to trade securities and commodities; \*\*brokerages\*\*, which participate in exchanges on behalf of other clients; \*\*portfolio management firms\* (e.g., mutual funds), which pool money on behalf of investors for the purpose of securities exchange; and investment \*\*advisory firms\*\*, which provide advice to investors. Additionally, \*\*funds and trusts\* (NAICS 525), which pool securities and assets on behalf of shareholders or other beneficiaries (e.g., pension funds), can be considered part of the securities industry in broad terms.

Many securities firms are active in multiple segments of the industry. This is especially true for larger investment firms which have investment bankers, stock brokers and analysts, as well as advisory and consulting services targeted at commercial and high-end private customers. But their activities are closely (and increasingly) linked with banking and insurance. In some companies the investment arm grew out of what was a traditional bank in the company's home country of Switzerland. In others, traditional Wall Street, "high finance" companies have merged other financial services firms, moving them closer toward the banking sector. And in others, the drive to offer customers a "total solution" has caused companies to add insurance to their line of services.

The market for retail investment advisory firms and companies combining advisory and portfolio management services has grown significantly as more individuals are investing their personal savings through mutual funds and Individual Retirement Accounts. These companies rely on a combination of mass advertising and personal networks to generate business in a highly competitive market in which both traditional banks and insurance agencies are attempting to compete as well.

#### **Employment Trends**

Overall, the securities industry employed 49,649 people in the 11-county metro Chicago region as of 2006,<sup>27</sup> representing 1.2 percent of total regional employment. Since 1991, securities industry employment has grown by 26 percent, compared with 15 percent growth for all industries in the region. Nonetheless, the industry grew even faster nationally (63%), and while the metro Chicago region remains highly concentrated in the securities industry, its relative share has declined slightly as a result. (*Table 1*)

The securities industry is projected to exhibit robust (1.6% annual) net employment growth in the metro Chicago region through 2014.<sup>28</sup> Nationally, the industry is projected to add jobs at an annual rate of 3.9 percent to 2016.<sup>29</sup> (*Table 3*)

Average earnings in the securities industry are among the highest of any industry. As of 2006, average annual pay in the securities industry for the metro Chicago region was \$160,608, more than three times higher than the average for all sectors. The rate of quarterly job turnover within the industry is 7.7 percent, two percentage points lower than the rate for all sectors (9.7%), the rate, while low, is slightly higher than insurance, which pays less but tends to be less competitive. Like the other two F&I industries, average earnings in the securities industry have risen faster than elsewhere in the economy, both as a result of compositional changes in employment that have eliminated the share of lower-paid positions but also the increasingly lucrative nature of investment deals (e.g., private equity buyouts, initial public offerings) handled by securities firms. (*Table 4*)

#### Geography in the Region

Within the metro Chicago region, jobs in the securities industry are extremely concentrated in the city of Chicago, where the Loop financial district serves as the hub. As of 2006, fully three-quarters (75%) of the region's securities jobs were in Chicago, compared with 31 percent of all jobs. This proportion has held roughly the same since the early 1990s. Outside of Chicago, DuPage County (9%) has the second largest cluster of securities industry employment.

<sup>&</sup>lt;sup>26</sup>Bureau of Labor Statistics, Career Guide to Industries, Securities. http://www.bls.gov/oco/cg/cgs029.htm

<sup>&</sup>lt;sup>27</sup>IDES, LED data.

<sup>&</sup>lt;sup>28</sup>IDES, Employment Projections by Industry, 10 county NE Illinois region. (data unavailable for 11-county region)

<sup>&</sup>lt;sup>29</sup>BLS, Industry Employment Projections, 2006-2016.

<sup>&</sup>lt;sup>30</sup>IDES, LED data for Chicago-Naperville-Joliet metro division, 2006 average annual.

#### Workforce Demographics

Compared with the overall workforce, the securities industry is slightly younger, much more educated, more male, and less diverse. According to 2005-2006 data from the American Community Survey,<sup>31</sup> 37 percent of metro Chicago-area securities workers were age 34 or younger and only 13 percent were 55 or older, compared with 35 percent and 16 percent for the overall regional workforce. More than seven in ten (71%) of securities workers had completed a four-year college degree or more, nearly double the share for all workers (36%). But the industry has very low share of women and minorities, with only 34 percent of the workforce being women and 21 percent being minorities, both well below the average for all sectors (46% women; 39% minorities). (*Table 12*)

#### Occupational Structure

#### By Function

Thirty-six percent of jobs in the securities industry can be considered client-facing in nature; 23 percent are in client-facing support; and 41 percent are in operations. Of the three groups, client-facing occupations are projected to grow the fastest (50% from 2006 to 2016), with both operations and client-facing support growing somewhat more slowly (44%). (*Table 8*)

#### By Tier

Thirty-two percent of securities industry jobs are considered Tier 1 in nature, meaning that they are generally accessible to individuals without a college degree. Fifty-seven percent are considered Tier 2, 8 percent are Tier 3 and 2 percent are Tier 4. Tier 2 jobs are projected to grow the fastest (51% from 2006 to 2016), followed by Tier 3 (45%), Tier 1 (39%), and Tier 4 (30%). (*Table 9*)

#### Client Facing

As with other segments of the F&I Sector, client-facing occupations are extremely important in the securities industry. And like banking and insurance, the nature of those occupations differs somewhat between market segments.

For the retail segment of the industry, **personal financial advisor** is the key occupation. Financial advisors work with individual investors to discern their short- and long-term financial needs and determine an appropriate mix of savings, investment and insurance products to meet those needs. As with banking, the skill and knowledge requirements for financial advisors vary considerably within the retail market. For individuals working with very high net-worth clients, advisors typically require a high degree of knowledge and background in finance because of the complexity of the financial instruments. By contrast, advisors working with individuals of more modest means – whose investments tend to be limited to more standardized products like mutual funds – can typically learn the business in a relatively short period of time. Because of federal regulatory requirements, advisors must obtain a series of credentials from the National Association of Securities Dealers (NASD) in order to provide customers with advice about specific types of investments. Additional certifications like Certified Financial Planner (CFP) are important for career advancement. A four-year college degree is almost universally required to become a financial advisor, making it a Tier 2 position. Earnings for personal financial advisors range quite considerably, from roughly \$40,000 for entry-level positions to \$120,000 and above for experienced advisors. Demand for the occupation is projected to grow quite rapidly, by a total 79 percent, from 2006 to 2016, making it a "hot job" for the future. (*Table 8*)

On the commercial and institutional side of the industry, client-facing activities are focused around **investment** bankers who work with companies or institutions (i.e., governments) who are looking to raise capital by offering securities (bonds, stocks) to be sold on public exchanges. These are highly demanding, highly compensated positions that are achieved after several years of work in a support role as an analyst.

Customer (client) service representatives (CSRs) play an important client-facing role in the securities industry, especially in companies that rely less on financial advisors and brokers (and more on the internet) to interface with customers. Compared to other industries, CSRs in the securities industry have higher skill requirements and

<sup>&</sup>lt;sup>31</sup>CUED analysis of ACS PUMS microdata for 2005 and 2006.

pay levels (approximately 20 percent higher than the all-sector occupational average), reflecting the high demands for customer service and a greater extent of product knowledge. However, in most cases, CSR positions are not NASD-registered and so their role is limited to customer service and information exchange and not necessarily sales or advising. Many companies look for individuals with a postsecondary degree to fill these positions. And as with financial advisors, these jobs are expected to continue to grow. Because these jobs can be done from remote call centers however, companies look for locations with low labor costs but highly trained workers (such as rural communities).

#### Client-facing Support

Because investment firms often operate in teams, **financial analysts** play an important role in supporting the work of investment bankers and advisors. Analysts combine technical skills of financial analysis with research skills regarding industry and market trends to inform assessments about valuation and investment opportunities. These Tier 2 positions are common roles for college graduates entering the industry, with relatively well defined advancement paths toward client-facing roles as investment bankers and "producers." However, less sales-oriented individuals may choose to deepen their specialization as analysts, moving toward senior analyst roles that are somewhat less lucrative. Still, earnings for securities industry analysts range from approximately \$61,000 to \$130,000, and demand for the occupation is projected to grow slightly faster than the industry overall.

Brokerage clerks (transactions clerks and specialists) work largely behind the scenes, fulfilling orders placed by brokers and advisors and resolving issues and discrepancies occurring with customer accounts. Although the positions are largely administrative in nature, brokerage clerks require a general knowledge of financial markets as well as detailed knowledge of the specific investment tools for which they are responsible. Many of these positions are accessible to individuals without a four-year degree, but many larger companies are beginning to look primarily for individuals with a bachelor's degree or higher. Annual wages for these positions range from approximately \$27,500 to \$51,000. These positions are projected to grow less rapidly than others within the industry, reflecting ongoing automation of transaction processes.

#### **Operations**

Because of the highly regulated nature of the securities industry, there is a vast array of positions that work even further behind the scenes in an operations capacity. These positions, which are both Tier 1 clerks and Tier 2 specialists, handle a variety of tasks, such as ensuring the proper documentation of investment activities, licensing of agents, internal accounting and auditing of financial outcomes, and compliance with federal regulatory requirements. Salaries for Tier 1 positions range from \$27,000 to \$46,000, and approximately \$50,000 to \$100,000 for Tier 2 positions. Demand for Tier 1 operations clerk positions requiring less than a college degree are projected to increase relatively slowly, while demand for Tier 2 specialist positions will be more robust.

#### Career Pathway Dynamics

Because of its rapid growth, the securities industry offers significant potential for career growth and advancement. Compared to banking and insurance, careers in securities tend to be very fast-paced, leading to rapid advancement but also frequent "burn out" due to the stress and long hours. However, those who stay and advance within the industry – especially into client-facing positions – enjoy high levels of compensation, but due to the volatile nature of the industry, job security can be quite minimal.

Large investment firms have very well refined systems for recruitment and development of young talent, through college internships and recruitment. New college graduates are hired as analysts working in teams around particular clients or sectors, and progressively develop greater responsibility for client interaction. They work long hours for several years, with high performers targeted for upward advancement in either client-facing roles or as expert analysts, for which a graduate degree (MBA) serves as a stepping stone into Tier 3 and 4 positions.

Similar to the banking industry, small and medium-sized firms in the securities industry often target and recruit individuals trained in larger firms, offering a somewhat less competitive work environment and often broader job responsibilities. The demanding nature of the industry makes it difficult for individuals seeking work-life balance to stay. Although many within the industry recognize this problem, the culture of the industry is still very slow to change.

The companies interviewed suggested little difficulty at present in finding the talent they needed. This is likely because the industry's high wages attract top talent from across the country, but also because of the current turbulence in the financial market, which sunk some investment firms and led others to retrench in their hiring. However, competition for top talent is certain to continue in the future as the economy grows again.

Career paths for individuals as personal financial advisors are very different, and in many ways are similar to those of insurance agents. For individuals with a strong sales orientation, the occupation offers considerable potential for growth and entrepreneurship. Indeed, a significant number of financial advisors – as many as 1 in 5 – operate as independent contractors outside of a traditional employment arrangement. And especially for the fast-growing segment of the market working with middle-class investors, this career is often accessible to individuals coming from other occupations, such as teachers, but possessing strong interpersonal networks and skills. However, because earnings for advisors are heavily tied to commissions and fees, individuals must be willing to tolerate risk and uncertainty regarding their income in order to be successful. (*Figure 4*)

#### Overall Findings for the Finance & Insurance Sector

- Career pathways in all three industries are generally within functional groupings, client facing, client-facing support, and operations. Retail pathways and operational pathways have the fewest links to the other functions.
- Sales and customer service employees in all three industries need to be able to work with an increasing menu of financial, savings, and insurance products. These positions are projected to grow in all industries at rates well above the industry averages.
- Technical expertise and industry knowledge are increasingly transferable across industries due to the convergence of product offerings.
- All functions in the three industries require basic communication and computer skills with increasing levels of sophistication in mid and higher tiers. Positions requiring the capacity to sell and package multiple products are projected to have the highest growth in rates in the sector.
- All three industries provide entry level opportunities for those with a high school degree or GED depending on their aptitudes and interests in sales/customer service, administrative, and data entry positions.
- Although individuals who perform well may advance in grade and wages, long term career advancement
  is very difficult without a college degree. A BA in most fields is suitable for Tier 2 sales positions, but entry
  and advancement into commercial sales, technical and professional jobs generally require degrees in business,
  finance, economics, accounting, statistics and related fields, etc. Advancement into more expert positions
  increasingly requires post graduate degrees. (Figure 4)

## IV. Education and Training Infrastructure

The metropolitan Chicago region's training and education providers constitute an informal system for introducing students to financial services careers and preparing them to enter and advance in their careers. The key components and their roles are described below.

**K-12 schools** provide the first step in core skills development, literacy, communication, math, and computers and several introduce students to careers in the sector, particularly banking. Programs vary widely in their focus, depth, and outcomes. Education-to-careers and finance academies teach basic skills in a context of industry concepts, principles, and skills, have a high degree of employer involvement and provide project-based learning opportunities. Summer jobs programs and an innovative student-run bank expose students to the sector and provide work industry related work experience. A few schools offer courses that are specifically designed to prepare students for jobs in the sector, such as tellers, clerks, customer service representatives, and administrative assistants.

Employers who were interviewed would like K-12 schools to further strengthen basic skills and financial literacy training and to provide greater career awareness. They are particularly interested in building a more diverse pool of students who want to pursue careers in their industry. Close relationships with the schools are important. Several employers already participate in industry related panels, review curricula, and provide mentors and tours of their companies. Others expressed interest in providing assistance.

Community colleges serve students who plan to transfer to 4 year colleges, and enter, change or advance their careers in the sector. Business Departments offer majors in finance, marketing, accounting, etc. with Associates of Arts (AA) and Associates of Applied Science (AAS) degree, certificate, and continuing education programs. In addition, community colleges' corporate training divisions customize programs for specific employers. Most students in business majors seek to transfer to 4-year colleges and a large number are preparing for industry certificates and licenses. A majority is working and many are already in the industry. The relatively low tuition rates provide educational opportunities to low-income students. Many schools have a diverse student body that includes, in varying proportions, African Americans, Latinos, Asians and first generation immigrants from all over the world.

The business departments have relationships with employers who review curricula, particularly in accounting, and enter formal articulation agreements with 4 year colleges in the region to facilitate credit transfer. Industry specialists in career centers help students find jobs in their field and identify job openings in the industry. Based on interviews, few community colleges provide in depth information and advising about careers in the sector or provide internships in the field.

Graduates with AA/AS degrees typically find jobs as tellers, customer service representatives, administrative and executive assistants, and accounting, claims, transactions processing clerks. Few employers are aware of the qualifications and competencies of community college graduates and therefore job requirements that target AA/AAS degrees are limited.

Four year colleges and universities in the metro Chicago region are plentiful, with public and private colleges offering BA degrees with majors in finance, marketing, accounting, economics, entrepreneurship, and statistics, etc. Several, including UIC, DePaul, Loyola, University of Chicago, and Northwestern, offer masters and doctoral programs. The Katie School of Insurance at Illinois State University (ISU) is a unique insurance major for upper division undergraduate students. Many provide substantial career development information, advising, and courses; organize paid internships in the field, and have strong employment search functions. Active advisory and alumni councils help the colleges design programs to meet their skills needs, fund scholarships and paid internships, and provide networking opportunities to help students learn about specific employers and assist in their search for employment.

Colleges meet the needs of working students by offering courses at night, on weekends, and in compressed schedules. Many have distanced learning alternatives and are exploring how to increase their effectiveness. And several colleges offer degree and credit courses in partnership with companies at their offices.

College graduates with majors related to the sector and internships generally qualify for a broad range of positions in Tier 2 depending on their aptitudes and interests. Internships are key, often providing a first step to employment. They help individuals make an informed career choice and serve employers' needs to test the skills and fit of the students with the job and culture.

The colleges interviewed indicated several challenges including increasing minority enrollment and scholarships and the number and quality of paid internships; providing "soft skills" related to the culture and social context of this sector; and serving community college transfers who do not have the same level of career preparation and internship experience as those who start as freshman. UIC, DePaul and ISU have formed relationships with several K-12 schools to build career awareness and interest; their contact with community colleges focuses primarily on articulation agreements.

Large employers in this sector have extensive employee training and development programs that help employees improve their performance, stay current in their fields, and advance. Their internal offerings are on-line and classroom-based and are designed to support company and individual goals and needs. They also provide tuition assistance and fees to help employees pass exams and maintain licenses and enter career related degree and certificate educational programs. The greatest portion of resources is invested in management and executive level employees. Medium-sized and small employers have fewer internal programs and education benefits.

**Industry associations and proprietary schools** offer fee-based programs focused on industry licenses and certificates, regulations, and practices. For example, Kaplan offers courses to help individuals prepare for the Certified Financial Planner (CFP) examination.

Non-profit organizations offer two general types of programs, often in partnership with the industry. The first is designed to prepare unemployed and underemployed adults with low-literacy and limited work experience for specific, high demand jobs, (e.g. bank teller, outbound call centers). The programs generally combine basic literacy, communication and work place behavior with specific job related skills. Several offer certificates indicating program completion and skill development, but are not formally recognized by industry or advanced educational organizations. Non-profits engage employers in curricula design, employer presentations, tours, job search assistance, and interviews for actual jobs. Program graduates who find jobs are able to gain work experience. However, without further education and training the advancement potential for these graduates is limited.

Non-profit organizations such as the Business Institute, also introduce students with above average grade levels from disadvantaged backgrounds to careers in the sector. Intensive programs offer industry basics, career information and work place skills development through class work, internships, mentoring, company tours, and presentations by employees in the field. Most students who complete this program attend college and many enter the sector.

## V. Skill and Career Crosswalks

#### Common Skill Requirements

The research demonstrates that the three industries share several common skills sets and competencies at the different levels.

#### Tier 1

- Communication verbal and written communication
- Customer service the capacity to exchange information and solve problems
- Basic computers quick and accurate data entry and retrieval.

#### Tier 2

Entry into the second tier requires more advanced basic skills, some experience, and the ability to learn industry and company specific products and practices. The most common competencies include:

- Strong sales and customer service competencies skills involving the ability to sell multiple products, develop on-going client relationships, and solve problems.
- **Technical and professional skills** involving the ability to use analytic and research methods, (e.g. math, statistics, probability, accounting, underwriting, risk, and appraisal to support sales and decision making).
- Skills in reviewing information and preparing reports related to transactions to determine compliance with regulations and policies.

Advancement in Tier 2 positions in all of the industries involves a deepening of product and market knowledge and technical skills

#### Tiers 3 and 4

Advancement into Tier 3 and 4 requires management skills in addition to technical expertise and business knowledge in all industries. The ability to see the bigger picture, and plan, budget, and lead the activities of teams, departments, districts, and lines is common to all industries.

#### Crosswalks

Research indicates that the growing convergence of product lines and markets is facilitating the potential for crosswalks. The potential varies with the level of employment. It is greatest in entry level positions (Tiers 1 and

2) where employers are looking for core skills, aptitudes, and function-related experience. Crosswalks are perhaps the least common in Tier 2 after initial employment, as individuals develop greater knowledge of specialized products and industry-related technical expertise. Crosswalks have somewhat more potential in managerial and executive positions which require management and leadership skills and a broader, picture knowledge of the industry and products. The areas with the greatest potential include the following:

Crosswalks in **sales positions** are typically the strongest in retail lines of business and wealth management positions where cross-selling of products make the movement between the industries not only possible but also sometimes desirable to companies moving into new product/market areas. Branch offices in securities, insurance and lending all require people who can cross-sell financial and insurance products.

- This is easiest at Tier 1 where basic communication and general sales and customer experience and aptitude are sufficient.
- Crosswalks into Tier 2 retail sales and customer service positions are possible for those with appropriate
  education and advanced sales, communication and customer service skills in F&I Sector as well as other
  people focused sectors (retail, teaching, or entertainment) positions. Tier 2 sales positions in all three
  industries also require strong capacity and motivation to work within a commission-based
  compensation structure.
- Crosswalks involving advancement within Tier 2 or to Tier 3 between sectors requires industry related licenses and certificates, and the ability to bring clients and relationships to the new industry. Crosswalks at this level are most common in the areas of wealth management and financial planning securities and banking industries.

The potential for crosswalks between industries is high in Tier 1 administrative/processing positions where an aptitude and general experience, and basic office skills, communication, computers, and information processing are important.

**Technical and professional knowledge** such as appraising, credit analysis, underwriting, research, and quantitative skills are competencies common to all three industries. Crosswalks have the greatest potential between companies with multiple product lines and similar markets. Crosswalks also exit between other sectors (e.g. consulting, health care, particularly for insurance), business customer groups (e.g. manufacturing, technology, etc), and government, particularly for regulatory and compliance functions.

**Audit and compliance functions** involving accounting and detailed examination of transactions within a regulatory framework are common to all industries. Crosswalks are most possible where there are multiple product lines.

#### Crosswalk Benefits

- Employers. Use of skills crosswalks between industries would benefit employers seeking talent to help them expand or move into new products and markets, use new technologies, build flexible interdisciplinary teams and introduce new ways of thinking. Several employers indicated that outside talent is especially valuable when they have to respond to changes and have not built internal capacity to guide and manage the process.
- Employees. Crosswalk information may expand employees' awareness of opportunities in the other industries and increase their understanding of how to package their skills.
- Education and training providers. K-12 schools, community- based organizations, and community colleges may use crosswalk information to provide an overview of careers in the three industries and broaden the applicability of skills development courses to fit the sector.
- Students and job seekers. Crosswalk information
  will help students and job seekers understand the
  full range of opportunities open to them, entry level
  qualifications, and requirements for advancement.
   Students and graduates may be able to more
  strategically take advantage of their courses
  and search for jobs.



## VI. Conclusions

#### **Key Findings**

Based on the review of available reports, studies, and data, as well as interviews with employers and industry stakeholders and feedback from jobseekers, this report identifies the following eight key findings regarding career pathway opportunities and challenges in the Finance and Insurance Sector in the metropolitan Chicago region:

1. The F&I Sector continues to be important for the metro Chicago economy despite ongoing restructuring and consolidation.

The three industries comprising the F&I Sector – banking, insurance and securities – accounted for over one quarter of a million jobs (253,359) in the 11-county metropolitan Chicago region as of 2006, or just over six percent of total regional employment. Ongoing mergers and acquisitions within the industry (especially banking and securities), and restructuring and outsourcing of non-core functions, have resulted in slower job growth and in some cases job loss in the past two decades. However, Chicago's position in all three industries remains relatively strong due not only to its location as a hub for global investment in the Midwest economy, but also because of the large, well-educated labor pool the region grows and attracts.

2. The F&I Sector provides range of good-paying jobs for individuals, but will increasingly require higher education.

Historically the F&I Sector have offered a range of good-paying employment opportunities to individuals with a range of educational and skill backgrounds. This continues to be the case to a significant extent, with average earnings for the sector running 77 percent above the metro Chicago average. However, as companies streamline and automate administrative procedures and increase skill demands for front-line positions, the scale and scope of career opportunities for workers with less than a college degree are declining significantly.

3. Most jobs in the F&I Sector require a baseline of computer and basic math skills, but the fastest growing jobs are those involving customer service and sales skills.

Across the three F&I industries, entry-level jobs for both Tier 1 (requiring less than a college degree) and Tier 2 (requiring a bachelor's degree or higher) tend to require a core set of technical skills, especially the ability to utilize information technology and perform basic computational functions (Tier 1) and analyze risk and financial inputs and outcomes (Tier 2). Further, as companies in this sector engage an increasingly competitive marketplace, they are placing growing importance on the ability to cross-sell products and services and provide exceptional customer service. This is fueling increased demand for jobs like bank tellers/sales associates, insurance agents, and financial advisors.

4. Consolidation is causing the skill and knowledge base of the three industries to overlap increasingly, suggesting greater potential for cross-industry career paths.

In the past, the industries of the F&I Sector tended to exhibit relatively insular career ladders that were primarily internal to the company and to the specific industry. This is changing, as consolidation of product and service lines across banking, insurance and securities is beginning to break down the barriers of product knowledge that tend to restrict movement across industries. In addition, individual employers in the different industries indicated a growing openness to external hiring that will help them institute new products, technologies and approaches. At the same time, ongoing restructuring of the industry (e.g., leading to more frequent non-cyclical layoffs) is making it necessary for individuals working in the F&I Sector to examine a broader range of career paths than in generations past.

5. Employers are currently experiencing relatively little "pain" overall with respect to workforce issues, although this may change in the future.

Interviews with employers suggested that, at the current time, there are relatively few areas in which they are experiencing significant "pain" from a workforce perspective, either individually or as a sector overall. Most indicated little difficulty finding skilled workers or training their employees to meet new skills requirements, although some indicated moderate difficulties in securing qualified candidates with language capabilities to match target markets. This current condition is related to the slowdown within the overall economy and

the financial industry in particular, which has increased the pool of skilled workers. However, this could change as the economy rebounds and demographic trends (e.g., Baby Boomer retirement) shrink the supply of available workers and inevitably increase the "war for talent."

6. Diversity, both race and gender, remains a challenge for employers in this sector, particularly at higher levels of the organization.

Although the F&I Sector have become increasingly diverse in their workforce, especially at the entry-level, employers indicated that securing that diversity further up the organizational ladder is an ongoing challenge for them. Companies in this sector are re-examining their own practices for attracting and nurturing top female and minority talent in a climate of increased competition for such talent. But they also expressed a strong interest in "widening the pipeline" of candidates coming from the educational system.

7. Workers in the F&I Sector face challenges in adapting to a more individually-oriented system of career advancement.

The F&I Sector is marked by a number of large corporations, from insurance carriers to banks that have historically maintained strong internal labor market structures and career development systems, which have provided workers in these industries with relatively well-defined trajectories for career advancement. F&I companies continue to invest heavily in training and development for most employees, but the greatest focus is often on high-performing "prospects." In addition, defined corporate career ladders are being replaced with a focus on more individualized career paths. This poses significant challenges for incumbent workers to seek information about career advancement, employment, and educational opportunities, and develop individual strategies to take advantage of them.

8. The region's education and training services are generally meeting the needs of the region's employers despite a limited degree of systematic organization

A review of metro Chicago's education and training infrastructure shows a broad array of programs that prepare students and working adults to enter and advance in the F&I sector, from innovative initiatives in K-12 schools, business departments in community colleges, business schools in four-year public and private colleges and universities, and specialized industry training and certification programs. Overall the system, especially at the level of four-year colleges, is effectively engaging employers around their changing workforce needs through a myriad of relationships with schools and businesses. This network has grown organically, however, with a relatively low degree of systematic coordination and organization among the efforts of educational institutions serving this sector. A more systematic set of relationships between different levels of education and training, and across the sectors, would strengthen transitions from one level of education to the next and development of programs to increase sector understanding.



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Interviews conducted by Judith Kossy, Greg Schrock, and Paul Hoffmann, UIC Graduate Research Assistant include the following organizations:

#### Banks

Bank of America

JP Morgan Chase Bank

Cole Taylor Bank

Community Savings Bank

Harris Bank

McHenry Savings Bank

Mid America Bank

National City Bank

#### Insurance

**AON Corporation** 

Country Financial

**Euclid Insurance** 

Blue Cross Blue Shield of Illinois

**Employment Benefits Resources Management Services** 

Pearre & Associates, Ltd.

#### Securities

**Edward Jones** 

Mesirow Financial

**UBS** Investment Bank

#### Service Providers

Integrated Performance Strategies (Consulting)

Lee Hecht Harrison (Staffing)

Manpower (Staffing)

Peter DeBreceny (Consulting & Training)

#### Education, Training, and Workforce Development

College of DuPage

DePaul University, College of Commerce

Harper College

Katie School of Insurance, Illinois State University

Chicago Public Schools, Education to Careers

Summer Business Institute

University of Illinois Chicago, College of Business Administration

Employment and Training Administration, U.S. Department of Labor

Workplace, Inc.









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TABLE 1

F&I Employment by Industry S	ector and Loc	al Workforce	Investment A	rea, 2006	
Local Workforce Investment Area	Banking & Credit	Insurance	Securities	F & I Total	% of Jobs
City of Chicago	56,680	33,967	37,144	127,791	10.2
Cook County (South/West)	13,619	6,289	2,624	22,532	3.5
DuPage County	16,903	14,818	4,220	35,941	6.0
Grundy Livingston Kankakee	1,399	1,338	100	2,837	3.7
Lake County	8,331	6,390	1,586	16,307	5.2
McHenry County	1,367	555	166	2,088	2.1
Northern Cook	17,532	12,635	2,773	32,940	5.1
River Valley (Kane Kendall Dekalb)	6,317	2,432	574	9,323	3.6
Will County	2,591	1,815	462	4,868	2.7
Chicago Metro Region*	124,739	80,239	49,649	254,627	6.2
Illinois	156,661	114,151	53,101	323,913	5.7
United States	2,956,071	2,159,940	920,756	6,036,767	4.5

Source: Illinois Department of Employment Security, Local Employment Dynamics series; U.S. data from Bureau of Labor Statistics, Quarterly Census of Employment and Wages.

Industry Definitions: Banking & Credit (NAICS 521 & 522); Insurance (NAICS 524); Securities (NAICS 523 & 525).

<sup>\*</sup> Note: Unless otherwise noted, data for the Chicago Metro Region are based on the 11-county area including the following counties: Cook, DeKalb, DuPage, Grundy, Kane, Kankakee, Kendall, Lake, Livingston, McHenry, Will.

TABLE 2

Employment by Industry Sector, Metro Chicago Region, 2006								
Sector (NAICS)	Employment	% of Total						
Retail Trade	450,203	11.0%						
Manufacturing	446,076	10.9%						
Health Care and Social Assistance	442,730	10.8%						
Educational Services	339,919	8.3%						
Administrative and Support Services	335,281	8.2%						
Professional, Scientific and Technical Services	303,824	7.4%						
Accommodation and Food Services	295,042	7.2%						
Finance & Insurance	254,627	6.2%						
Wholesale Trade	239,076	5.9%						
Construction	189,205	4.6%						
Transportation and Warehousing	176,714	4.3%						
Other Services	141,750	3.5%						
Public Administration	112,089	2.7%						
Information	100,504	2.5%						
Arts, Entertainment and Recreation	85,044	2.1%						
Management of Companies and Enterprises	75,463	1.8%						
Real Estate	68,317	1.7%						
Utilities	17,394	0.4%						
Agriculture, Forestry, Fishing and Hunting	4,985	0.1%						
Mining	2,218	0.1%						
ital, all sectors	4,080,461	100.0%						

Source: Illinois Department of Employment Security, Local Employment Dynamics series;

TABLE 3

F&I Employmen	t Growth by Industry	, Metro	Chicago Regio	n and U.	S., 1991-200	)6	
Employment							
Industry		1991	1996		2001	2006	
Banking & Credit	9	92,731	103,132	11	2,470	124,739	
Banking*		65,854	68,375	7	5,150	78,011	
Insurance		88,183	83,908	8	3,197	80,239	
Securities	,	39,280	42,678	4	9,897	49,649	
F&I Sectors	2:	220,194		24	5,564	254,627	
All Sectors	3,5	49,040	3,841,413	4,12	1,220	4,080,585	
Job Growth (%)							
Industry	1991-20	001	2001-20	006	1991-2006		
	Chicago Metro	U.S.	Chicago Metro	U.S.	Chicago Metro	U.S.	
Banking & Credit	21.3	6.7	10.9	12.6	34.5	20.2	
Banking*	14.1	-2.9	3.8	6.2	18.5	3.1	
Insurance	-5.7	8.4	-3.6	2.0	-9.0	10.5	
Securities	27.0	63.6	-0.5	-0.6	26.4	62.6	
F&I Sectors	11.5	13.9	3.7	6.5	15.6	21.3	
All Sectors	16.1	21.5	-1.0	3.2	15.0	25.4	

Source: Illinois Department of Employment Security, Local Employment Dynamics series; U.S. data from Bureau of Labor Statistics, Quarterly Census of Employment and Wages.

<sup>\*</sup> Banking industry refers to Depository Credit Intermediation (NAICS 5221), a subset of the broader Banking & Credit industry.

TABLE 4

Average Annual Wages by F&I Industry, Metro Chicago Region, 1991-2006								
	199	1	199	6	2001		2006	ò
Industry (NAICS)	Annual	% of Overall	Annual	% of Overall	Annual (	% of Overall	Annual (	% of Overall
Banking (5221)	\$27,033	92%	\$40,803	116%	\$54,546	124%	\$69,480	137%
Insurance (524)	\$35,940	123%	\$45,351	129%	\$59,694	136%	\$75,408	149%
Securities (523)	\$59,316	203%	\$89,124	253%	\$129,714	295%	\$160,608	317%
F&I Sector (52)	\$37,452	128%	\$51,276	145%	\$73,584	167%	\$89,916	177%
Overall	\$29,253		\$35,292		\$43,992		\$50,697	

Source: IDES, Local Employment Dynamics program, Chicago-Naperville-Joliet region. Figures are in current (non-inflation-adjusted) dollars.

TABLE 5

Location Quotient* of F&I Indust	ry Employment, by L	ocal Workford	ce Investment A	rea, 2006
Local Workforce Investment Area	Banking & Credit	Insurance	Securities	F&I Total
City of Chicago	2.05	1.69	4.32	2.27
Cook County (South/West)	0.95	0.60	0.59	0.77
DuPage County	1.28	1.53	1.02	1.33
Grundy Livingston Kankakee	0.83	1.09	0.19	0.83
Lake County	1.19	1.25	0.73	1.14
McHenry County	0.63	0.35	0.24	0.47
Northern Cook	1.23	1.21	0.62	1.13
River Valley (Kane Kendall Dekalb)	1.09	0.57	0.32	0.79
Will County	0.64	0.62	0.37	0.59
Chicago Metro Region	1.38	1.22	1.77	1.38
Illinois	1.24	1.24	1.35	1.26

Source: Illinois Department of Employment Security, Local Employment Dynamics series; U.S. data from Bureau of Labor Statistics, Quarterly Census of Employment and Wages.

TABLE 6

IADLL 0										
	Top Banking Occupations									
Occupation	Tier	Function	Metro Chicago Jobs	% of Industry Empl.	% Empl Growth 06-16	Entry Wage	Median Wage	Experienced Wage		
Tellers	1	Client Facing	23,565	30%	12%	\$17,986	\$22,404	\$27,021		
Loan officers	2	Client Facing	5,730	7%	12%	\$34,487	\$54,950	\$78,228		
Administrative managers	2	Client-facing Support	4,773	6%	-5%	\$30,879	\$45,547	\$59,794		
Customer service representatives	1	Client Facing	4,545	6%	12%	\$22,394	\$32,381	\$40,738		
Loan clerks and processors	1	Client-facing Support	3,483	4%	-12%	\$24,803	\$34,012	\$41,405		
New accounts representatives	1	Client Facing	3,175	4%	-18%	\$24,725	\$31,805	\$37,365		
Financial managers (incl. branch)	3	Client-facing Support	3,154	4%	2%	\$50,133	\$81,826	\$110,924		
Accounting and auditing clerks	1	Operations	2,677	3%	2%	\$21,462	\$30,142	\$36,802		
Financial services sales agents	2	Client Facing	2,142	3%	17%	\$22,201	\$40,448	\$71,821		
General office clerks	1	Operations	1,699	2%	0%	\$18,540	\$26,161	\$32,517		

Sources: Job totals estimated based on National Employment Matrix, 2006-2016, applied to metro Chicago (depository) banking industry employment (NAICS 5221). Wages based on IDES, Occupational Wages (OES), 2007 for Chicago-Naperville-Joliet metropolitan area; all-industry wages adjusted based on US wage data for banking.

<sup>\*</sup> Note: A location quotient (LQ) of 1 indicates that an industry has an identical share of the area's total employment as the United States overall. An LQ of greater than 1 means the industry is over concentrated in the area; and index of less than 1 means it is under concentrated.

TABLE 7

Top Insurance Occupations								
Occupation	Tier	Function	Metro Chicago Jobs	% of Industry Empl.	% Empl Growth 06-16	Entry Wage	Median Wage	Experienced Wage
Insurance sales agents	2	Client Facing	11,472	14%	16%	\$30,866	\$46,659	\$80,426
Customer service representatives	1	Client Facing	9,733	12%	19%	\$24,312	\$35,154	\$44,227
Claims and policy processing clerks	1	Client-facing Support	8,144	10%	-3%	\$25,851	\$34,915	\$40,233
Claims adjusters and investigators	2	Client-facing Support	4,020	5%	11%	\$37,096	\$52,200	\$66,358
General office clerks	1	Operations	3,898	5%	8%	\$17,805	\$25,124	\$31,229
Insurance underwriters	2	Client-facing Support	3,335	4%	6%	\$35,346	\$51,941	\$75,372
Secretaries	1	Operations	2,261	3%	-1%	\$18,854	\$27,361	\$33,519
Administrative support managers	2	Client-facing Support	2,254	3%	-6%	\$37,296	\$55,011	\$72,218
Exec. secretaries and admin ass'ts	1	Operations	2,075	3%	8%	\$28,545	\$40,587	\$49,398
Accounting and auditing clerks	1	Operations	1,740	2%	9%	\$24,833	\$34,876	\$42,582

Sources: Job totals estimated based on National Employment Matrix, 2006-2016, applied to metro Chicago insurance industry employment (NAICS 524). Wages based on IDES, Occupational Wages (OES), 2007 for Chicago-Naperville-Joliet metropolitan area; all-industry wages adjusted based on US wage data for insurance.

TABLE 8

Top Securities Occupations									
Occupation	Tier	Function	Metro Chicago Jobs	% of Industry Empl.	% Empl. Growth 06-16	Entry Wage	Median Wage	Experienced Wage	
Financial services sales agents	2	Client Facing	9,350	20%	35%	\$38,519	\$70,176	\$124,610	
Personal financial advisors	2	Client Facing	4,031	9%	79%	\$43,174	\$80,033	\$135,711	
Brokerage clerks	1	Client-facing Support,	3,099	7%	26%	\$27,531	\$40,662	\$50,738	
Financial analysts	2	Client-facing Support	2,698	6%	69%	\$60,874	\$89,258	\$130,286	
General office clerks	1	Operations	2,468	5%	44%	\$18,325	\$25,857	\$32,140	
Exec. secretaries and admin ass'ts	1	Operations	2,430	5%	45%	\$32,930	\$46,822	\$56,987	
Customer service representatives	1	Client Facing	1,900	4%	69%	\$27,203	\$39,335	\$49,487	
Financial managers	3	Client-facing Support	1,881	4%	46%	\$81,283	\$132,670	\$179,848	
Computer software engineers	2	Operations	1,207	3%	72%	\$60,650	\$86,373	\$103,652	
Accountants and auditors	2	Operations	1,184	3%	52%	\$47,759	\$71,003	\$97,124	

Sources: Job totals estimated based on National Employment Matrix, 2006-2016, applied to metro Chicago securities industry employment (NAICS 523). Wages based on IDES, Occupational Wages (OES), 2007 for Chicago-Naperville-Joliet metropolitan area; all-industry wages adjusted based on US wage data for securities. TABLE 9

IABLE 9										
Employ	ment Share and Proje	ected Growth (2006-	16) by Tier and F&I	Industry						
	Share of Industry Employment									
Tier	Banking	Insurance	Securities	F&I Total						
4	2%	2%	2%	2%						
3	6%	5%	8%	6%						
2	30%	47%	57%	43%						
1	61%	45%	32%	49%						
Total	100%	100%	100%	100%						
	Projected	Employment Growth, 2006-	2016							
Tier	<b>Banking</b> '	Insurance	Securities	F&I Total						
4	-8%	-2%	30%	1%						
3	2%	6%	45%	13%						
2	7%	11%	51%	19%						
1	4%	4%	39%	8%						
Total	4%	7%	46%	13%						

TABLE 10

Employment	Share and Projec	ted Growth (2006-16)	by Function and F	&I Industry						
	Share of Industry Employment									
Function	Banking	Insurance	Securities	F&I Total						
Client Facing	54%	33%	36%	42%						
Client-facing Support	20%	22%	23%	21%						
Operations	26%	45%	41%	37%						
Total	100%	100%	100%	100%						
	Projected	Employment Growth, 2006-2	2016							
Function	Banking	Insurance	Securities	F&I Total						
Client Facing	10%	16%	50%	18%						
Client-facing Support	-4%	1%	44%	7%						
Operations	-1%	4%	44%	10%						
Total	4%	7%	46%	13%						

Source: Authors' analysis of data from BLS National Employment Matrix, Occupational Employment by Industry, 2006 and 2016. Based on data for U.S. overall.

TARI F 11

IABLE 11									
Workforce	Workforce Demographics by F&I Industry and Tier, Metro Chicago, 2005-2006								
Industry	Tier	Banking	Insurance	Securities	F&I Total	All Sectors			
	3/4	54%	46%	*	47%				
% Female	2	53%	52%	*	43%				
	1	76%	79%	*	<b>76</b> %				
	All	62%	58%	34%	<b>53</b> %	46%			
	3/4	70%	81%	*	74%				
% White	2	66%	73%	*	<b>75</b> %				
non-Hispanic	1	45%	63%	*	54%				
	All	59%	72%	79%	69%	61%			
	3/4	58%	70%	*	65%				
% Bachelor	2	66%	59%	*	68%				
Degree or higher	1	18%	19%	*	20%				
	All	46%	50%	71%	<b>54</b> %	36%			

Source: Authors' analysis of Census Bureau, American Community Survey, Public Use Microdata Sample, Chicago metropolitan region, 2005-2006.

TABLE 12

F&I Se	ector Workforce	by Age and	Industry, Met	ro Chicago, 2	2005-2006	
Industry	Under 25	25-34	35-44	45-54	55-64	65 & older
Banking	16%	27%	24%	21%	10%	2%
Insurance	7%	20%	26%	27%	17%	3%
Securities	7%	31%	29%	21%	9%	3%
F&I Sector Total	10%	25%	26%	23%	12%	2%
All Sectors	13%	23%	25%	23%	13%	3%

Source: Authors' analysis of Census Bureau, American Community Survey, Public Use Microdata Sample, Chicago metropolitan region, 2005-2006

<sup>\*</sup> Tier-level data for securities not presented due to insufficient sample size.

TABLE 13

F&I Sector Skill Crosswalk: Jobs by Industry and Skill Area				
	SKILLS	Banking	Insurance	Securities
Tier 4: Executive				
Officers/Directors	High level management, budgeting, policy design, planning, interpersonal relationships	VP, Business Lines	VP, Business Lines	VP, Business Lines
Tier 3: Managerial				
Analysis Mgmt Relationship Mgmt Operations Mgmt	Manages specialized teams and departments.  Manages specialized teams and departments.  Manages specialized teams and departments.	Financial Analysis Mgr., Research Manager Corporate Banking Mgr., Private Banking Mgr Branch/Operations Mgr., Compliance Officer	Risk Analysis / Underwriter Mgr., Claims Mgr. Annuities Mgr., Corp. Sales Mgr. Provider Network Mgr Branch/Operations Manager, Compliance	Securities Manager, Research Manager  Trust Advisor, Benefits Manager  Branch Mgr., Compliance Officer, Operations Mgr.
Tier 2: Specialist				
Technical/Analysis Sales Audit/Compliance	Statistics, probability, modeling, finance Package products and services for client  Detailed document examination, regulations, report preparation	Credit Analyst, Commercial & Consumer Private Banker, Consumer & Commercial Loan Officers Auditor, Compliance Specialist	Risk Analyst, Appraiser, Underwriter, Claims Adjuster Agent (Retail), Finance & Insurance Mgr., Estate Planning Consultant Auditor, Compliance Specialist	Trade Analyst, Appraiser, Underwriter Sales Associate (Retail) Compliance/ Ethics Manager
Tier 1: Associate				
Customer Service Administative/ Processing	Information exchange and problem-solving Data entry & review, routine processing	Teller, Personal Banker, Customer Service Rep. Loan Processing and Accounting Clerks, Proof/Lockbox Operators	Customer Service Representative. Claims, Licensing, Audit Clerk	Client Services Assistant, Insurance Team Coordinator Documentation Clerk, Transactions Clearing Specialist





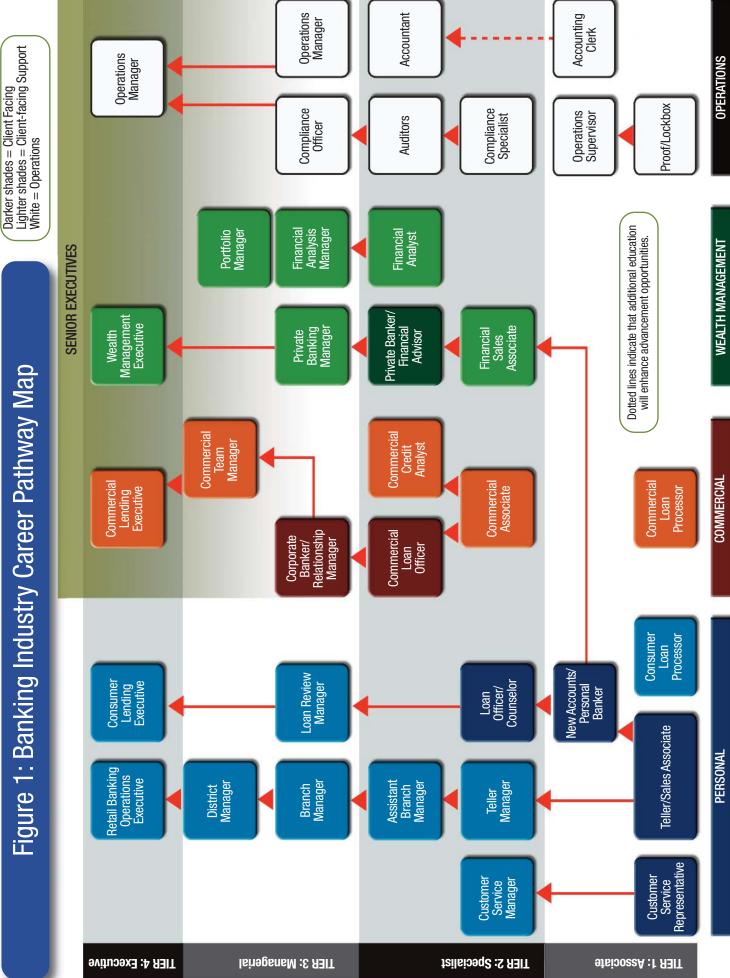






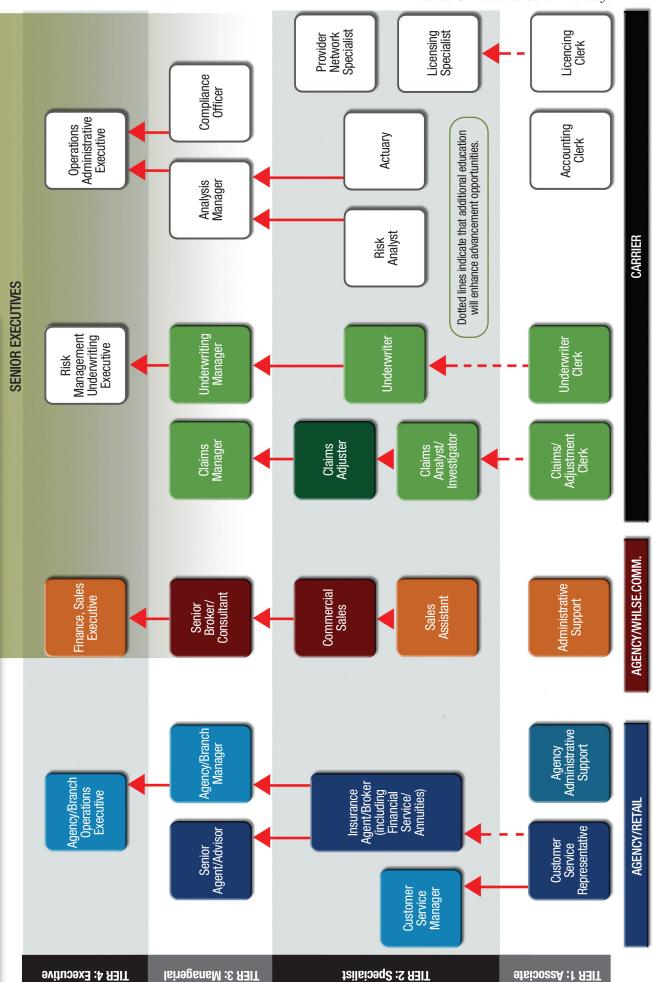


# Figure 1: Banking Industry Career Pathway Map

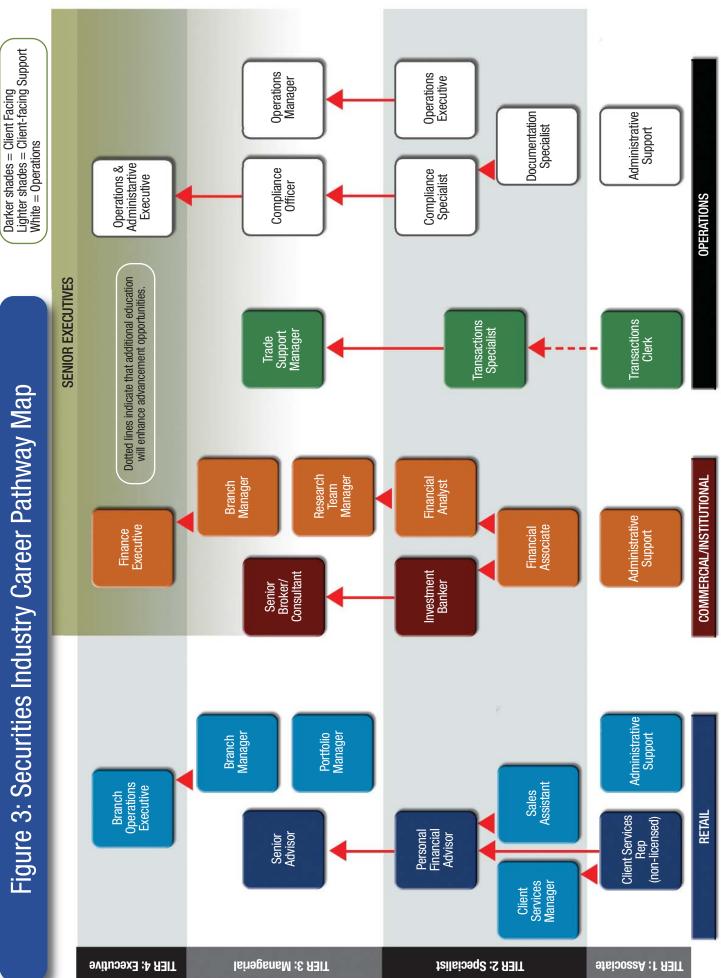


Darker shades = Client Facing Lighter shades = Client-facing Support White = Operations

# Figure 2: Insurance Industry Career Pathway Map



# Figure 3: Securities Industry Career Pathway Map



# Figure 4: Finance & Insurance Sector Educational Pathway

# POST GRADUATE EDUCATION (MBA)

Leadership Managerial Skills

# PROFESSIONAL CERTIFICATION

Specialized Industry Knowledge/Advanced Skills

# 4 YEAR COLLEGES AND UNIVERSITIES

Business/Economics/Finance Career Development and Internships

### COMMUNITY COLLEGES

Advanced Basic Skills Business Intro/Occupations

### High Schools/CBOs

Career Awareness Basic Math Computer Customer Service Skills

# TIER 4: EXECUTIVE (\$100,000 and up)

Vice Presidents, Business Lines and Operations

# TIER 3: MANAGERIAL (\$50,000-\$100,000)

Portfolio Manager Senior Agent/Broker/Sales Branch Manager Underwriting Manager Compliance Manager

# TIER 2: SPECIALIST (\$30,000-\$75,000)

Loan Officer Insurance Agent/Broker Underwriter Private Banker Accountant Claims Examiner

# TIER 1: ASSOCIATE (\$20,000-\$35,000)

Accounting Clerk Claims Processor Loan Processor Teller/Personal Banker Client Services Assistant Lockbox/Proof Operator Administrative Support





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# Finance & Insurance Career Pathways

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