



AUSTRALIAN BANKERS'
ASSOCIATION INC.

Strong banks – strong Australia

Australian jobs in banking

Economic Report

Principal Author:

Pip Freebairn, Associate Director - Industry and Economics Policy

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1. Introduction

Many Australians are employed by banks. These jobs pay good wages and offer generous entitlements, provide flexible conditions and good opportunities, and are relatively stable.

Overall, the broader finance and insurance industry is the 11th largest employer in Australia. In contrast to some community perceptions, the industry is a big employer of women. Women account for nearly 60 per cent of the workforce, and the industry is the 8th largest employer of women, compared with the 15th largest for men. The industry is the 4th largest employer of clerical and administrative workers, and the 5th largest employer of professionals.

Unemployment in the broader finance and insurance industry is around half that of the national labour market, and employment has been reasonably stable throughout the past decade despite the global financial crisis (**GFC**). Employees are generally able to work the hours they want to, with finance and insurance reporting one of the lowest rates of underemployment of any industry, especially for women.

The industry is a significant employer in NSW and Victoria, but makes an important contribution to employment in every state. In Queensland and South Australia where employment growth has slowed in recent years, the finance and insurance industry has been a continuing source of strong employment growth.

Finance jobs are well paid, with average weekly earnings broadly in line with other high-paying industries such as science and technology, although they are well below mining. Wages paid to finance and insurance workers have risen in recent years, with the benefits shared across the industry, including in those occupations covered by enterprise agreements. As a result of the high number of jobs and attractive remuneration, banks' single largest expense is wages paid to employees, accounting for over half of their total spending.

The finance and insurance industry has the highest rate of paid leave entitlements for workers. This includes the highest rate of employer-funded paid parental leave schemes of any industry, for both primary and secondary carers. This success in providing parents with flexible working arrangements and generous entitlements, including parental leave, helps people find the balance between work and family commitments that they desire.

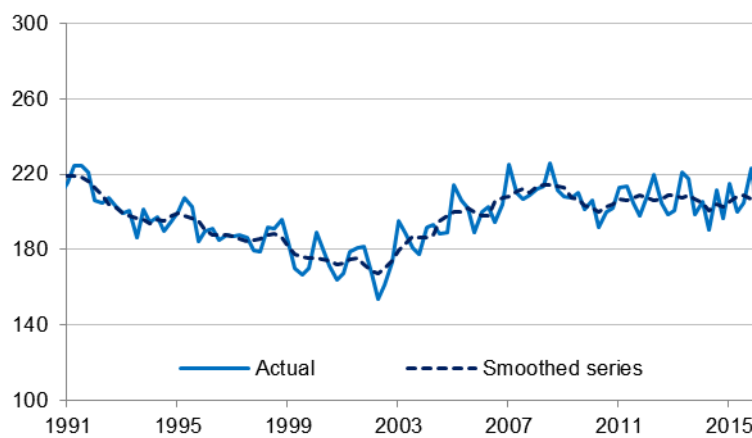


2. Labour demand

Banks are significant employers in Australia, providing a wide range of good jobs across the country. Employment in the industry has been relatively stable over the past decade despite the once-in-a-generation international financial volatility stemming from the GFC.

Around 210,000 people were employed in the finance industry in May 2016, comprising 1.7 per cent of total employment in Australia.¹ Within this classification, around 150,000 were employed by banks, with the rest working at credit unions, building societies and the Reserve Bank of Australia.

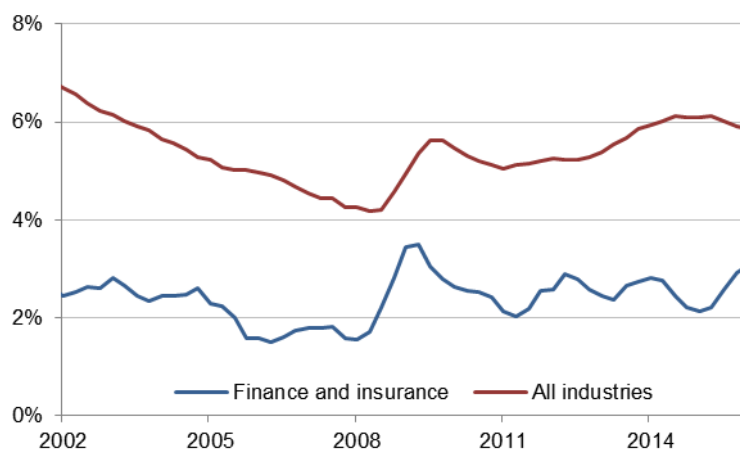
Figure 1: Finance industry – employment ('000)



Source: ABS

Prospects for people working in the broader finance and insurance industry have generally been good despite the volatility in financial markets in recent years. The unemployment rate among finance and insurance workers has been well below the national average through the past 15 years, with the unemployment rate averaging 3.1 per cent over the year to May, around half the 5.8 per cent for all industries.

Figure 2: Unemployment rate in the finance and insurance industry



Source: ABS

¹ ABS Labour Force, (May 2016) Australia, Details, Quarterly, 6291. 0. 55. 003, Table 6

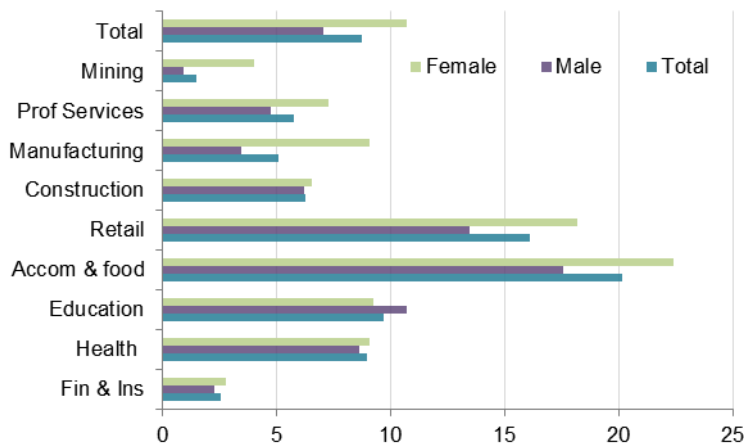


Finance and insurance employees also report very low rates of underemployment.²

Workers are considered to be underemployed when they are working fewer hours than they are willing and able to work. Across the labour market as a whole, almost 9 per cent of all workers are underemployed. Women are more likely to want to work more, with almost 11 per cent characterising themselves as underemployed, compared to around 7 per cent of men who would like to work more hours. Underemployment is notably higher for women in their 30s and 40s. This highlights the struggle that many families have balancing work and family commitments.

The good news is that finance and insurance has one of the lowest rates of underemployment, and the lowest rate of underemployment for women, of any industry. Just 2.5 per cent of workers in the industry consider themselves underemployed and only 2.8 per cent of women. Only 2.3 per cent of men in finance say they would like to work more. The fact that finance and insurance has low underemployment among both women and men highlights that the industry has been successful in helping them find arrangements that work for them including flexible work hours and childcare assistance.

Figure 3: Underemployment rate by industry, May 2016



Source: ABS

² ABS Labour Force, (May 2016) Australia, Detailed, Quarterly, 6291.0.55.003



3. Characteristics of banking employees

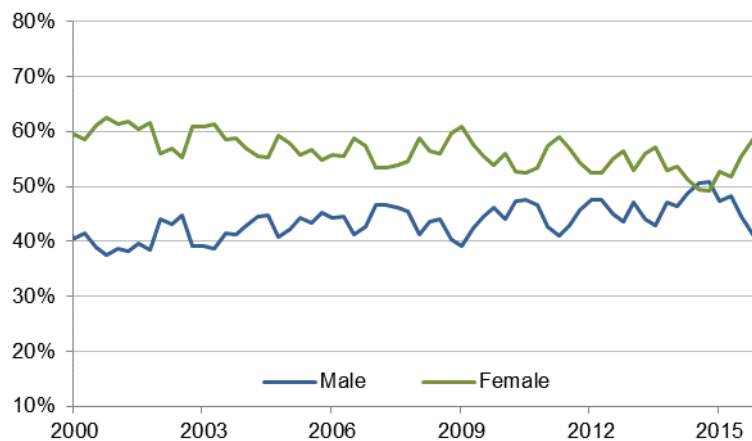
The banking industry is a significant employer of clerical and administration workers as well as professionals such as managers and technical experts, and it is an especially significant employer of women including those who wish to work part-time.

3.1 Gender composition of workforce

The finance industry, excluding insurance, employs more women than men, averaging around 115,000 women versus 95,000 men over the past year. Around 55 per cent of the workforce are women.

Overall, the broader finance and insurance industry is the 11th largest employer in Australia. By gender, finance and insurance is the 8th largest employer of women and the 13th largest for men.

Figure 4: Finance industry – gender composition



Source: ABS

Around one in five workers in the finance and insurance industry is employed part-time. This is especially so for women, with one quarter working part-time. That said, the industry is the sixth largest source of full-time jobs for women.³

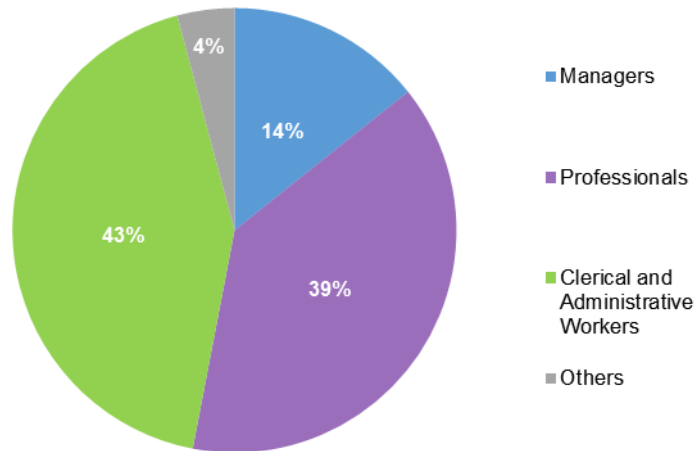
3.2 Occupation type

A finance and insurance employee is most likely to be a female clerical worker. They account for 29.2 per cent of the finance and insurance workforce, and together with male clerical workers, account for 43 per cent of people employed in the industry.

The finance and insurance industry is the third largest employer of clerical and administration workers in Australia and the sixth largest employer of professionals.

³ ABS Labour Force, (May 2016) Australia, Detailed, Quarterly, 6291.0.55.003

Figure 5: Finance and insurance jobs by type



Source: ABS

Figure 6: Finance and insurance jobs by type and gender (May 2016)

	Professionals			Clerks and Admin			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Employment (000s)	100.5	67.0	167.5	58.7	126.5	185.2	206.4	226.2	432.5
Share of finance & insurance	23.2%	15.5%	38.7%	13.6%	29.2%	42.8%	47.7%	52.3%	100.0%
Part-time share	7.6%	19.1%	12.2%	11.9%	36.2%	28.5%	8.5%	28.6%	19.0%
Ranking among industries	4th	5th	5th	3rd	4th	3rd	13th	8th	11th

Source: ABS



3.3 Where the banking jobs are

Finance and insurance employees work throughout Australia, although around 70 per cent are in NSW and Victoria.

Finance and insurance industry jobs account for around 5 per cent of all jobs in NSW and 3.8 per cent in Victoria. Sydney and Melbourne are the key financial employment centres in Australia.

The industry, however, remains an important employer in the other states.

In Queensland, which has experienced weakness in its economy as resource investment has slowed, the finance and insurance industry has been an important source of new jobs. Finance and insurance employment has grown by 13.2 per cent over the year to May in annual-average terms, or 8,000 jobs. This compares to a far slower 1.4 per cent growth over the past year in the overall Queensland labour market.

Finance and insurance jobs are predominantly located in capital cities, with around 85 per cent of jobs located in capital cities across the country. That said, the finance and insurance industry is an important source of regional jobs, with around 67,000 workers employed across the regions. This is especially so in Queensland, reflecting that state's high regional population.

Figure 7: Number of persons employed in the finance and insurance industry by state and territory (Avg. year to May 2016)

	NSW	Vic	Qld	SA	WA	Tas	NT	ACT	Aust
Employment (000s)	186.0	115.1	66.5	21.9	29.7	5.3	1.5	4.8	430.9
Share outside of capital city	13.0%	10.0%	35.0%	6.8%	11.4%	50.9%	-	-	15.5%
As % of state employment	4.9%	3.8%	2.8%	2.7%	2.2%	2.2%	1.1%	2.3%	3.6%
Ranking of industry employment	10 th	10 th	13 th	13 th	14 th	13 th	17 th	11 th	11 th
As % of national finance & insurance employment	43.2%	26.7%	15.5%	5.1%	6.9%	1.2%	0.3%	1.1%	100.0%

Source: ABS



4. Wages and conditions

Wages paid to finance and insurance workers have grown strongly in recent years, and the benefits have been enjoyed right across the industry.

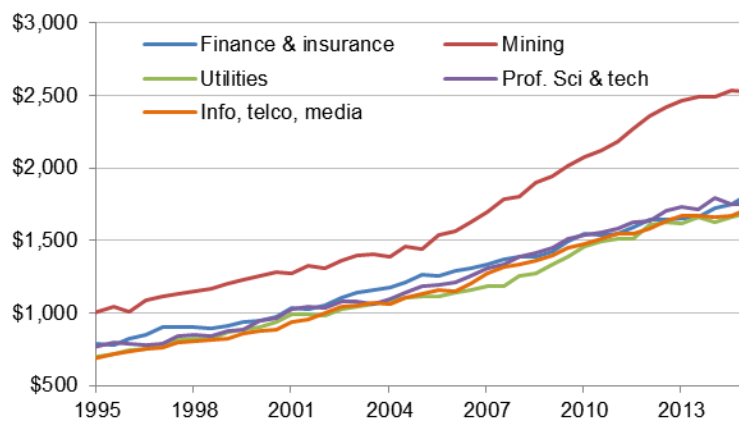
4.1 Wage growth

Australia's retail banks paid out \$25.1 billion in wages in 2015 - this was more than half (54 per cent) of their total operating expenses.

The average wage for a full-time worker in the finance and insurance industry was \$1,809 per week in November 2015. This was broadly in line with other high paying industries such as professional, scientific and technical services (\$1,751 per week), electricity, gas and water utilities (\$1,692 per week), and information, media and telecommunications (\$1,733 per week). While this is a good rate of pay, it was well behind mining at around \$2,523 per week.

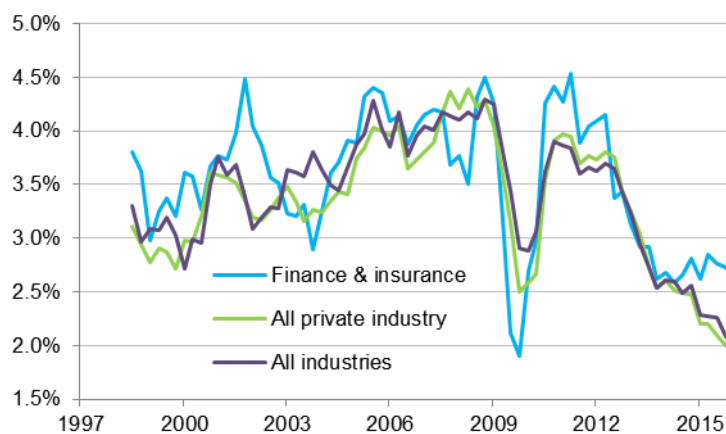
An alternative measure, the Wage Price Index, which looks at changes in hourly wage rates, shows that pay for finance and insurance workers has continued to rise over the past year. Total hourly earnings, excluding performance pay, increased by 2.6 per cent over the year to March 2016. Together with health and education, this was the fastest growth of all industries outpacing growth of 2.0 per cent for private sector wages and above 2.1 per cent across both public and private sector.

Figure 8: Average weekly ordinary time earnings



Source: ABS

Figure 9: Wage price index annual growth



Source: ABS



Workers in the finance and insurance industry whose pay is determined by enterprise agreements have received even stronger annual pay rises.

Data collected by the Department of Employment on enterprise agreements show that the 123,400 employees in the industry who are covered by a current agreement receive an average annualised wage increase of 3 per cent.⁴ New agreements negotiated in the March quarter paid a 3.6 per cent average annualised wage increase.⁵

4.1.1 Gender pay gap

Like every industry in Australia, a pay gap exists between males and females in the broader finance and insurance industry, with males on average being paid more than women.

However, a large part of the pay gap in the finance and insurance industry is likely to be explained by the composition of its workforce, with a greater proportion of women in clerical roles and a higher proportion of men in management and technical positions.

The finance and insurance industry has been the most proactive of all industries in analysing the cause of the pay gap. Data collected by the Workplace Gender Equality Agency, a government body, notes in a recent report that over 60 per cent of companies in this classification have, or are currently undertaking, a gender pay gap analysis, the highest proportion of any industry.⁶

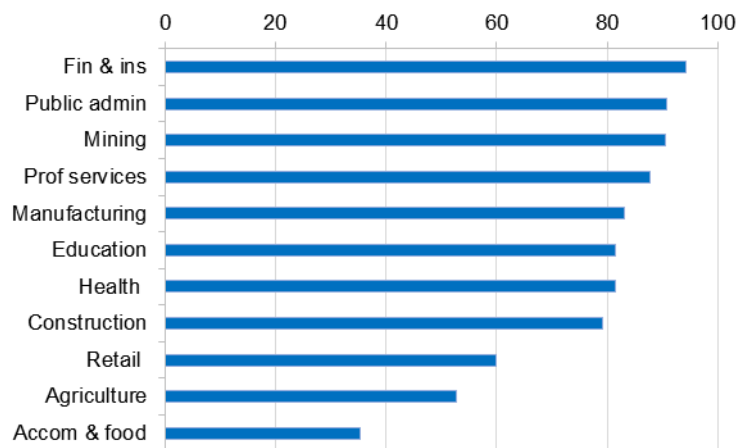
Looking further into the data, three-quarters of the respondents in the banking industry classification have undertaken an analysis to determine if and why a gender pay gap exists in their workplace.

4.2 Entitlements

In addition to good wages, the finance and insurance industry offers the highest rate of paid leave entitlements of all industries, including paid sick leave and annual leave, and paid parental leave. Among finance and insurance employees, 94.3 per cent of workers receive paid leave entitlements.⁷

The availability of paid leave entitlements in finance and insurance is higher than in the public sector, health and education. On average across all industries, only about three quarters of workers receive paid leave entitlements.

Figure 10: Workforce access to paid entitlements (percentage of all workers)



Source: ABS

⁴ Department of Employment, (May 2016), *Trends in Enterprise Bargaining Agreements*, Table 17

⁵ These pay rises form the typical annual pay rise for those employees covered by the agreement over the term of the agreement, which is typically 2.5 years in the finance and insurance industry.

⁶ Australian Government, (March 2016), Workplace Gender Equality Agency, *Gender pay gap statistics*, www.wgea.gov.au

⁷ ABS Forms of Employment, (November 2013), 6359.0



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4.3 Flexible working conditions in banking

The high employment of women in the finance and insurance industry in part reflects the flexible working conditions and generous entitlements on offer. Australian banks have led the way on offering flexible working conditions with the paid parental leave programs offered by banks setting the benchmark for Australian employers in other industries.

Survey data collected by the Workplace Gender and Equality Agency shows 87 per cent of the 30 organisations within the banking classification offer flexible work arrangements, compared to only half of all industries.⁸ Almost all of the banks offer part-time work and the ability to access additional unpaid leave, and many offer other flexible working arrangements like job sharing and time in lieu.

Banks also offer among the most generous schemes when it comes to paid parental leave. Almost all banks, or 80 per cent, offer a paid parental leave scheme to eligible employees, compared to only 48 per cent across all industries.

The schemes are also generous, with banks paying 12.2 weeks for primary carers on parental leave and 1.6 weeks for secondary carers leave. This compares to less attractive conditions for non-finance businesses, which offer schemes of 10.5 weeks average primary carers leave and 1.5 weeks for secondary carers.

Banks have also led reforms on issues affecting women in the workplace including:

- Adequacy of superannuation for women in retirement
- Gender equality opportunity and pay in the workplace; and
- Lifting female representation at the management level.

⁸ Employers with 100 employees or more are required under federal law to report annually to the Workplace Gender Equality Agency across a range of questions on gender composition, remuneration and conditions. In 2015, 12,229 employers employing almost 3,974,792 workers, or around 40 per cent of the labour force, were required to report. The data set is available at www.wgea.gov.au