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

The New Jersey Department of Labor & Workforce Development, Office of Labor Planning & Analysis, Bureau of Labor Market Information, presents "New Jersey’s Financial Services Cluster: An In-Depth Analysis." This document examines the financial services sector in New Jersey, offering insights into its structure, impact, and future trends. The analysis covers various aspects including employment, wages, education, and industry trends, providing a comprehensive view of the state's financial services cluster.
Banking  

Securities and Commodities  

Insurance  

Financial Services
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

<table>
<thead>
<tr>
<th>Metropolitan Area</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010*</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York-Northern New Jersey-Long Island, NY-NJ-PA</td>
<td>1,215,151</td>
<td>1,242,822</td>
<td>1,214,209</td>
<td>1,280,517</td>
<td>1</td>
</tr>
<tr>
<td>Los Angeles-Long Beach-Santa Ana, CA</td>
<td>731,337</td>
<td>745,732</td>
<td>717,176</td>
<td>735,743</td>
<td>2</td>
</tr>
<tr>
<td>Chicago-Joliet-Naperville, IL-IN-WI</td>
<td>521,998</td>
<td>525,865</td>
<td>516,820</td>
<td>532,331</td>
<td>3</td>
</tr>
</tbody>
</table>

*Source – U.S. Bureau of Economic Analysis  
Prepared by New Jersey Department of Labor & Workforce Development – June 2012
Industry Employment
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).
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 an 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).
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.
The financial Services industry is broken down into the following five subsectors:

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

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 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.

- Securities, Commodity Contracts, and Other Financial Investments and Related Activities
- Insurance Carriers and Related Activities
- Credit Intermediation and Related Activities
- Funds, Trusts, and Other Financial Vehicles
- Monetary Authorities – Central Bank

- 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

Employment
New Jersey – 185,517
New York – 487,075
Connecticut – 115,584
Massachusetts – 168,134
Pennsylvania – 252,556
California – 510,909
Illinois – 282,653

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

• Almost $19.4 billion in total wages was paid by New Jersey’s employers in financial services industries in 2010.

• With an annual average wage of $104,418, the sector’s employees are paid (on average) 23.5% higher than those of the rest of the nation, 87.3% higher than the state average for total employment, and well more than double the nation’s average annual wage for all industries (an astounding 124.8% higher).

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
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

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

**Education Requirements of Finance Cluster Workers**

- First Professional Degree, 0.55%
- Doctoral degree, 0.03%
- Master's degree, 0.11%
- Bachelor's or higher degree, plus work experience, 10.97%
- Bachelor's degree, 27.52%
- Associate degree, 1.59%
- Postsecondary vocational training, 4.81%
- Long-term on-the-job training, 23.03%
- Moderate-term on-the-job training, 17.36%
- Short-term on-the-job training, 17.36%
- Work experience in a related occupation, 8.83%
- Long-term on-the-job training, 5.20%

# Skills, Knowledge and Abilities of Financial Industry Workers

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

*Source – ONETonline.org
Prepared by New Jersey Department of Labor & Workforce Development – June 2012*
Demographic Characteristics of Industry Workforce
Education Level of New Jersey Financial Industry Employees

- Less than High School: 0.9%
- High School diploma: 14.3%
- Some college/Associate degree: 23.4%
- Bachelor's degree: 40.9%
- Master's/Professional degree: 19.3%
- Doctoral degree: 1.2%

*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

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

**Financial Services Industry**
- White: 71.8%
- Black: 2.6%
- Am. Indian/Alaska Native: 14.0%
- Asian: 9.8%
- Native Hawaiian/Pacific Islander: 0.2%
- Some Other Races: 0.0%
- Two or more races: 0.2%

**All Industries**
- White: 70.1%
- Black: 6.2%
- Am. Indian/Alaska Native: 12.9%
- Asian: 8.4%
- Native Hawaiian/Pacific Islander: 0.0%
- Some Other Races: 0.2%
- Two or more races: 2.2%

*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

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

- Hudson, NJ: 824
- Essex, NJ: 699
- Morris, NJ: 571
- Mercer, NJ: 542
- Middlesex, NJ: 449
- Somerset, NJ: 388
- Burlington, NJ: 373
- Monmouth, NJ: 334
- Bergen, NJ: 327
- Union, NJ: 269
- Camden, NJ: 244
- Passaic, NJ: 160
- Ocean, NJ: 142
- Hunterdon, NJ: 85
- Sussex, NJ: 61
- Atlantic, NJ: 56
- Warren, NJ: 41
- Gloucester, NJ: 40
- Cape May, NJ: 26
- Cumberland, NJ: 22
- Salem, NJ: 20

Source: Burning Glass Technologies Inc., Labor Insight
Prepared by New Jersey Department of Labor & Workforce Development – June, 2012
Employers With The Most Listings
04/17/2012 – 06/15/2012 (Data not available after 06/12/2012)

- BANK OF AMERICA: 360
- THE PNC FINANCIAL SERVICES GROUP, INC.: 358
- TD BANK: 309
- JP MORGAN CHASE COMPANY: 261
- PRUDENTIAL: 259
- WELLS FARGO: 226
- CITI: 177
- MERRILL LYNCH COMPANY INCORPORATED: 162
- UNITEDHEALTH GROUP: 98
- UBS: 93
- METROPOLITAN LIFE INSURANCE COMPANY: 80
- AMERICAN INTERNATIONAL GROUP INCORPORATED: 79
- SOVEREIGN BANK: 77
- HORIZON BLUE CROSS/BLUE SHIELD: 74
- CHUBB: 70
- LIBERTY MUTUAL: 61
- FISERV: 58
- THE BANK OF NEW YORK MELLON: 49
- PHH CORPORATION: 43
- CAPITAL ONE: 40
- SELECTIVE INSURANCE GROUP INCORPORATED: 35

Source: Burning Glass Technologies Inc., Labor Insight
Prepared by New Jersey Department of Labor & Workforce Development – June, 2012
Skills in Greatest Demand
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
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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http://lwd.dol.state.nj.us/labor/lpa/LMI_index.html

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