

New Jersey's Financial Services Cluster

An In-Depth Analysis

Prepared by:
New Jersey Department of Labor & Workforce Development
Office of Labor Planning & Analysis
Bureau of Labor Market Information
Summer 2012





Banking



Securities
and
Commodities

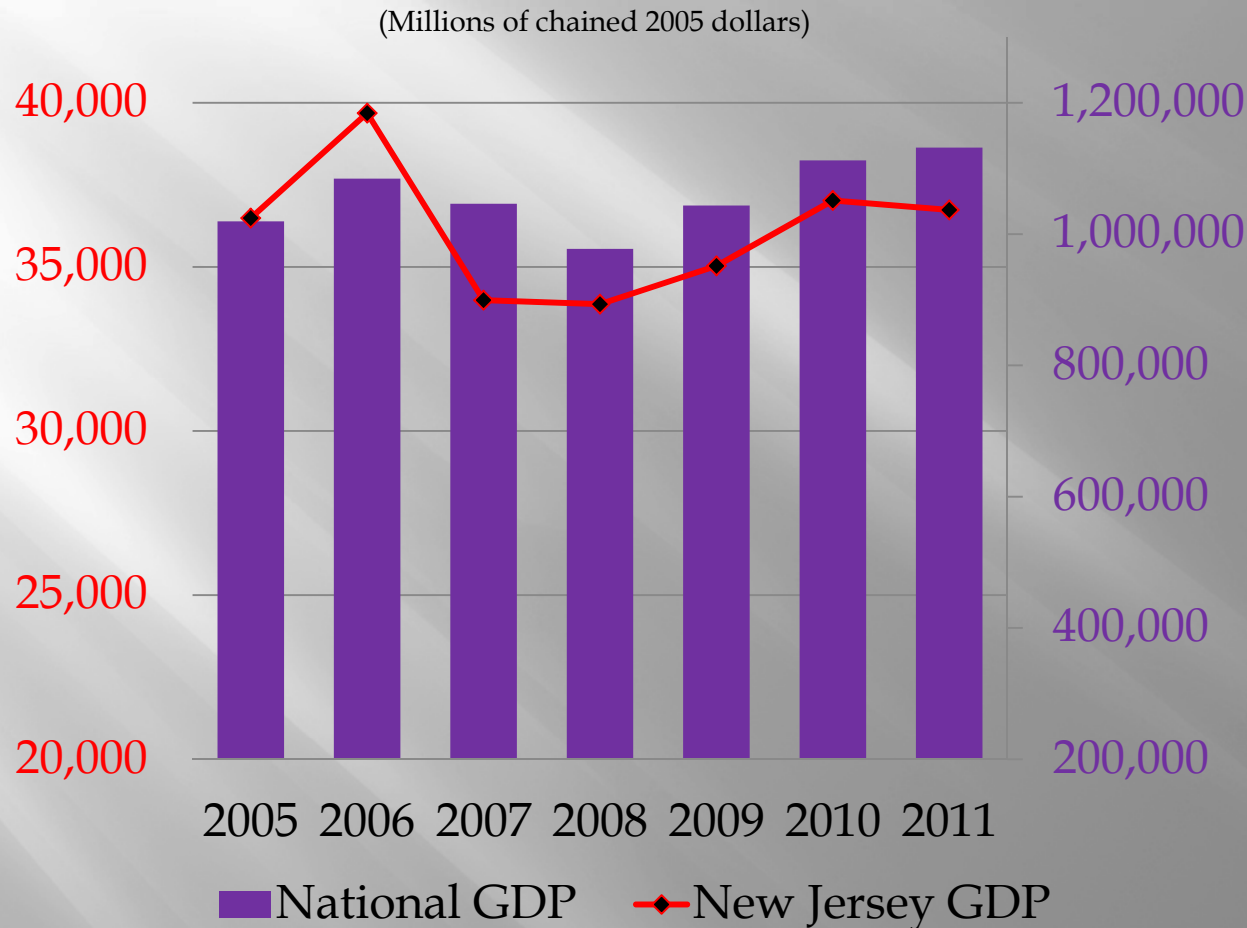


Insurance



Financial Services

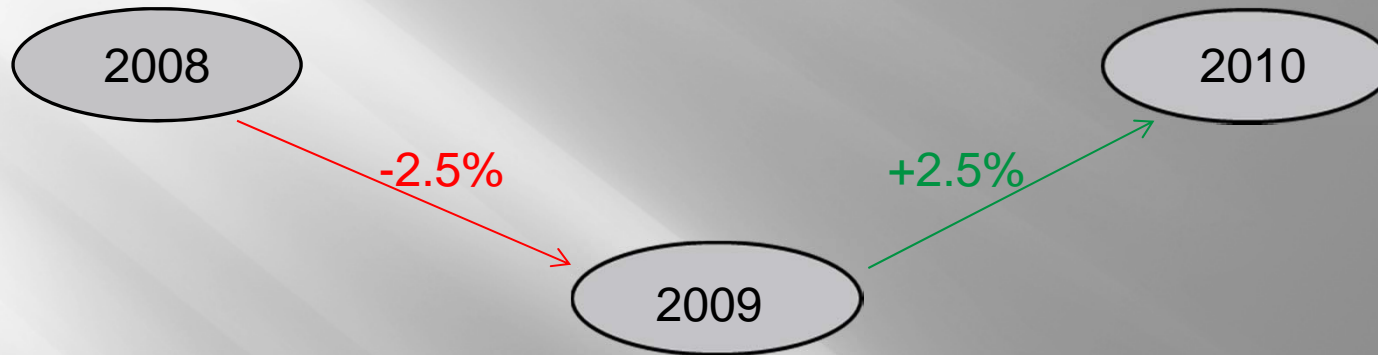
Gross Domestic Product of the Financial Services Sector



In terms of real GDP, the financial services sector maintained its composure even through the recent recession on both a statewide and nationwide level.

*Source – U.S. Bureau of Economic Analysis
Prepared by New Jersey Department of Labor & Workforce Development – June 2012

Real GDP by Metropolitan Area



Current-Dollar GDP in Millions of dollars					
Metropolitan Area	2007	2008	2009	2010*	Rank
New York-Northern New Jersey-Long Island, NY-NJ-PA	1,215,151	1,242,822	1,214,209	1,280,517	1
Los Angeles-Long Beach-Santa Ana, CA	731,337	745,732	717,176	735,743	2
Chicago-Joliet-Naperville, IL-IN-WI	521,998	525,865	516,820	532,331	3

*Source – U.S. Bureau of Economic Analysis
 Prepared by New Jersey Department of Labor & Workforce Development – June 2012



Industry Employment



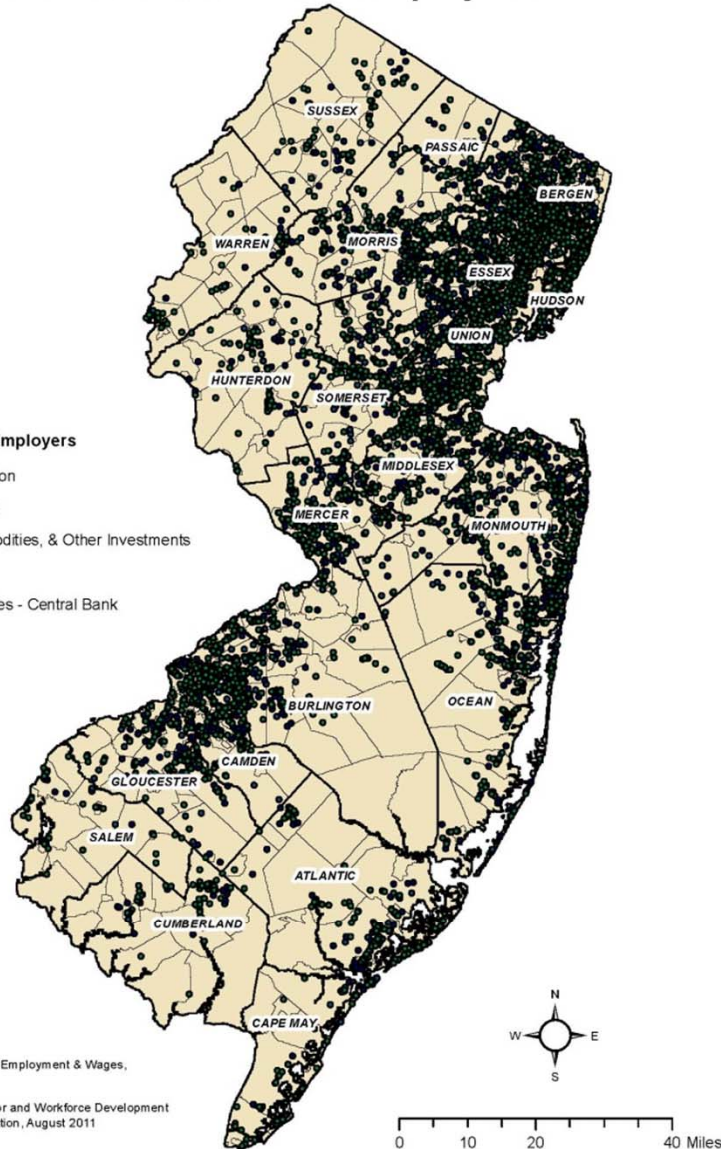
Employment “Fast Facts”

- ▣ In 2010, New Jersey’s financial services industry workforce consisted of approximately 185,470 workers, accounting for about six percent of all jobs in New Jersey.
- ▣ From its peak in 2006 to 2010, the New Jersey’s financial services industry saw a decline in employment of 11.6 percent.
- ▣ The Insurance Carriers and Related Activities component combined with the Credit Intermediation and Related Activities component made up 73.7 percent of New Jersey’s financial services employment in 2010.
- ▣ 16 of New Jersey’s top 100 employers are financial services firms. Combined employment for these 16 companies is 78,391 (or 42 percent New Jersey’s total finance and insurance industry employment).

Finance & Insurance Employers

Finance & Insurance Employers

- Credit Intermediation
- Insurance Carriers
- Securities, Commodities, & Other Investments
- Other Financial
- Monetary Authorities - Central Bank



Data Source: Quarterly Census of Employment & Wages,
2010 Second Quarter, NJLWD
Prepared by:
New Jersey Department of Labor and Workforce Development
Bureau of Labor Market Information, August 2011

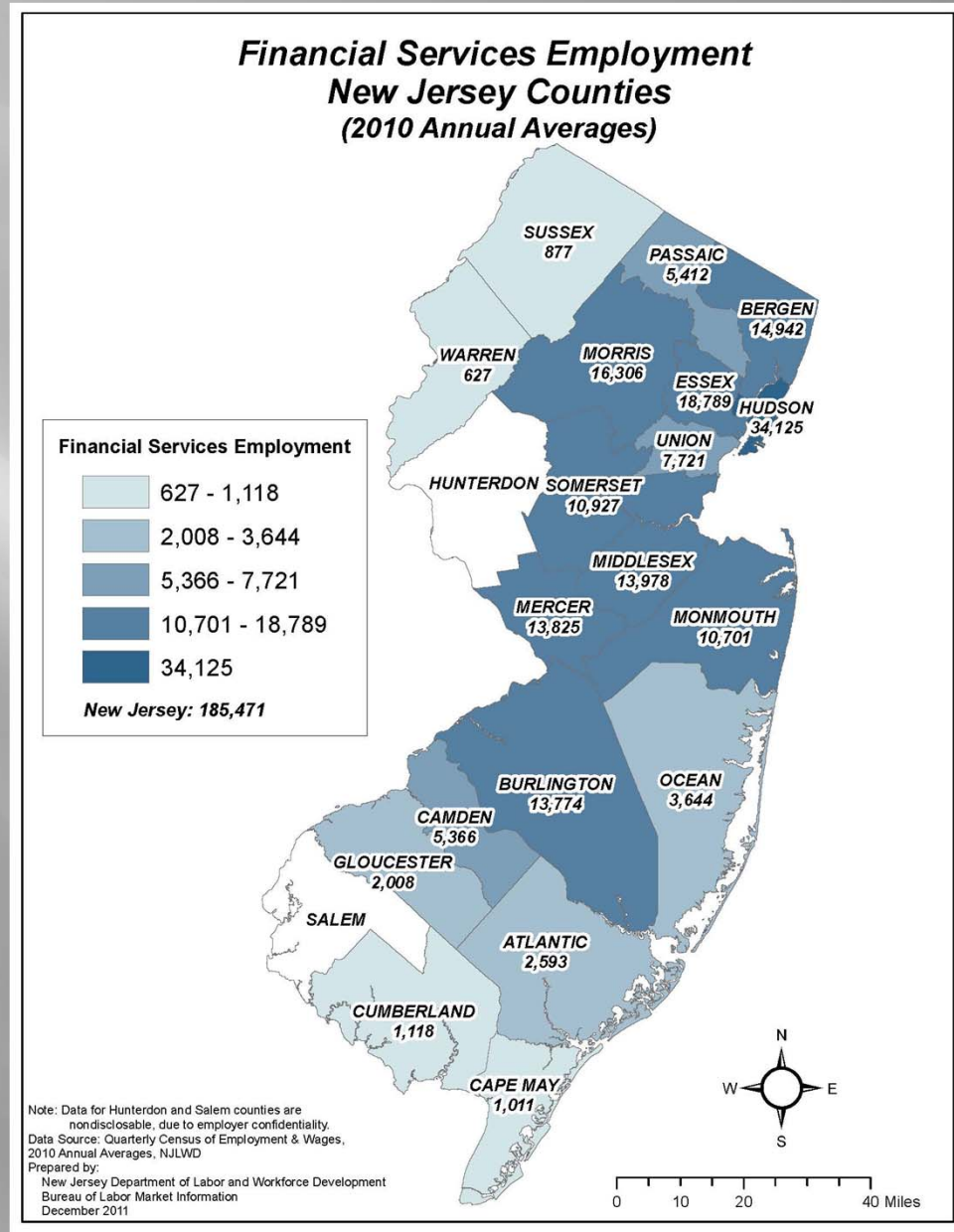


As with many other industries, the majority of New Jersey's financial services establishments are located near Manhattan and Philadelphia. This is a classic example of economies of agglomeration; the economic concept used to describe the benefits that firms gain from locating near one another. Even within industry sectors, competition between firms often attracts more customers, suppliers and educated or experienced workers to specific areas.

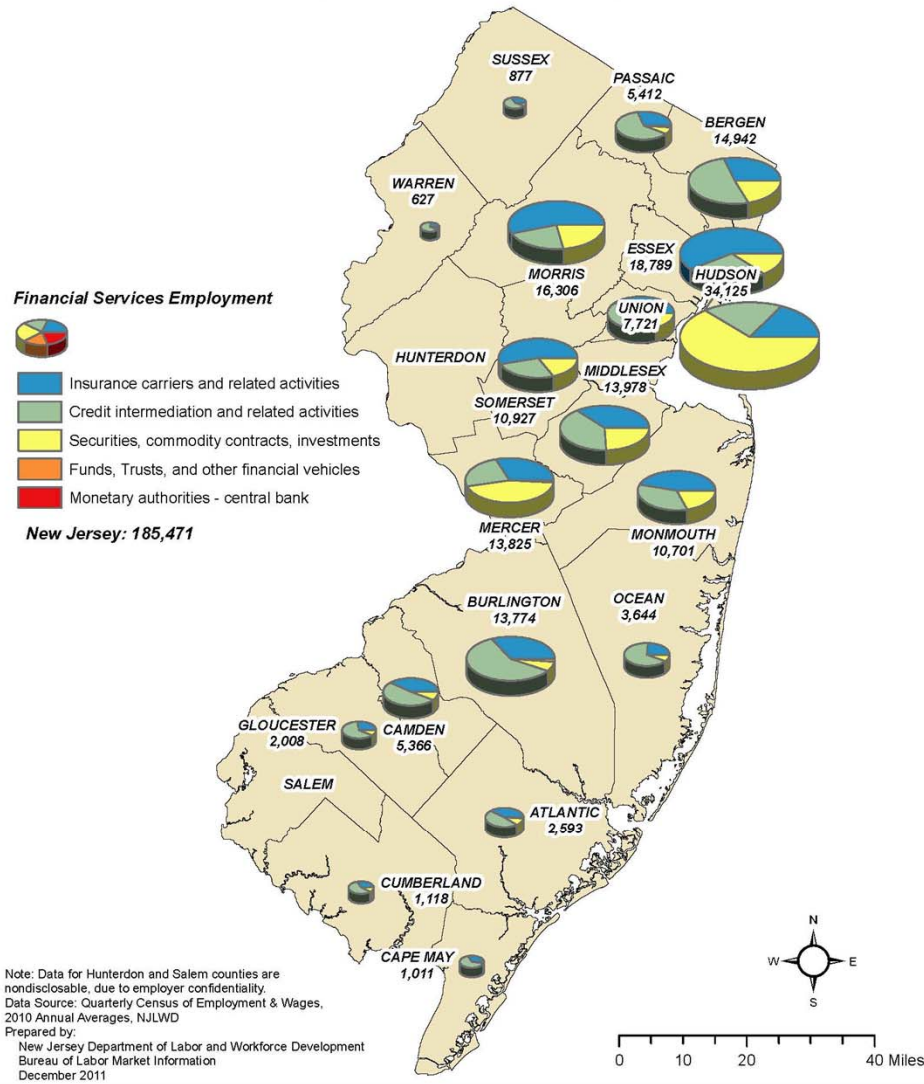


Hudson County is New Jersey's smallest county (by land area), yet it is home to far more of the state's financial services workers than any other county. With over 34,000 industry jobs, Hudson county (located closest to Manhattan) accounts for over 18% of New Jersey's sector employment.

Over 45% of the state's financial services sector employment is located in only four counties (Hudson, Essex, Morris and Bergen).



Financial Services Sector Employment New Jersey Counties (2010 Annual Averages)



Hudson County is home to the highest percentage of the state's Securities, Commodities, and Other Financial Investments component of the financial services industry while the Insurance Carriers component is most highly represented in Morris, Essex and Somerset Counties.

The Credit Intermediation component accounts for the largest percentage of all of Southern New Jersey's finance industry employment, mostly in the form of bank branches.

Subsector Breakdown

The financial Services industry is broken down into the following five subsectors:

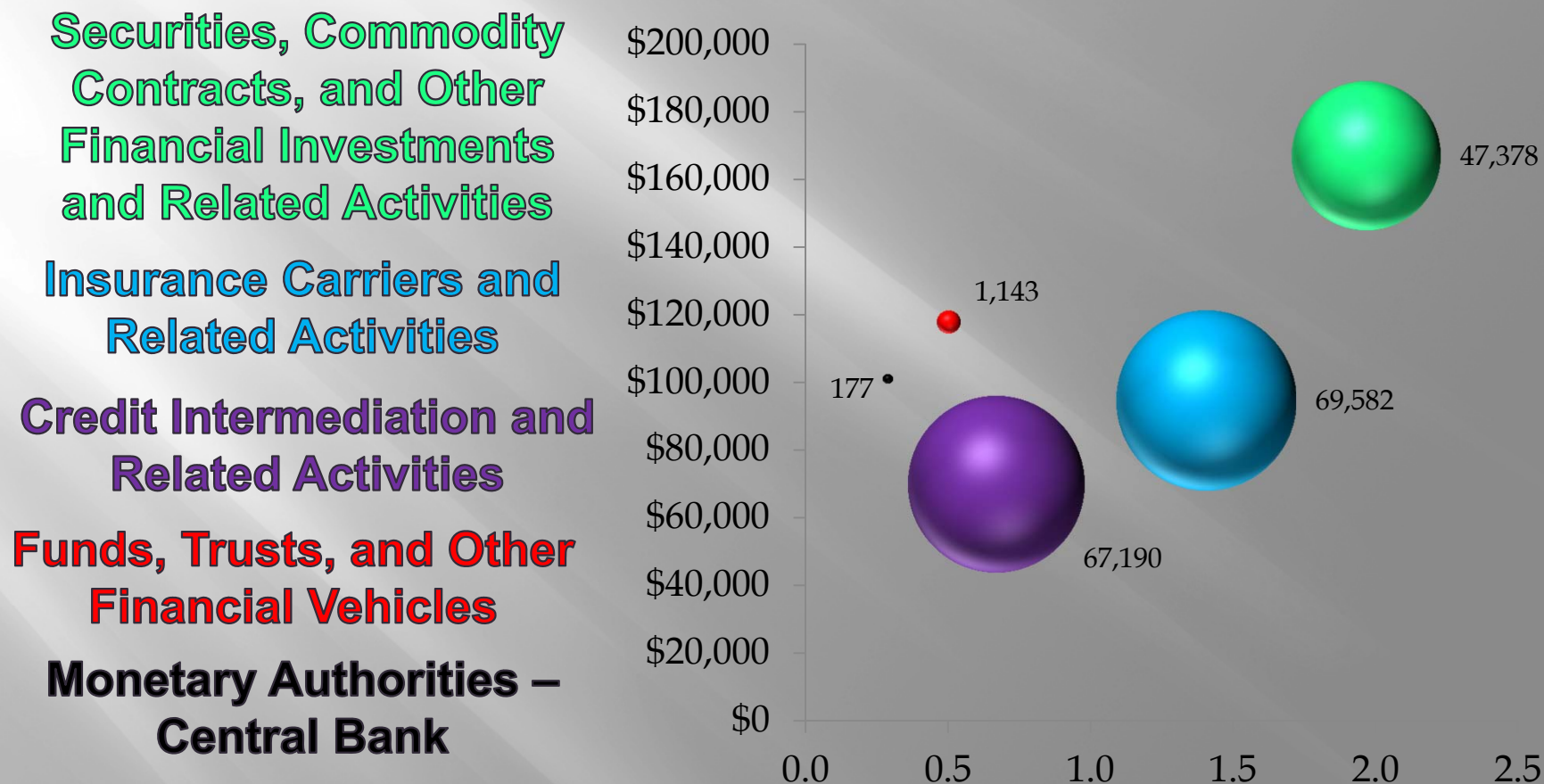
NAICS	Description	Establishments	Employment	Wages
521	Monetary Authorities – Central Bank	11	177	\$101,135
522	Credit Intermediation and Related Activities	5,066	67,190	\$69,930
523	Securities, Commodities, and Other Financial Investments and Related Activities	3,179	47,378	\$167,209
524	Insurance Carriers and Related Activities	4,135	69,582	\$94,753
525	Funds, Trusts, and Other Financial Vehicles	183	1,143	\$117,990

The Insurance Carriers and Related Activities component combined with the Credit Intermediation and Related Activities component made up 73.7 percent of New Jersey's financial services employment in 2010. When the Securities, Commodities, and Other Financial Investments and Related Activities subsector is added, the three components account for 99.3 percent of employment.

- Source: New Jersey Department of Labor & Workforce Development – Quarterly Census of Employment and Wages
Prepared by New Jersey Department of Labor & Workforce Development – June 2012

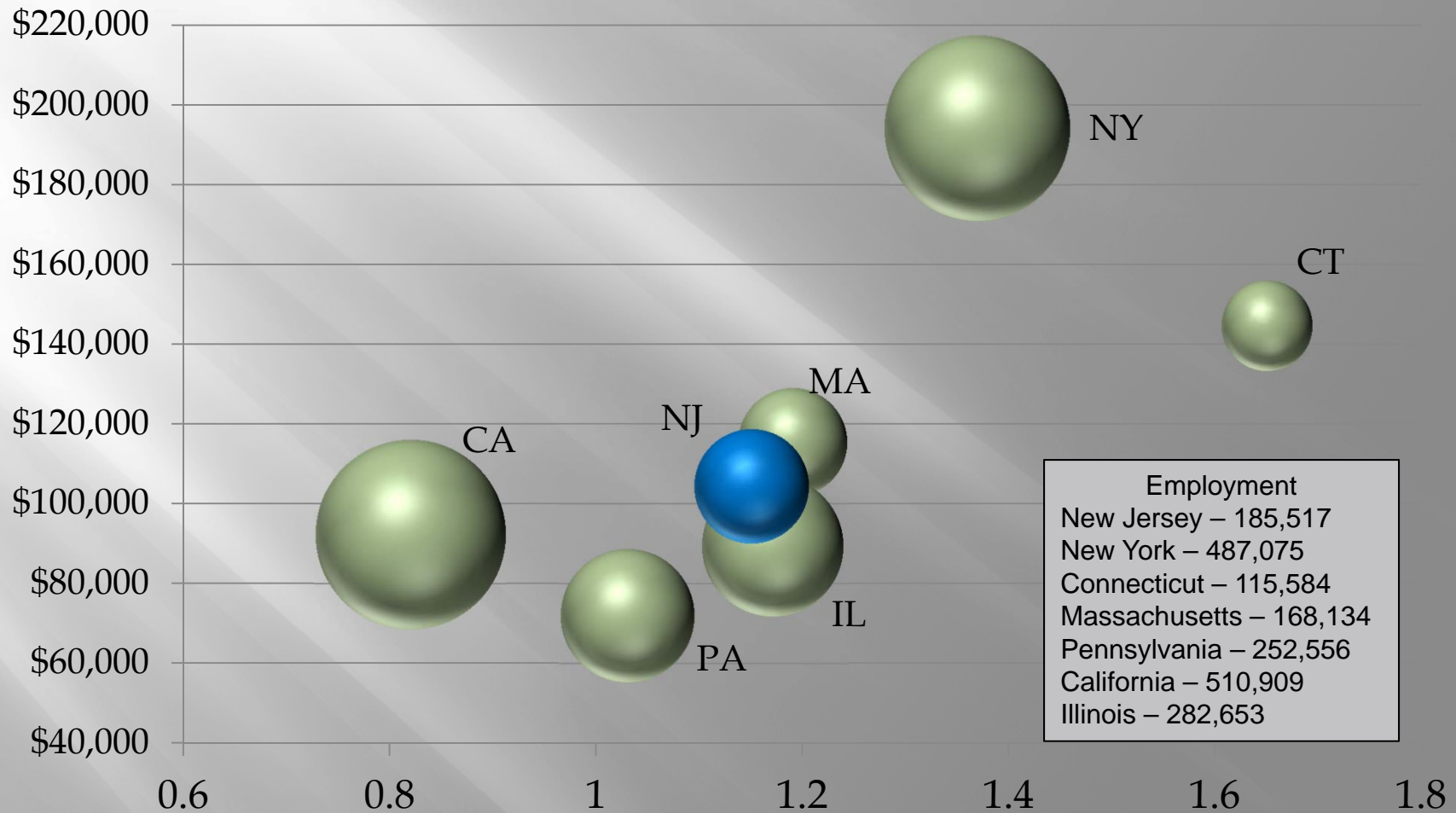
Location Quotient

Location Quotient is a ratio that compares the concentration of state employment to that of the nation. Industries with a location quotient above 1 are known as “basic industries” which (in theory) export a good or service from the state and in return, bring in wealth.



- Source: New Jersey Department of Labor & Workforce Development – Quarterly Census of Employment and Wages
Prepared by New Jersey Department of Labor & Workforce Development – June 2012

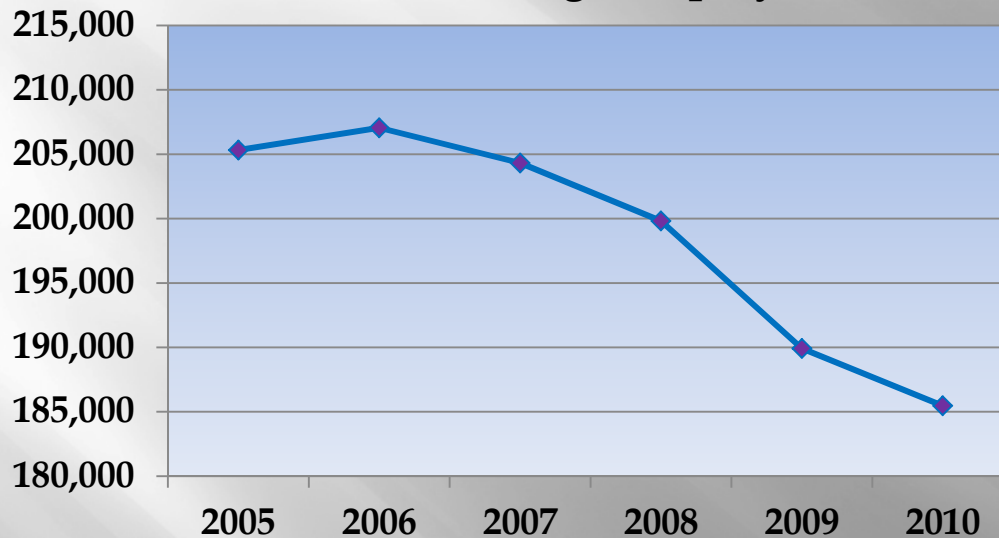
New Jersey vs. Selected States



- Source: U.S. Bureau of Economic Analysis
Prepared by New Jersey Department of Labor & Workforce Development – June 2012

Employment

Annual Average Employment

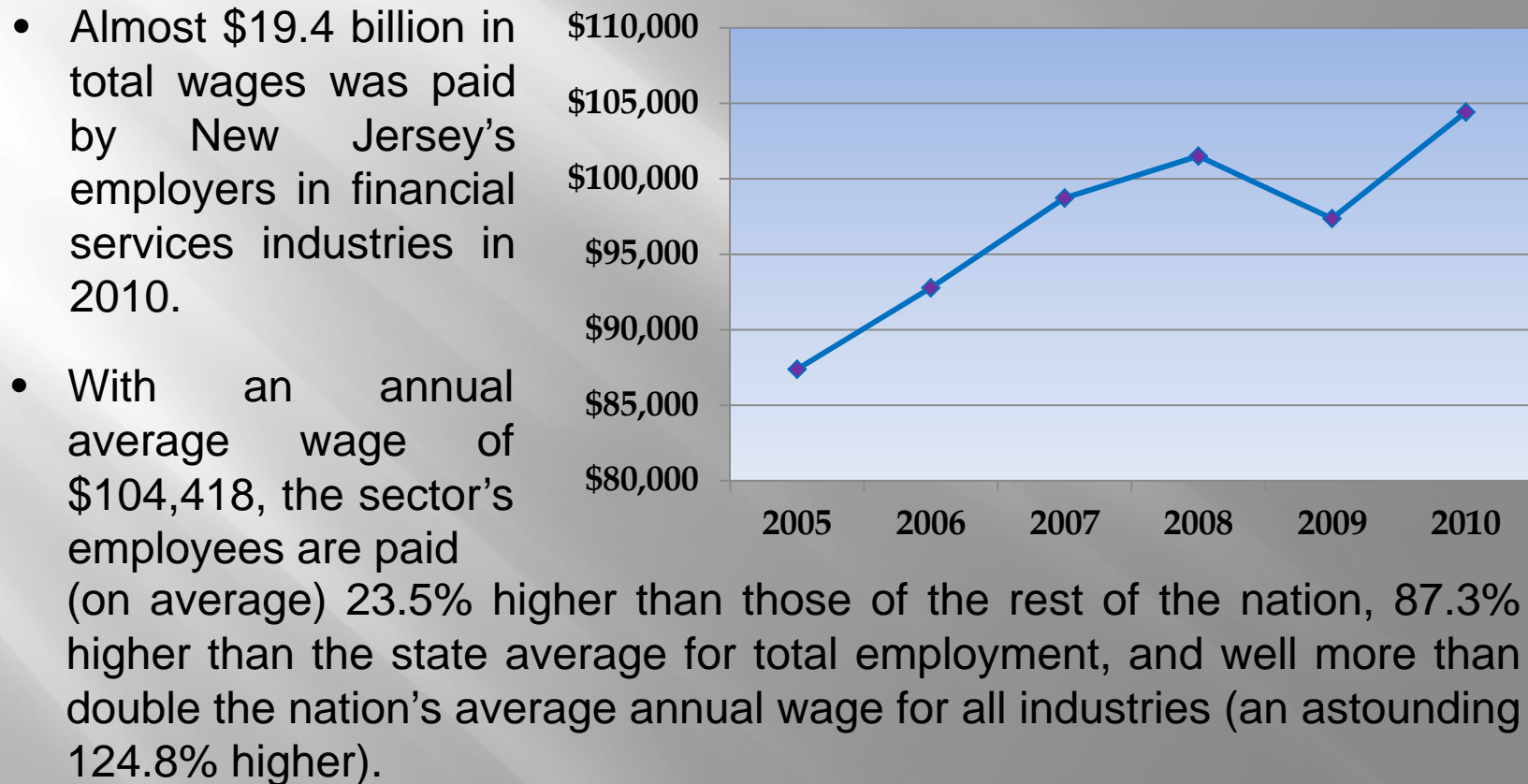


- The financial services industry showed a loss in employment even before the start of the recent recession (December, 2007 – June, 2009)
- From its peak in 2006 to 2010, the industry saw a decline in employment of 11.6 percent.
- New Jersey's financial services sector lost 9.5 percent of its employment base between 2005 and 2010, compared to only a 7.1 percent decline in the sector at the nationwide level. This reflects the significance the industry cluster has on the state's inhabitants and the harsh impact of the recession. There are currently about 185,500 financial services workers employed in New Jersey.

• Source: New Jersey Department of Labor & Workforce Development – Quarterly Census of Employment and Wages
Prepared by New Jersey Department of Labor & Workforce Development – June 2012

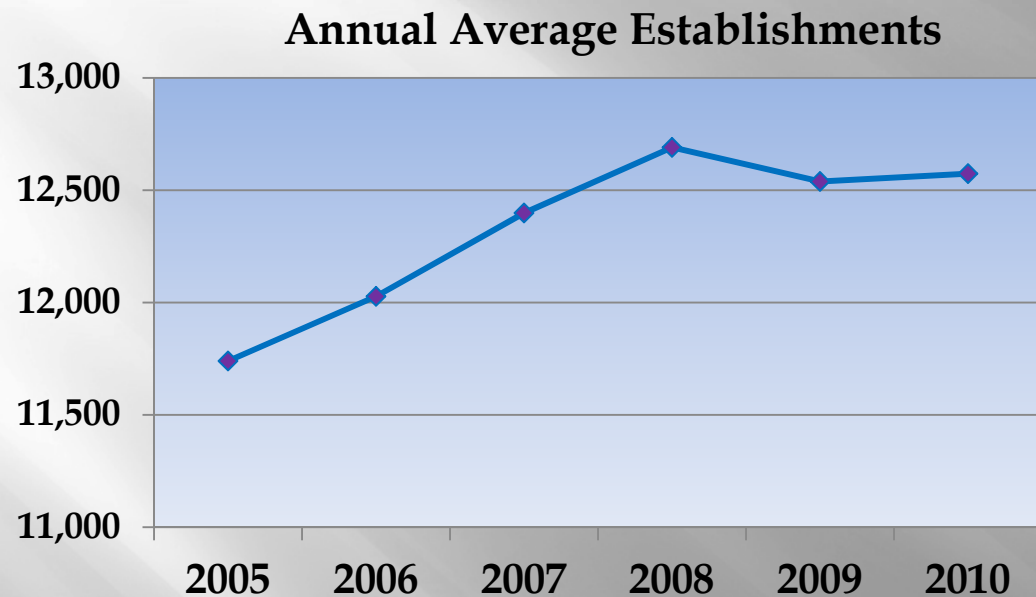
Industry Wages

Annual Average Wages



• Source: New Jersey Department of Labor & Workforce Development – Quarterly Census of Employment and Wages
Prepared by New Jersey Department of Labor & Workforce Development – June 2012

Establishments



- Even in times of recession, establishment counts do not necessarily mirror employment declines. As many banks merged and consolidated over the 2005-2010 period, they could not afford to close doors. Bank branches were forced to remain open to

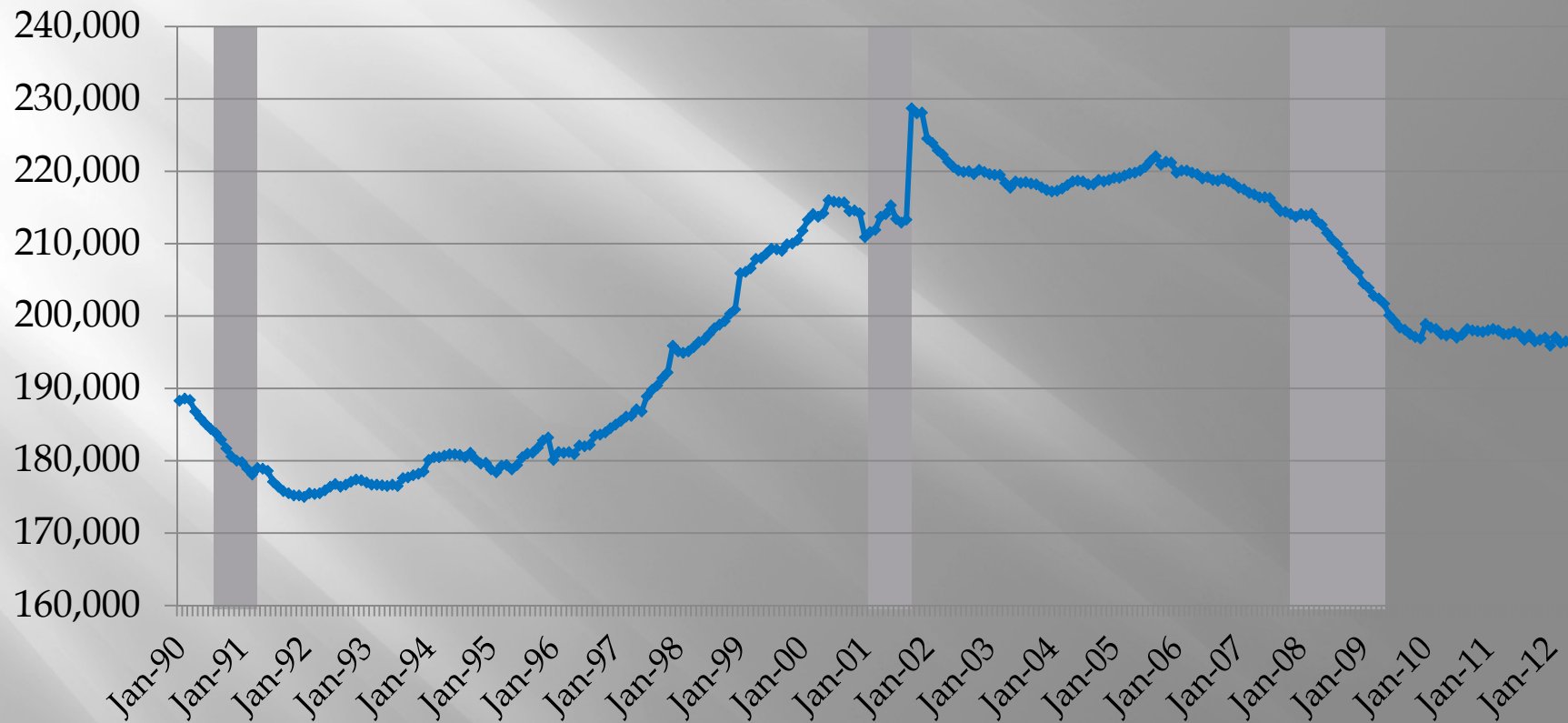
retain area coverage so as not to lose customers to other banks. Many, of course, had to change their names and appearances.

Also, over this period, the state encountered several financial firms moving away from Wall Street and into New Jersey for more competitive real estate levels and lower corporate tax rates.

- Source: New Jersey Department of Labor & Workforce Development – Quarterly Census of Employment and Wages
Prepared by New Jersey Department of Labor & Workforce Development – June 2012

New Jersey Finance and Insurance Employment History

(CES Monthly Employment January 1990 - April 2012)



- Source: New Jersey Department of Labor & Workforce Development – Current Employment Statistics
Prepared by New Jersey Department of Labor & Workforce Development – June 2012



Occupational Analysis

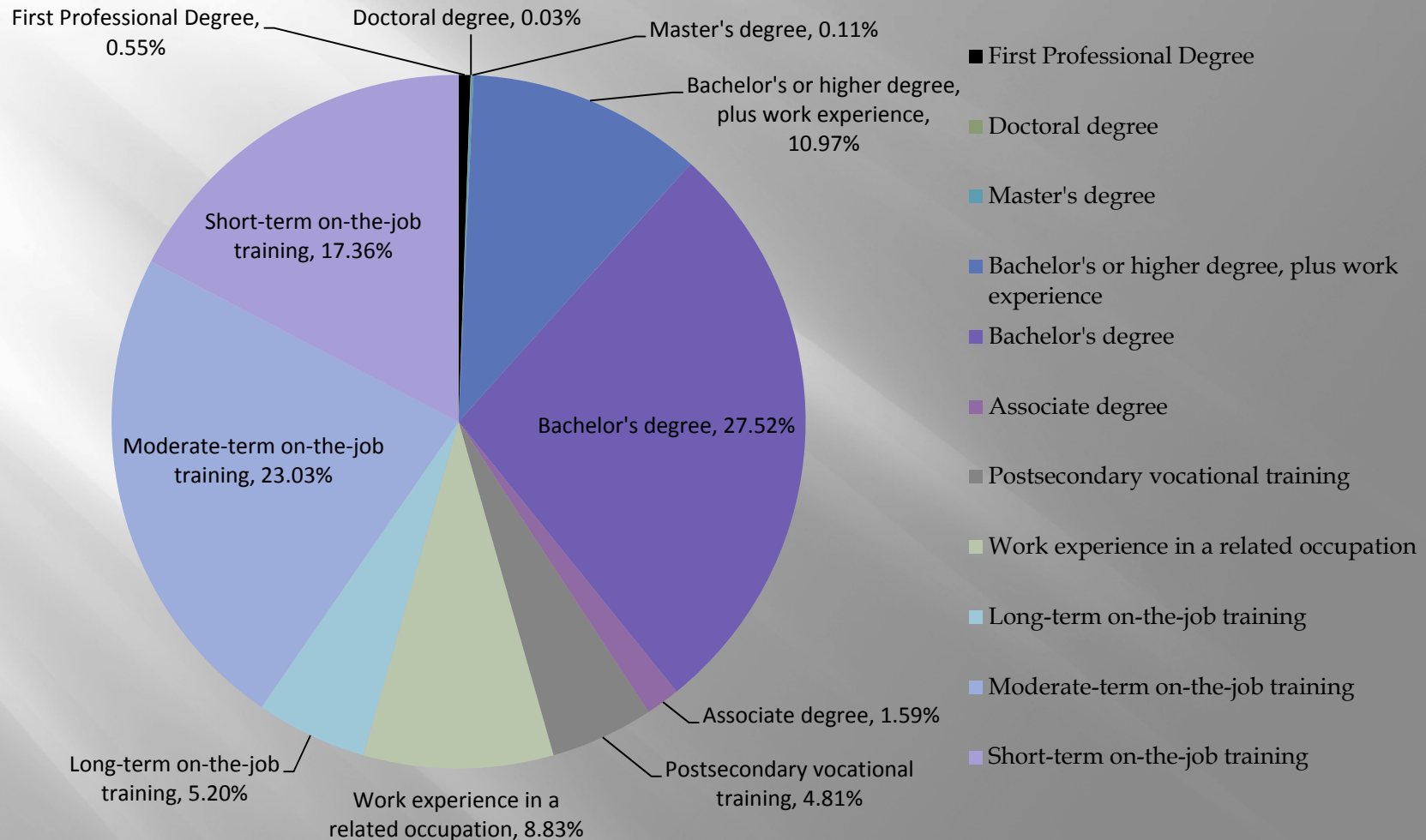


Training Requirements of Top 10 Financial Services Occupations by Employment

Occupation	2010 Employment	2010 Annual Average Wage	Education/Training Requirements
Bank Tellers	17,962	\$25,990	Short-term on-the-job training
Securities, Commodities, and Financial Sales Agents	14,906	\$93,660	Bachelor's degree
Customer Service Representatives	14,467	\$37,120	Moderate-term on-the-job training
Insurance Claims and Policy Processing Clerks	9,404	\$38,110	Moderate-term on-the-job training
Claims Adjusters, Examiners, and Investigators	9,325	\$66,660	Long-term on-the-job training
Insurance Sales Agents	9,003	\$73,680	Postsecondary vocational training
Financial Managers	8,547	\$133,940	Bachelor's or higher degree, plus work experience
First-Line Supervisors/Managers of Office and Administrative Support Workers	7,886	\$57,840	Work experience in a related occupation
Secretaries, Except Legal, Medical, and Executive	5,606	\$36,980	Moderate-term on-the-job training
Financial Analysts	4,984	\$78,770	Bachelor's degree

* Source: New Jersey Department of Labor & Workforce Development, Occupational Employment Projections program, Occupational Employment Statistics Wage Survey 2010. Prepared by New Jersey Department of Labor & Workforce Development – June 2012

Education Requirements of Finance Cluster Workers



*Source – I/O Matrix data (2010) from Current Employment Statistics and Occupational Employment Statistics Wage Survey. Prepared by New Jersey Department of Labor & Workforce Development – June 2012

Skills, Knowledge and Abilities of Financial Industry Workers

<i>Skills</i>	<i>Knowledge</i>	<i>Abilities</i>
Active Learning	Administration and Management	Category Flexibility
Active Listening	Clerical	Deductive Reasoning
Complex Problem Solving	Computers and Electronics	Inductive Reasoning
Coordination	Customer and Personal Service	Information Ordering
Critical Thinking	Economics and Accounting	Mathematical Reasoning
Judgment and Decision Making	English Language	Near Vision
Mathematics	Mathematics	Number Facility
Monitoring		Oral Comprehension
Negotiation		Oral Expression
Persuasion		Problem Sensitivity
Reading Comprehension		Selective Attention
Service Orientation		Speech Clarity
Social Perceptiveness		Speech Recognition
Speaking		Written Comprehension
Time Management		Written Expression
Writing		

*Source – ONETonline.org

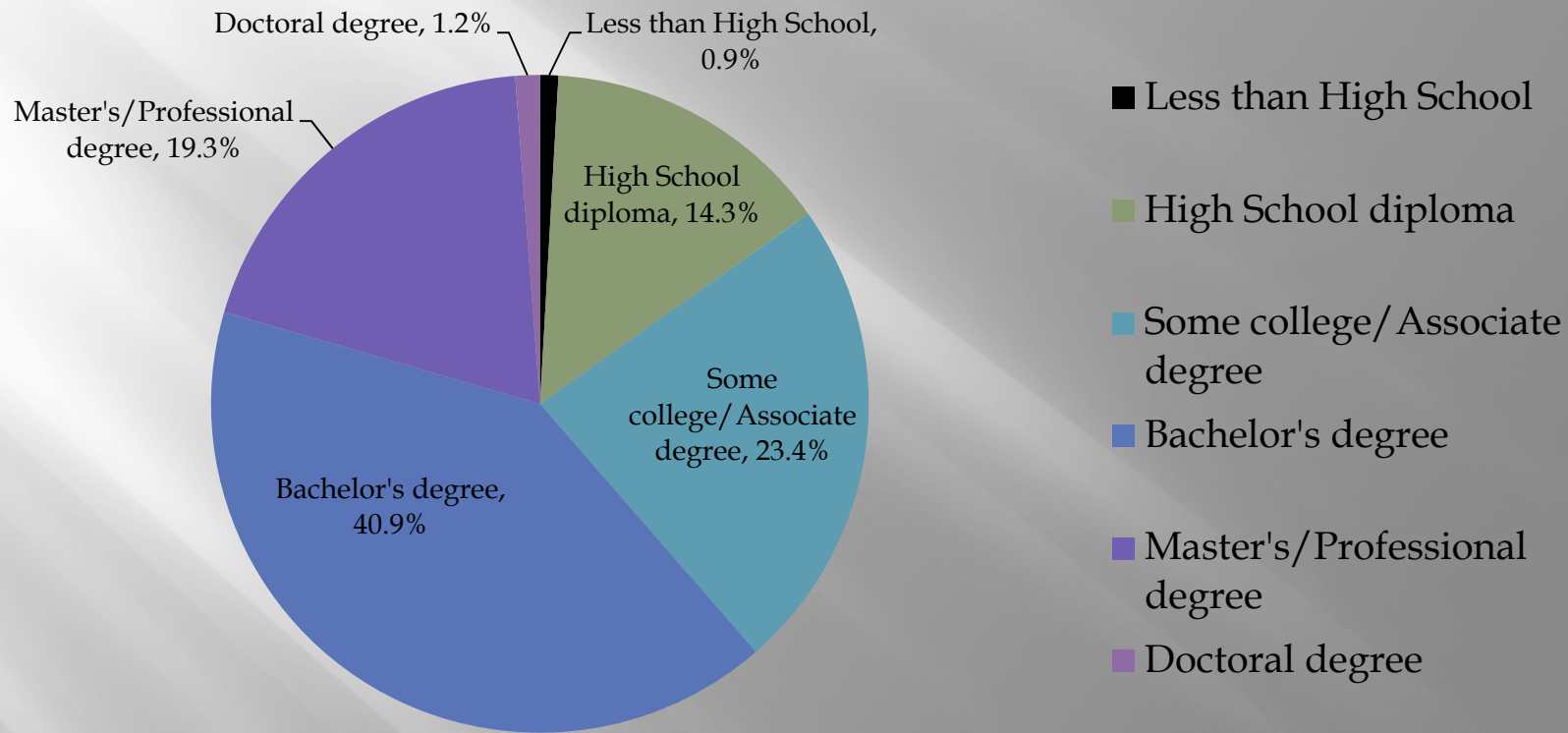
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Demographic Characteristics of Industry Workforce

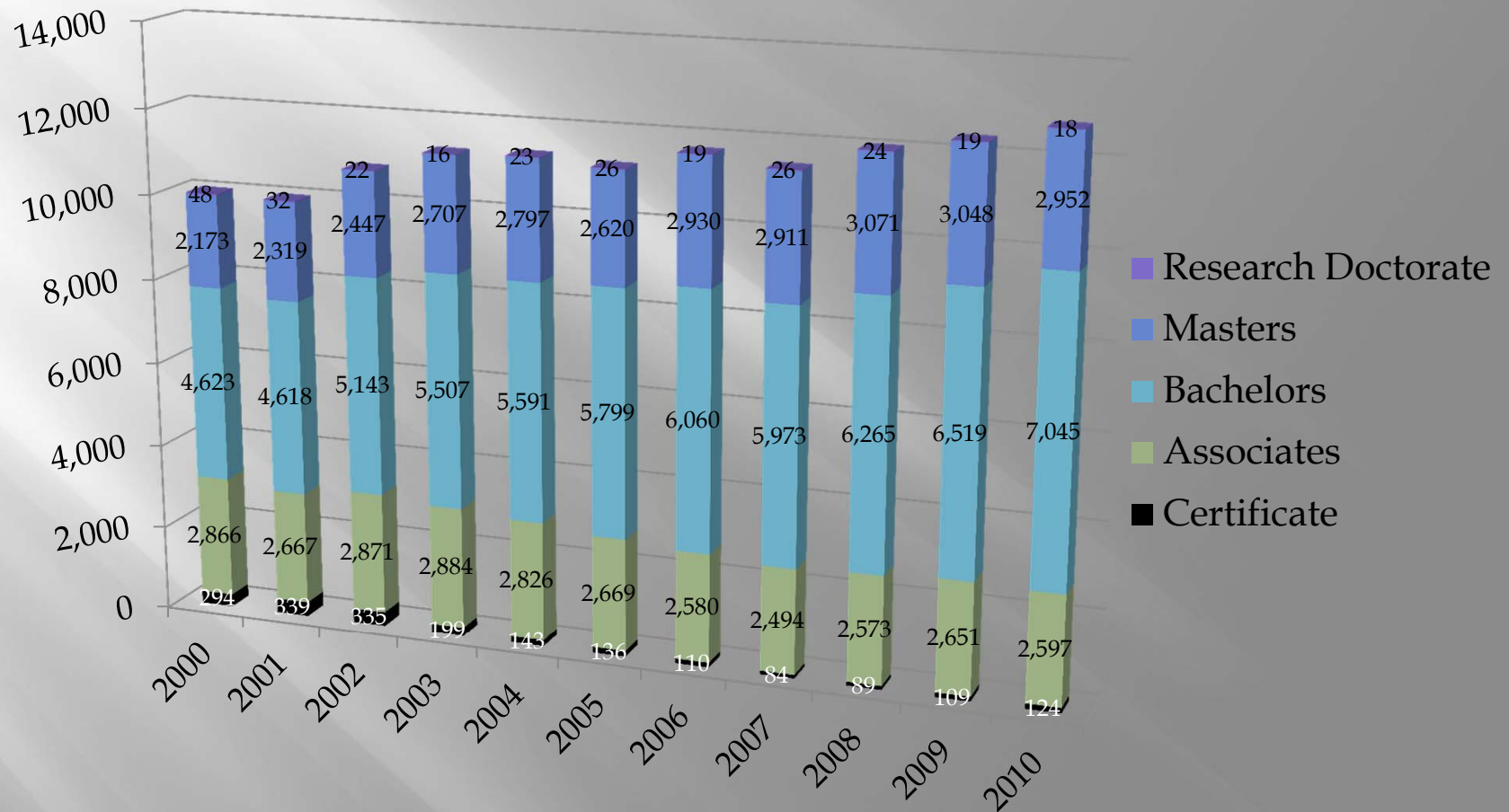


Education Level of New Jersey Financial Industry Employees



*Source - 2010 American Community Survey Public Use Microdata Sample (5% sample).
Prepared by New Jersey Department of Labor & Workforce Development – June 2012

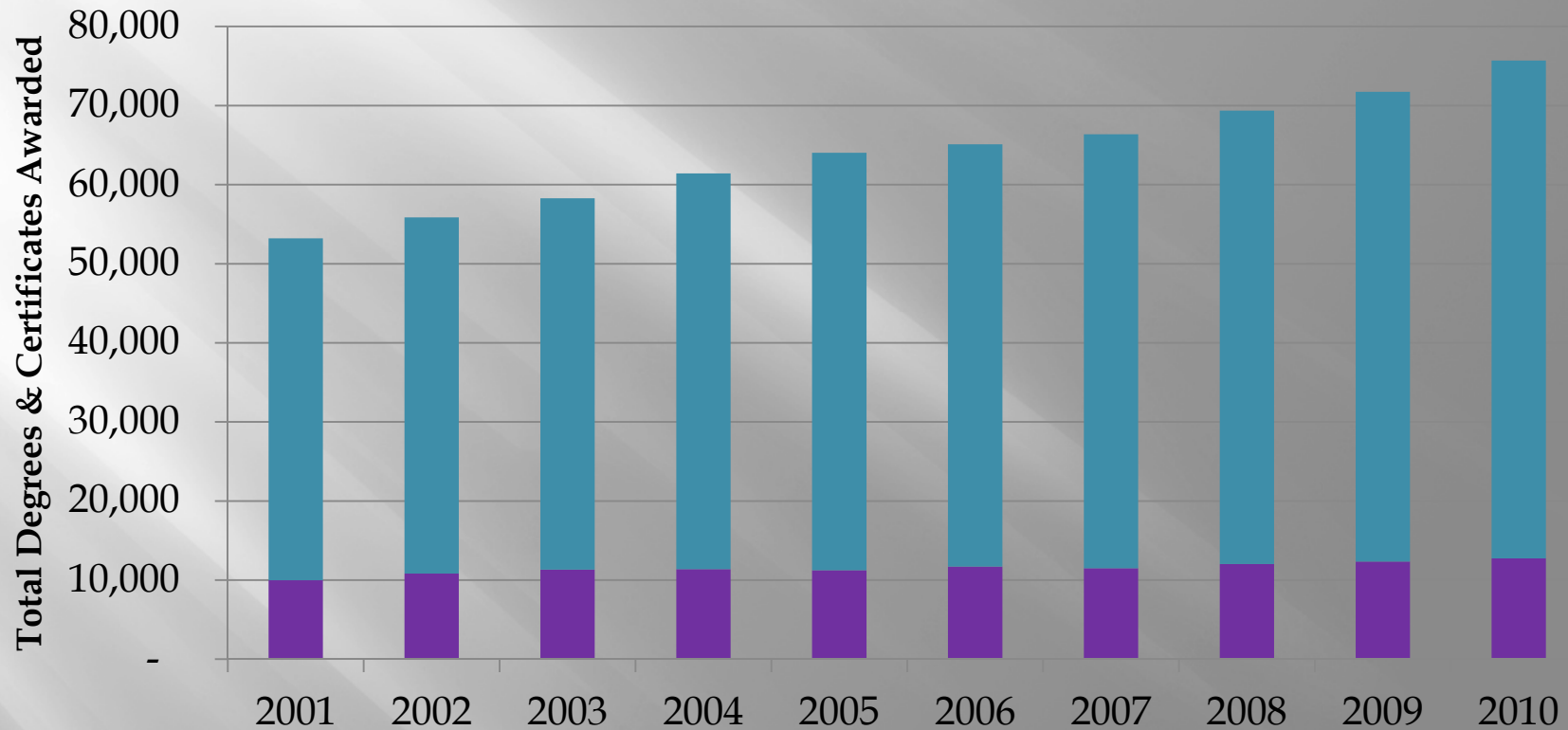
Breakdown of Degrees in Business Majors



* Source – New Jersey Commission on Higher Education, Integrated Postsecondary Data System (IPEDS)
 Prepared by New Jersey Department of Labor & Workforce Development – June 2012

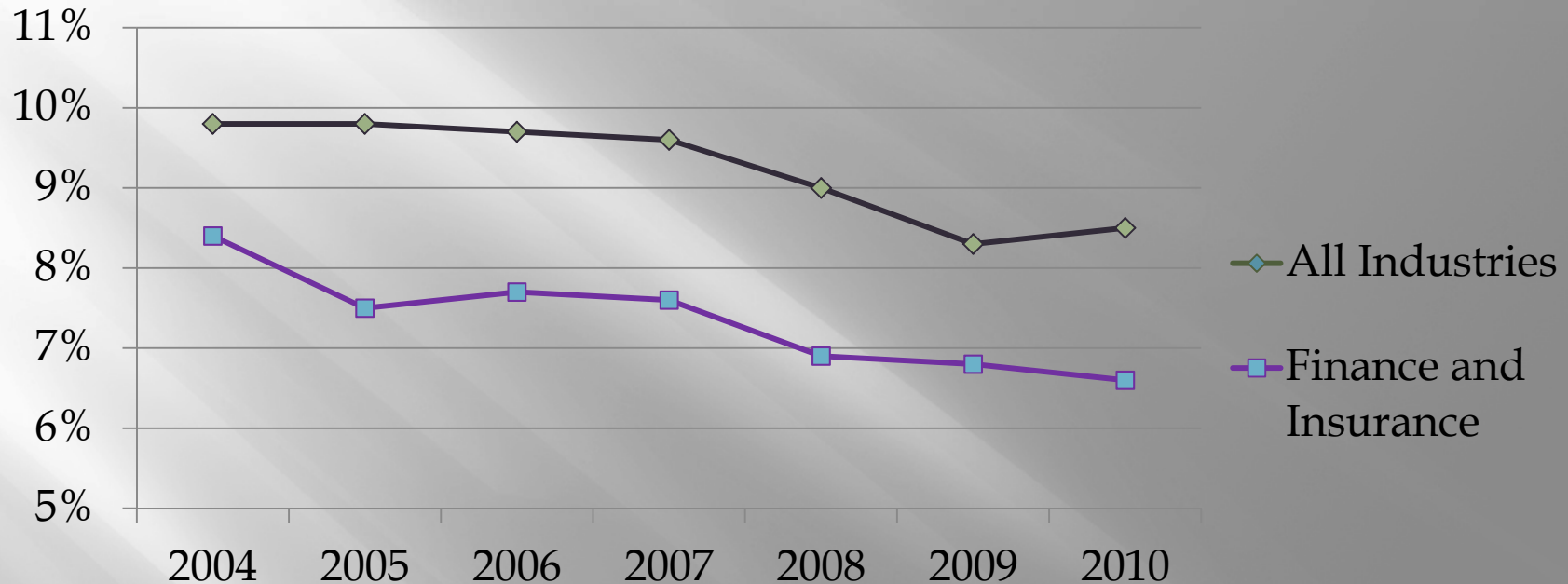
Degrees & Certificates Awarded by New Jersey Institutions

■ Business Degrees ■ Other



* Source – New Jersey Commission on Higher Education, Integrated Postsecondary Data System (IPEDS)
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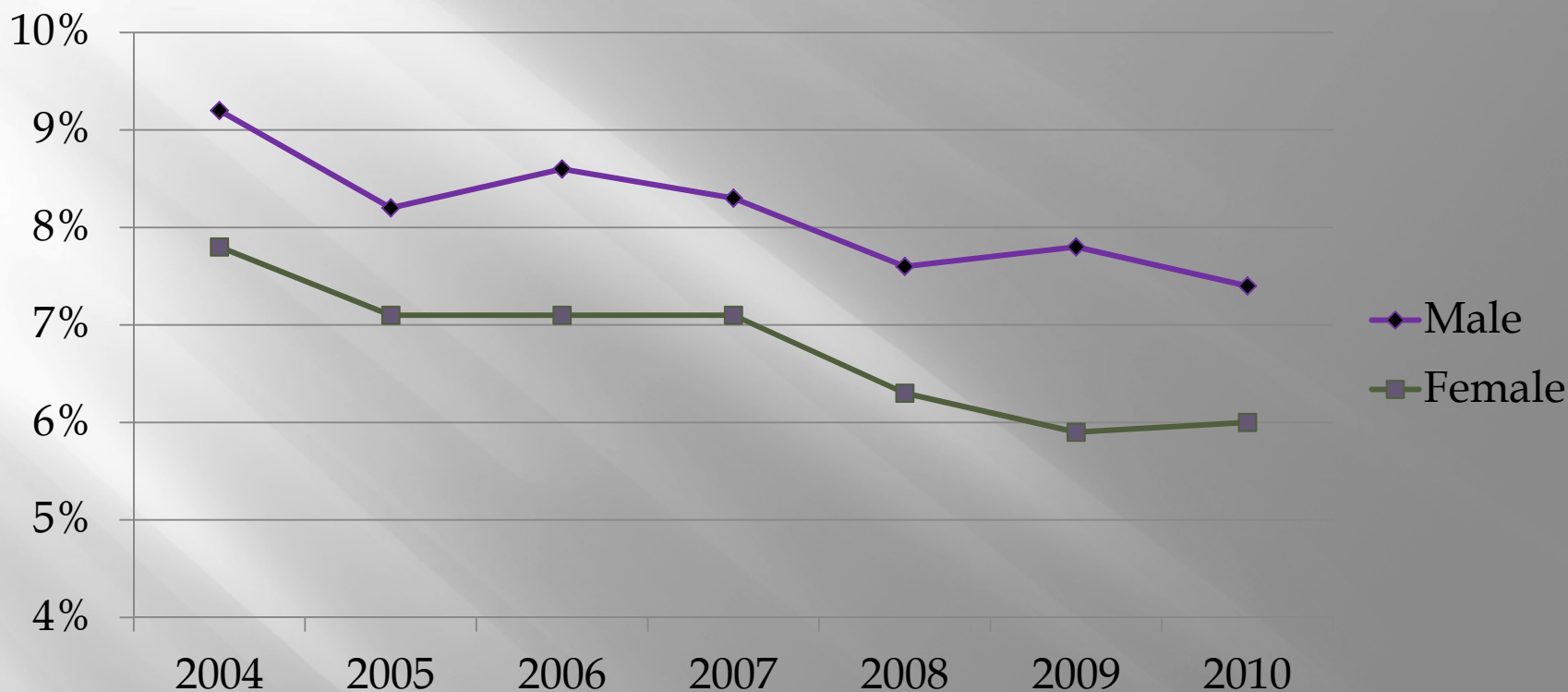
Employment Turnover Rate



Historically, the financial services industry has enjoyed a significantly lower turnover rate than most industry clusters. Higher pay and job satisfaction could be top contributing factors.

- Source – U.S. Census Bureau – Local Employment Dynamics Quarterly Workforce Indicators. 2004-2009 uses average of Q4 + 3 prior quarters. 2010 data uses average of Q3 (most recent data) + 3 prior quarters.
Prepared by New Jersey Department of Labor & Workforce Development – June 2012

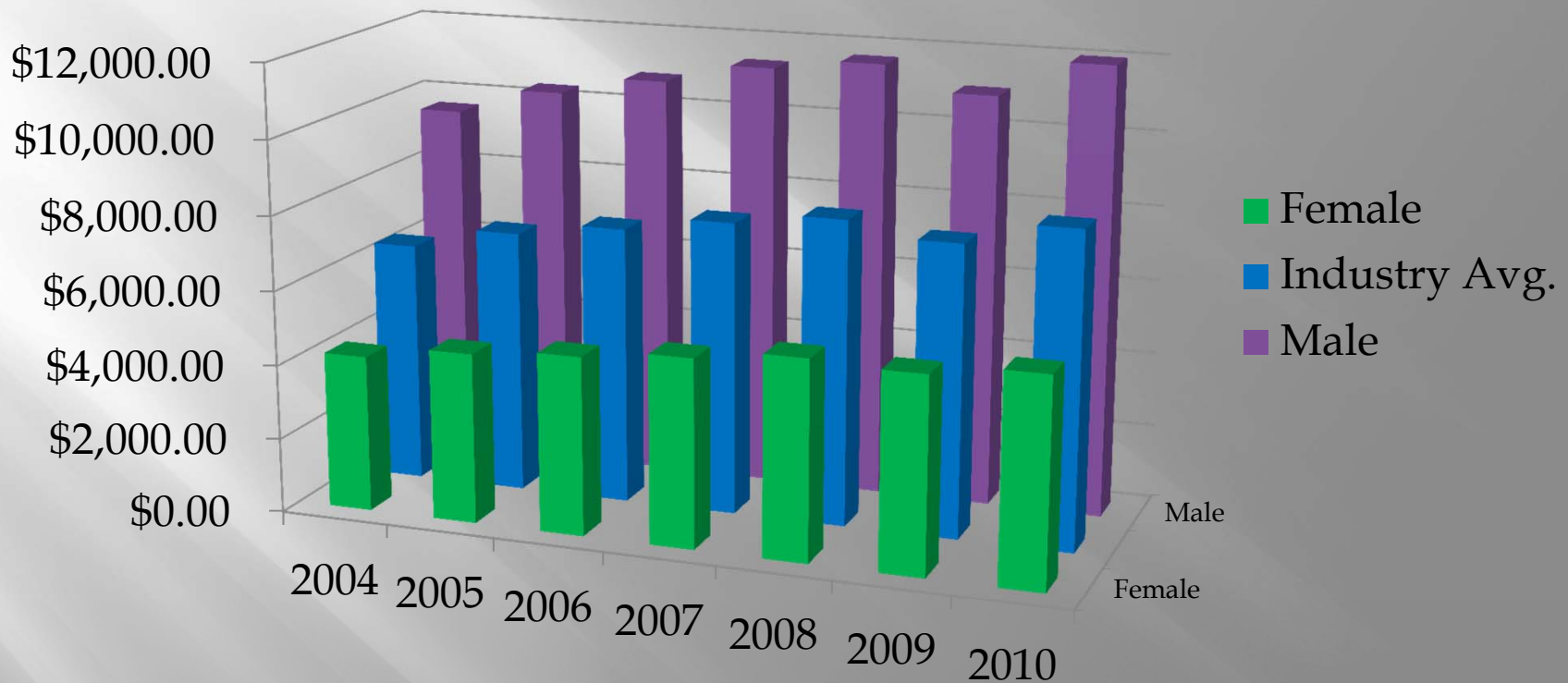
Employment Turnover by Gender



- Source – U.S. Census Bureau – Local Employment Dynamics Quarterly Workforce Indicators. 2004-2009 uses average of Q4 + 3 prior quarters. 2010 data uses average of Q3 (most recent data) + 3 prior quarters.
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Average Monthly Earnings by Gender

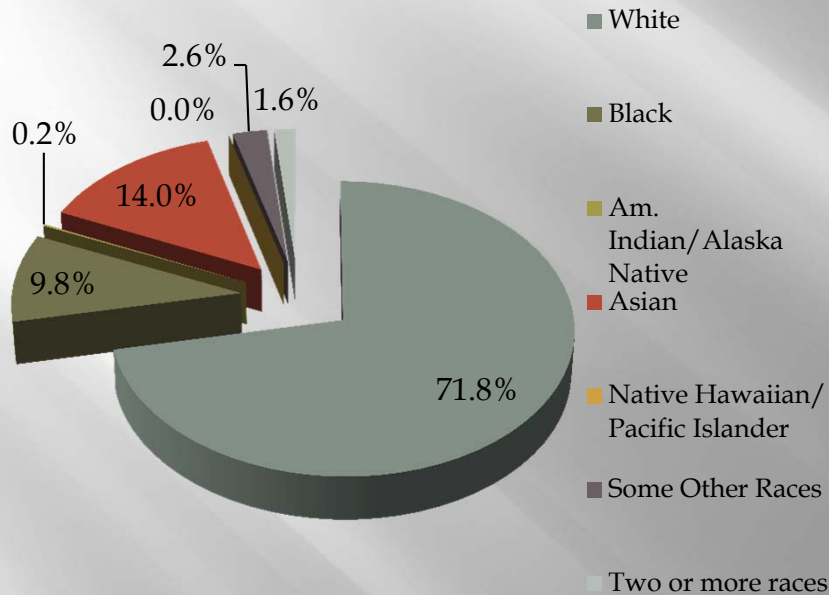
(LED Average of Q4 + Prior 3 Quarters)



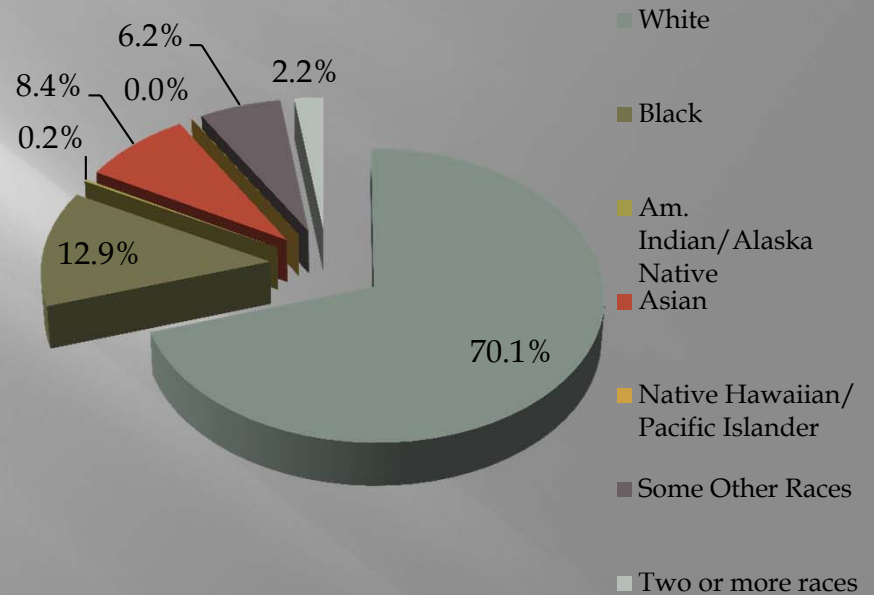
- Source – U.S. Census Bureau – Local Employment Dynamics Quarterly Workforce Indicators. 2004-2009 uses average of Q4 + 3 prior quarters. 2010 data uses average of Q3 (most recent data) + 3 prior quarters.
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Financial Industry Breakdown by Race

Financial Services Industry

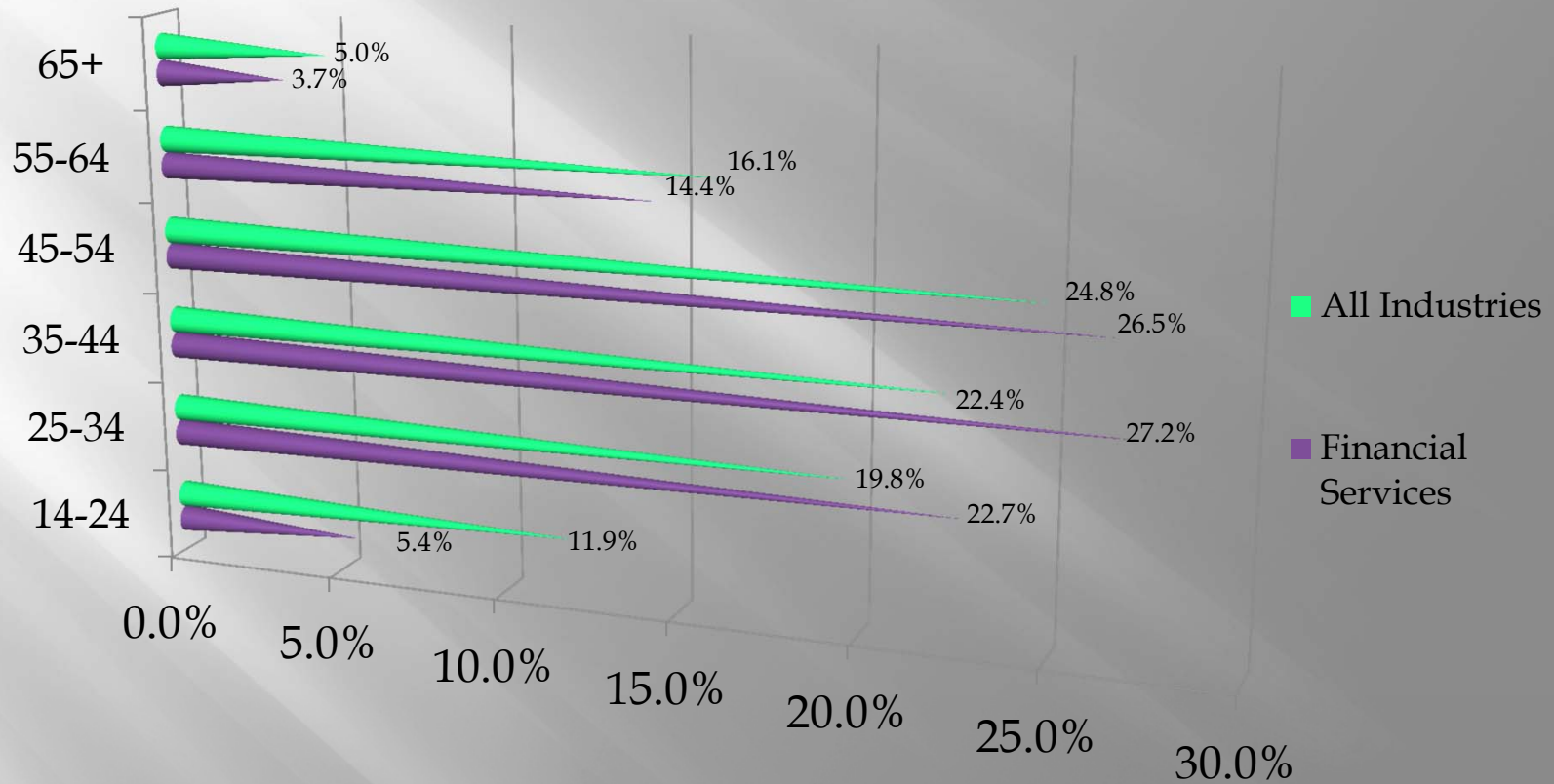


All Industries



* Source - 2010 American Community Survey Public Use Microdata Sample (5% sample).
Prepared by New Jersey Department of Labor & Workforce Development – June 2012

Percentage of Employment by Age

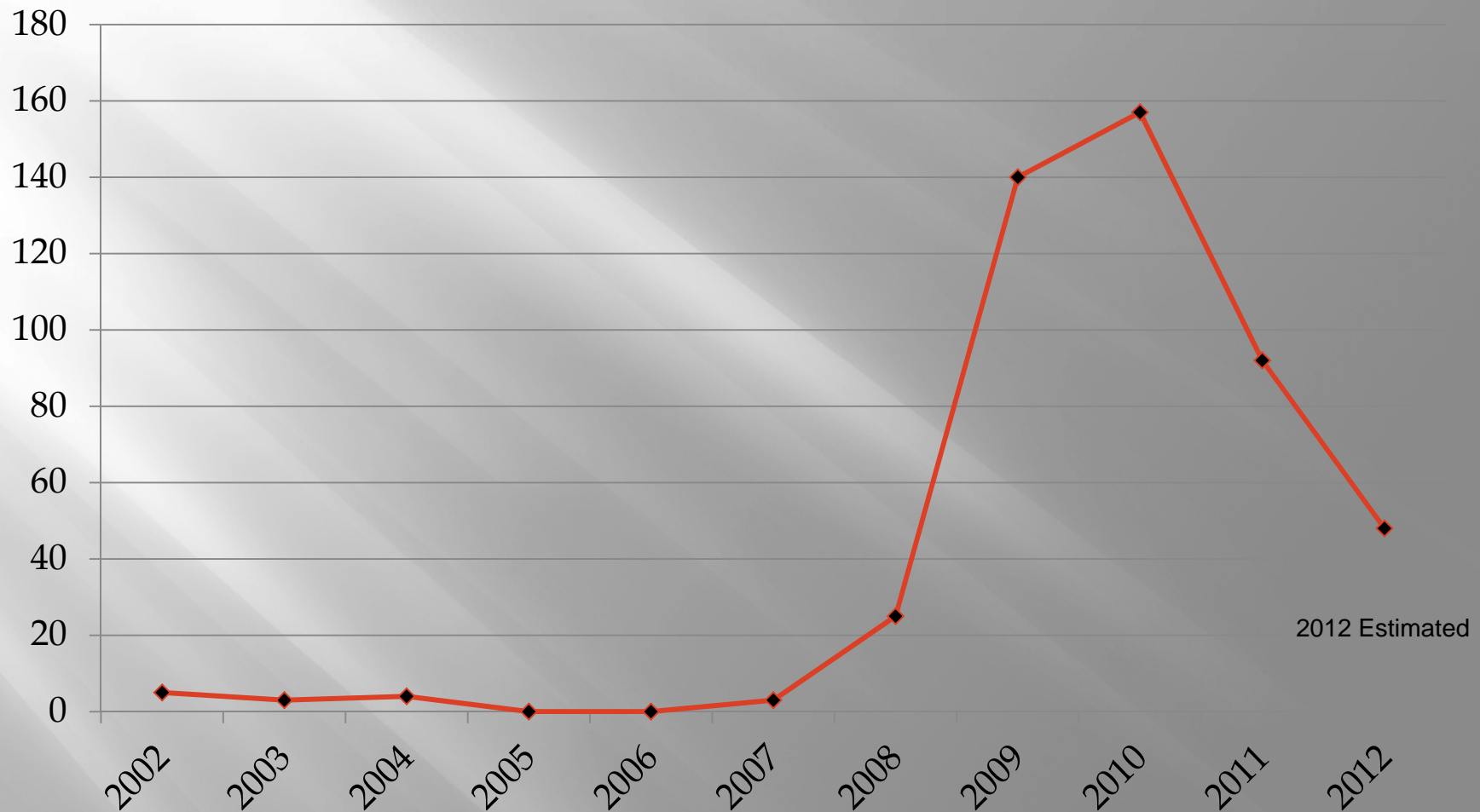


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Industry Outlook



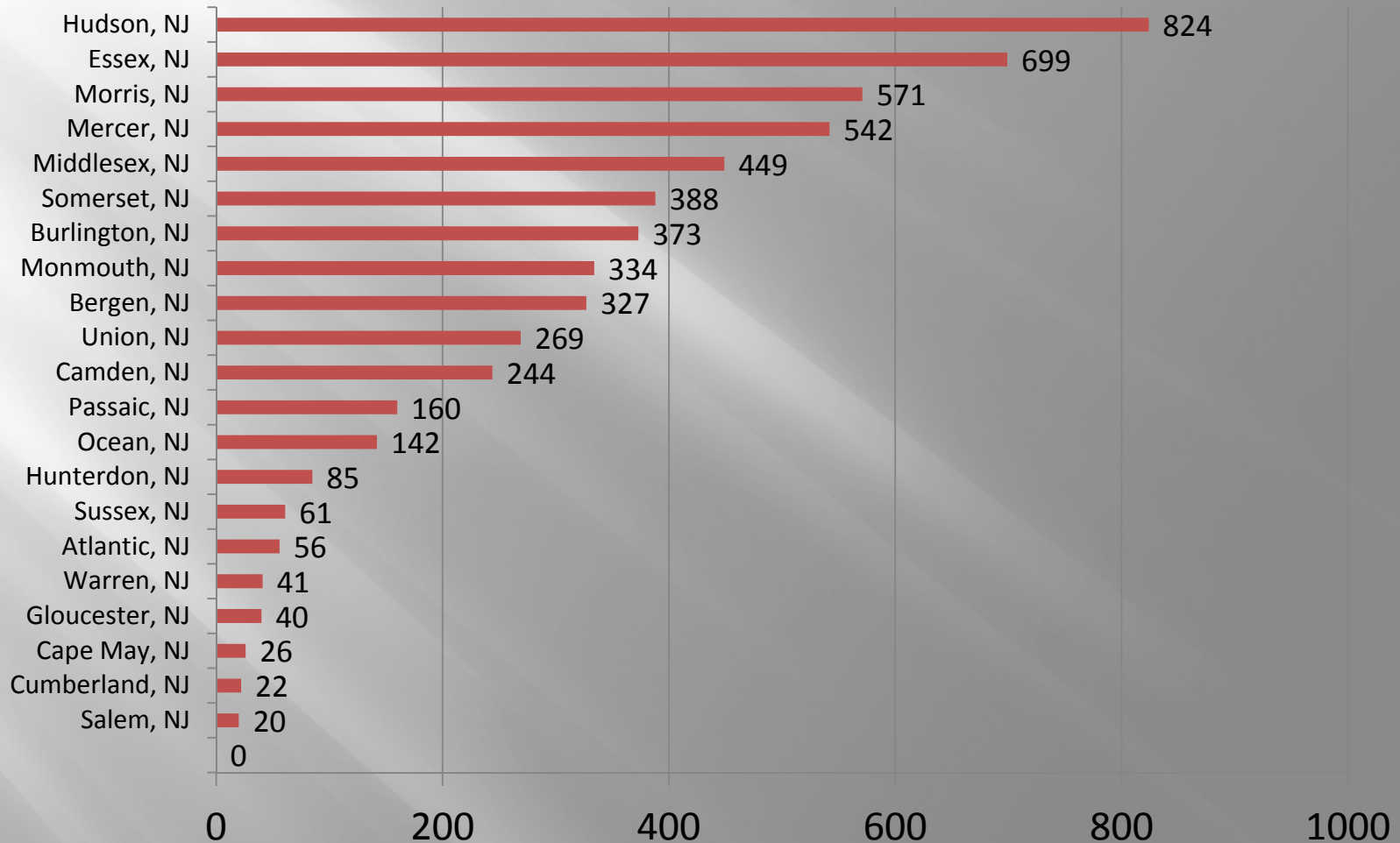
FDIC Failed Banks List (Nationwide)



- Source – Federal Deposit Insurance Corporation (FDIC)
Prepared by New Jersey Department of Labor & Workforce Development – June 2012

Occupational Listings by County

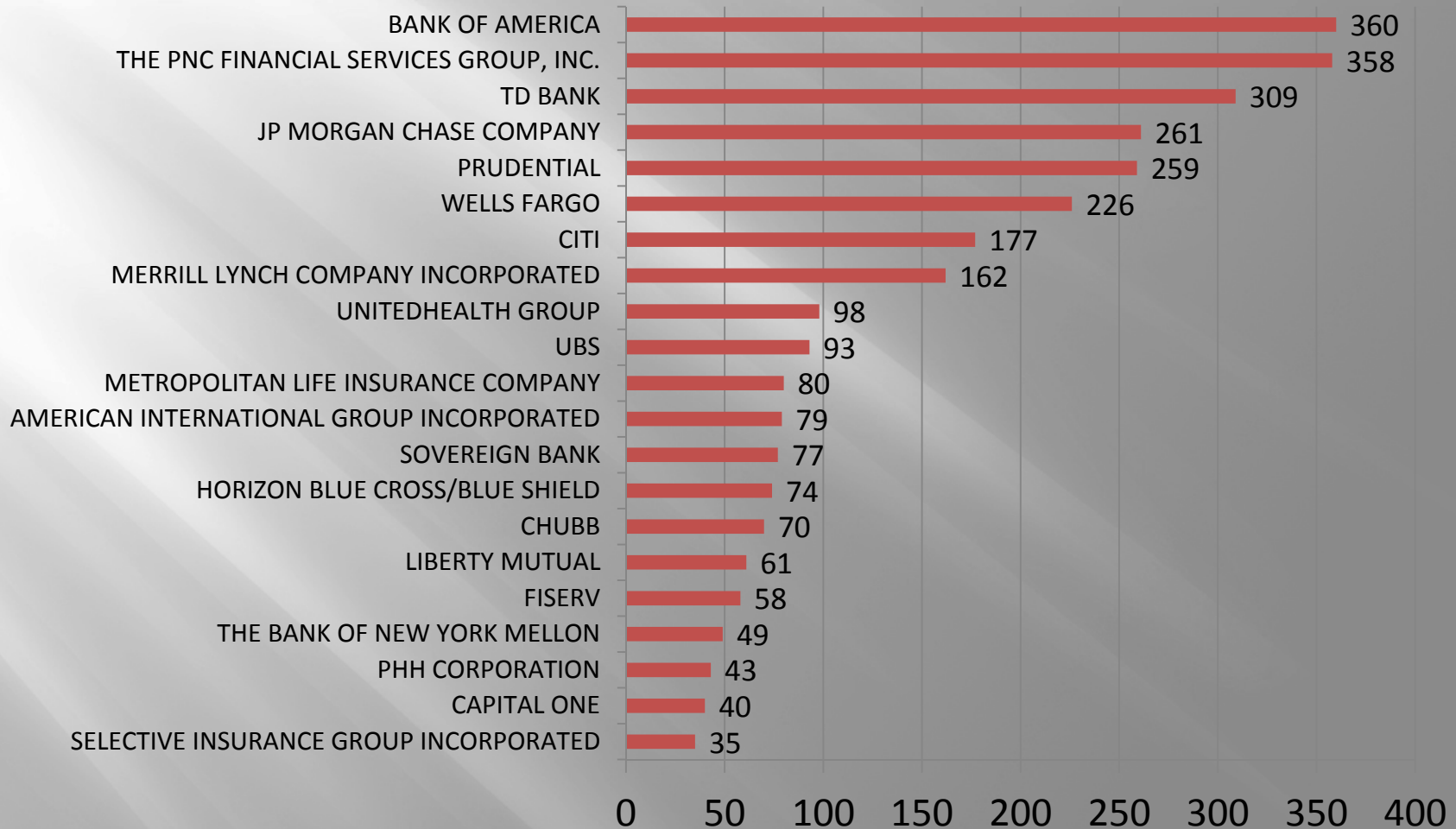
04/17/2012 - 06/15/2012 (Data not available after 06/12/2012)



- Source: Burning Glass Technologies Inc., Labor Insight
Prepared by New Jersey Department of Labor & Workforce Development – June, 2012

Employers With The Most Listings

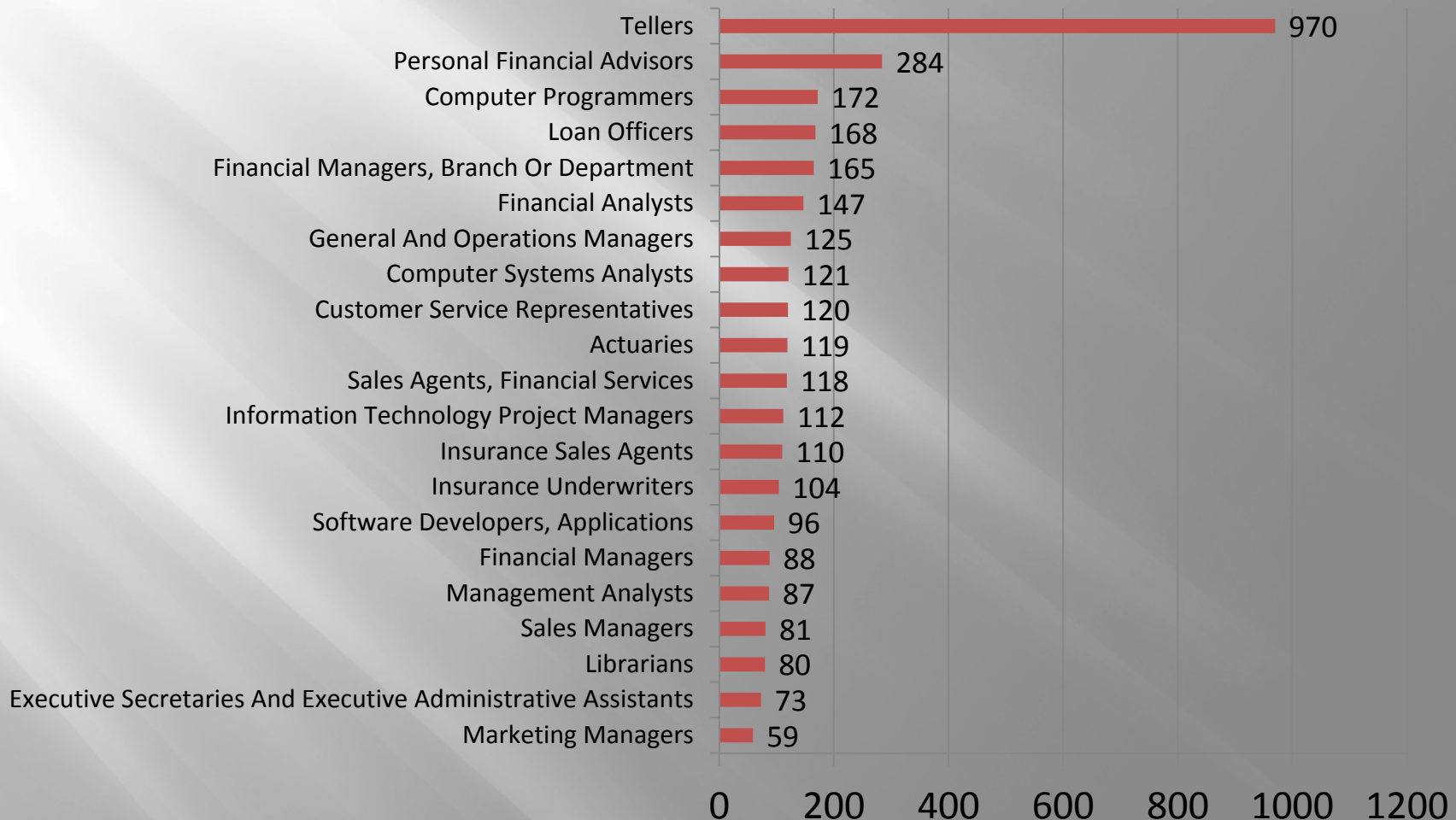
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- Source: Burning Glass Technologies Inc., Labor Insight
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Top Detailed Occupational Listings

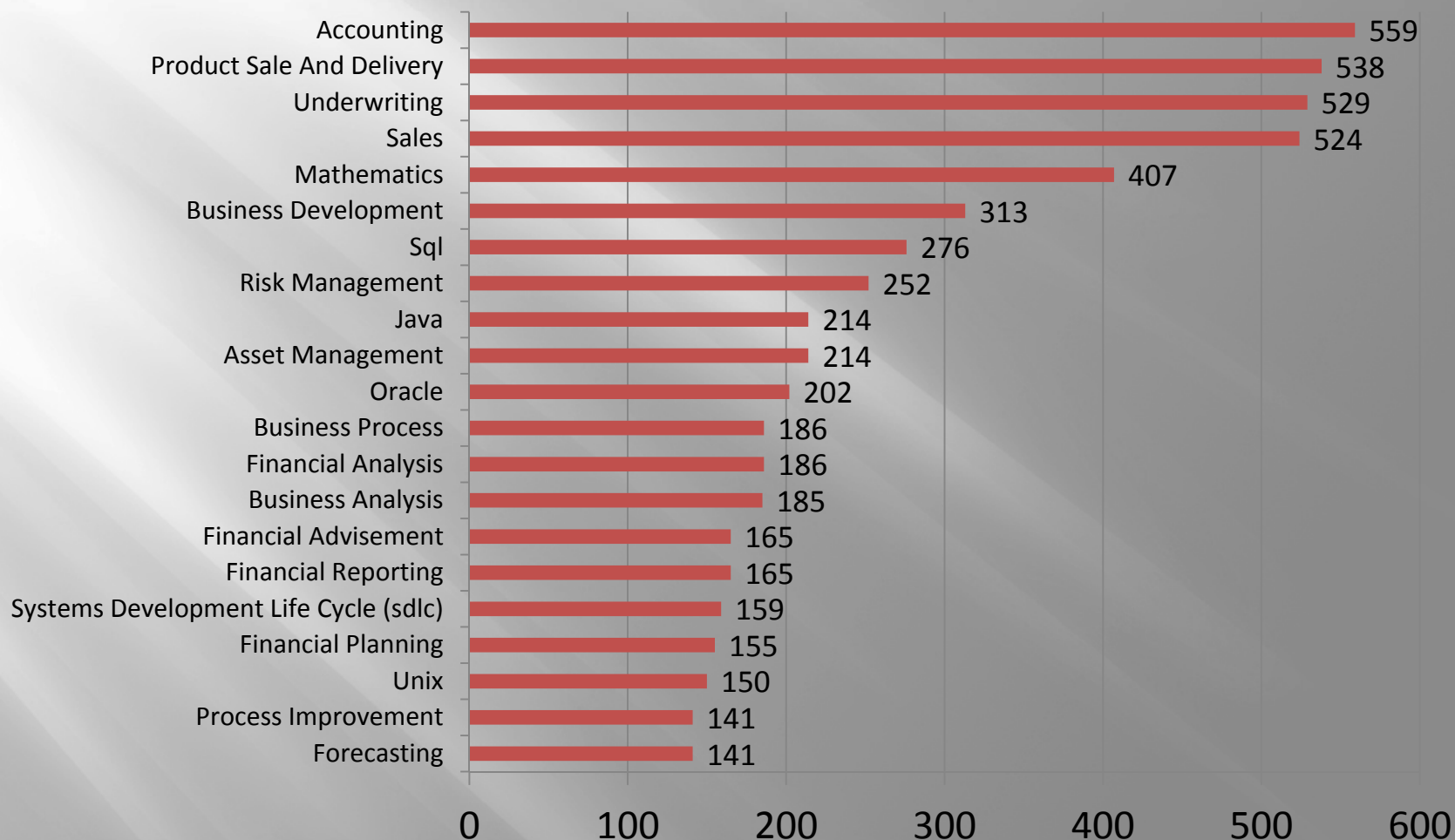
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Skills in Greatest Demand

04/17/2012 - 06/15/2012 (Data not available after 06/12/2012)



- Source: Burning Glass Technologies Inc., Labor Insight
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Some of New Jersey's Advantages

- ▣ One of the most extensive fiber optic networks in the world
- ▣ Competitive corporate real estate
- ▣ Highly educated talent pool
- ▣ Lower utility costs, corporate taxes and cost of living relative to other states with strong finance industry presence.
- ▣ Supported by a strong business services sector

New Jersey Department of Labor & Workforce Development

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