



The North Shore WIA Finance Services Sector

Prepared for the North Shore Workforce Investment Board
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THE FINANCE SERVICES SECTORS OF THE NORTH SHORE

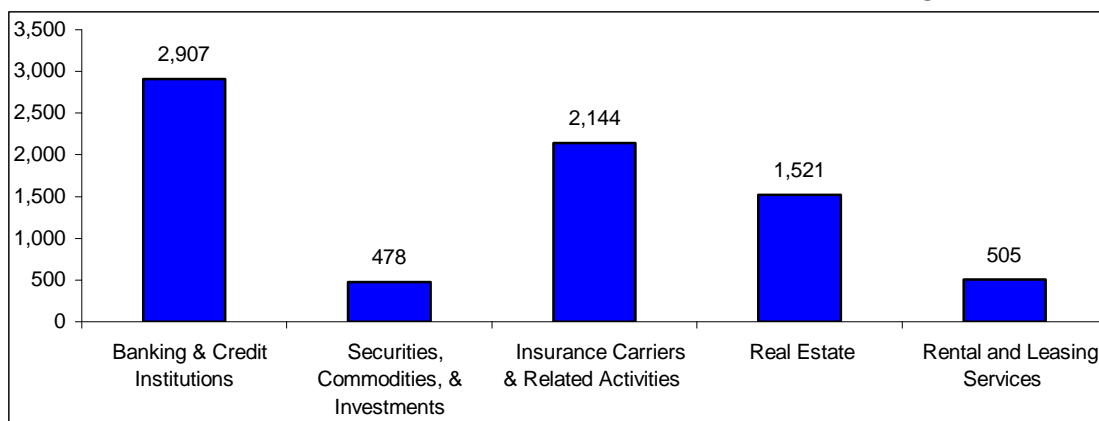
The following provides current labor market information on the financial service sector for the North Shore Work Force Investment Board (NSWIB). The information provided expands upon the “*Southern Essex Regional Labor Market: Blueprint Update 2002.*”

I. TOTAL EMPLOYMENT

This section shows employment for the North Shore financial service sectors in the second quarter of 2005 (the last date for which data is available). Total employment for the North Shore financial service sector is 7,835 and 222,263 for Massachusetts. The North Shore represents 3.5% of the total financial services industry in Massachusetts.

Figure 1 gives employment numbers for the five largest financial service sub-sectors. Please note that the sub-sector data adds to 7,555, which is 280 less than the total financial services employment.¹ The reason for this discrepancy is that some employment data is classified and also that smaller sub-sectors in the financial services have been removed. The largest financial services sub sectors are banking & credit institutions (2,907) and insurance carriers & related activities (2,144).

Figure 1.



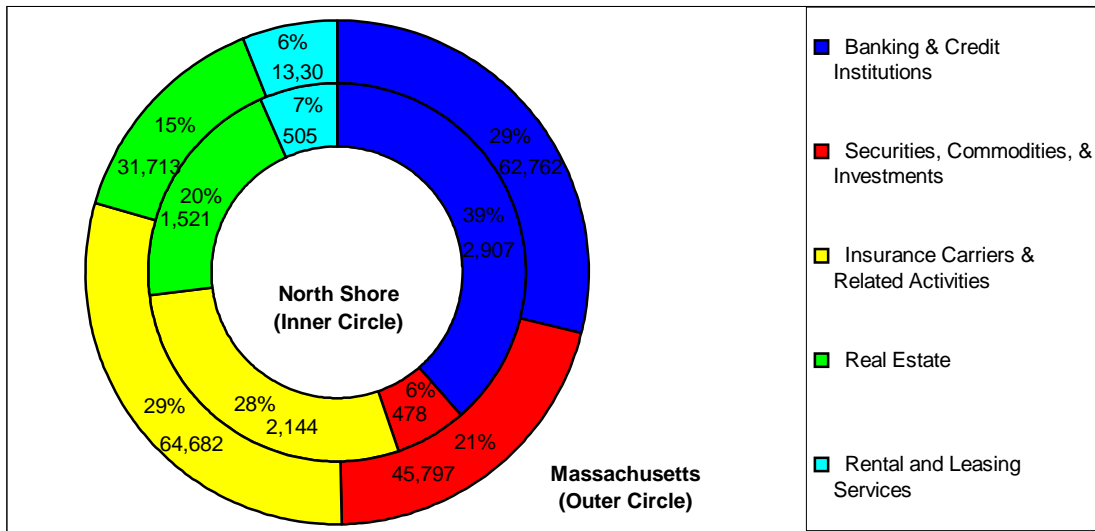
II. FINANCIAL SECTOR EMPLOYMENT & DISTRIBUTION

Figure 2 breaks down financial sector employment and the distribution of the work force within the financial sub-sectors. The inner ring represents the North Shore and the outer ring represents Massachusetts. The most significant differences between the North Shore and Massachusetts are within Banking & Credit Institutions, where there is a 10% distribution difference, and within the Securities, Commodities & Investments financial sub-sectors, where there is a 15% distribution difference.² The two largest sub sectors on the North Shore are banking & credit institutions (39%) and insurance carriers & related activities (29%), these two sub sectors represent 68% of the financial services industry.

¹ The Massachusetts Department of Workforce Development, ES-202 program, www.detma.org

² The Massachusetts Department of Workforce Development, ES-202 program, www.detma.org

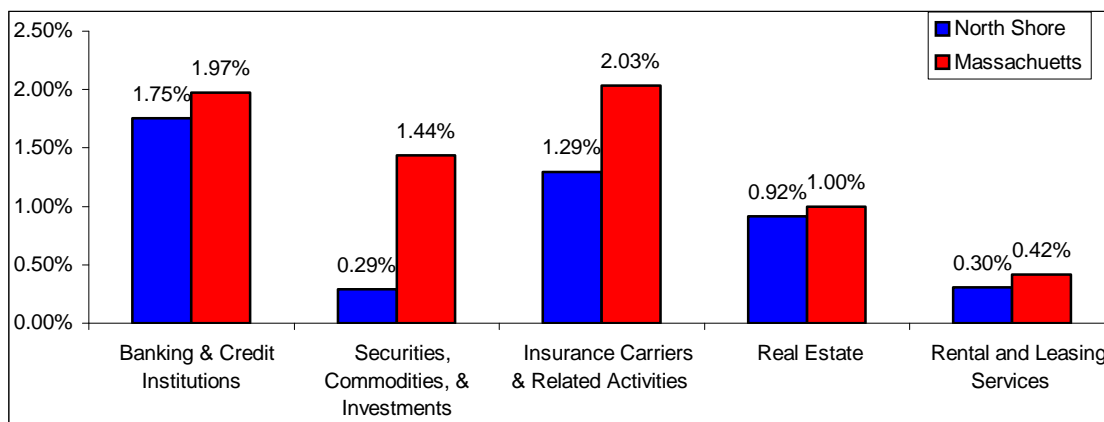
Figure 2.



III. Percentage of Labor Force in the Financial Sector

Figure 3 illustrates the percentage of the labor force in financial services for the North Shore and Massachusetts. Total percentage of the labor force for the North Shore is at 4.56% and Massachusetts is at 6.85%.³ Out of the financial services sub sectors of the North Shore, banking & credit institutions employ the largest percentage of the North Shore labor force at 1.75%. Out of the Massachusetts financial sub sectors, insurance carriers & related activities employ the largest percentage of the Massachusetts workforce at 2.03%.

Figure 3.

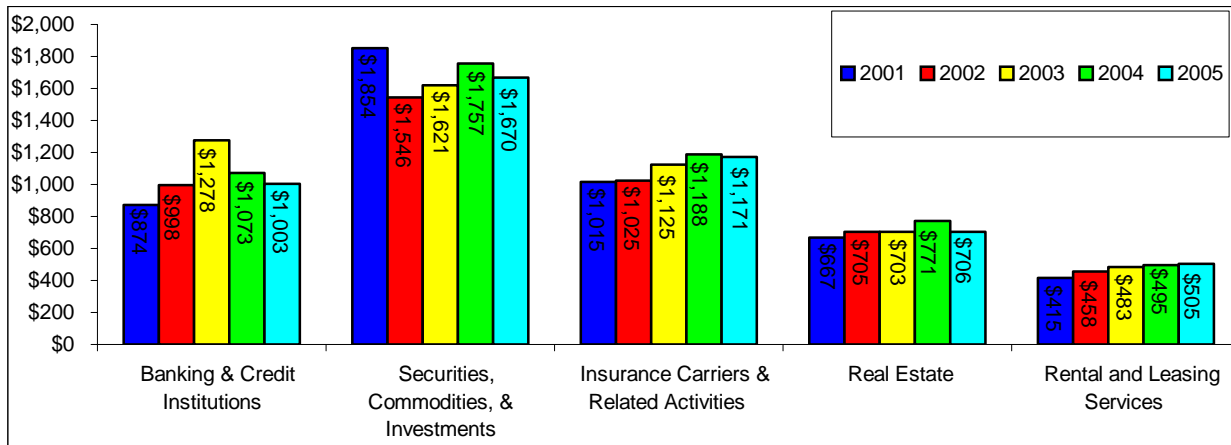


³ The Massachusetts Department of Workforce Development, ES-202 program, www.detma.org

IV. Average Weekly Wages

Figure 4 below compares the average weekly wages earned in each sub-sector of financial services. The average weekly wage is calculated by dividing the total wages earned in a sub-sector by the total employed in that sub-sector. The wages earned from 2000 to 2005 on the North Shore are shown. The average weekly wage for all industries on the North Shore is \$788.⁴ All of the financial service sub sectors have a higher average wage than the average wage on the North Shore for all industries, except for real estate (\$706) and rental & leasing services (\$505). The highest paying financial services sub sector is securities, commodities, & investments (\$1,670), however this is also the smallest of the sub sectors in terms of employment.

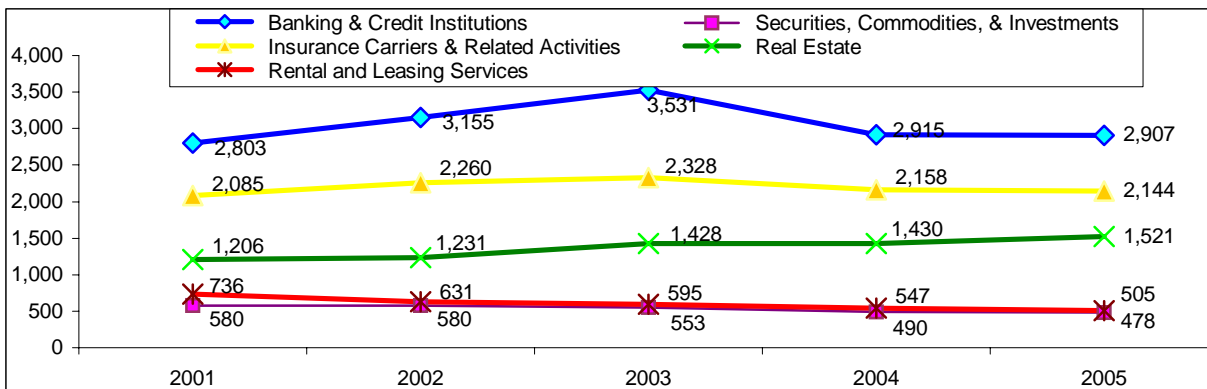
Figure 4.



V. Financial Sector Growth on the North Shore by Number Employed

Figure 5 examines sector growth by showing the employment in each of the North Shore financial sub-sectors. In 2005, the North Shore experienced a 0.12% sector decrease and lost 10 jobs.⁵ Nearly every sector lost employment except for real estate, which added 91 jobs. The sub sector with the largest employment decrease was rental and leasing services which lost 42 jobs.

Figure 5.



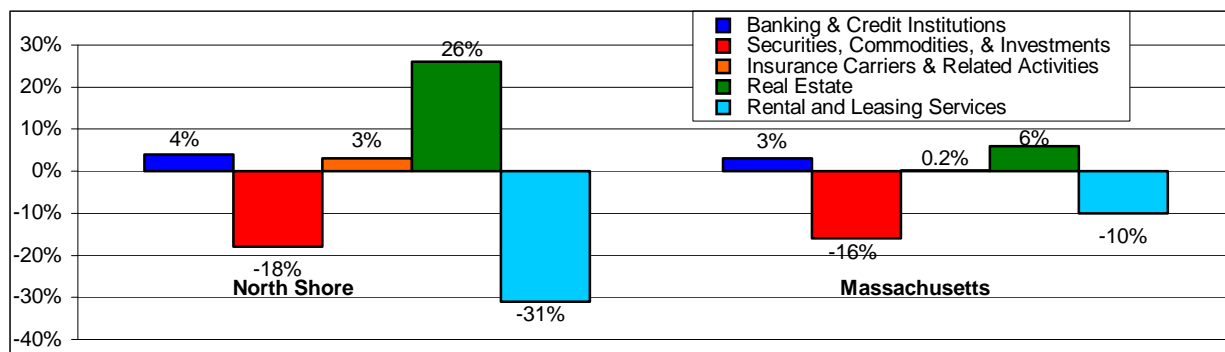
⁴ The Massachusetts Department of Workforce Development, ES-202 program, www.detma.org

⁵ The Massachusetts Department of Workforce Development, ES-202 program, www.detma.org

VI. Financial Sector Employment Growth 2001 to 2005 by Percentage

Figure 6 compares financial sector growth in the North Shore and Massachusetts. The percentage is calculated from the employment change for the years 2001 to 2005 (the last year for which data is available) in each sector. Between 2001 and 2005 the North Shore experienced a 2% sector growth and added 149 jobs.⁶ Massachusetts had a 3% sector decline and lost 6,625 jobs. In every sub sector that had employment growth, the North Shore had a higher percentage of growth than Massachusetts. The sub sectors that gained employment are banking & credit institutions (4% NS, 3% MA), insurance carriers & related activities (3% NS, 0.2% MA), and real estate (26% NS, 6% MA). The growth in the real estate sector is due to interest rates being at historic lows in the early 2000s' and this leading to an increase in individuals buying homes. This housing growth is reflected in Massachusetts having 61.7% of the population living in owner occupied housing in 2000 and having this rate increase to 64.6% in 2004.⁷ The reason for the North Shore having a higher increase (than Massachusetts) in the real estate sector is shown by Essex County (the North Shore WIA is completely within Essex County) having a 63.5% owner occupied housing in 2000 and having this rate increase to 68.7%. This is a 5.2% increase in Essex and a 2.9% increase in Massachusetts. In the two sub sectors that had negative growth, the North Shore had a larger decline than Massachusetts. The sub sectors that lost employment are securities, commodities, & investments (-18% NS, -16% MA) and rental and leasing services (-31% NS, -10% MA). The reasons for the real estate sector increase are the same for the rental and leasing sector decreases. In Massachusetts, the percentage of renter occupied homes in 2000 was 38.3% and went down to 35.4% in 2004. This shows that rental and leasing services sector has lost potential customers who chose not to rent anymore. The change is even more drastic in Essex County, where in 2000, 36.5% of all homes were renter occupied and in 2004, that percentage went down to 31.3%. As the rate of home owners increase, the rate of renters will decrease leading potentially to a increase in the real estate sector and a decrease in the rental and leasing services sector.

Figure 6.



VII. Number of Establishments 2001-2005

Figure 7 examines sector growth by showing the number of establishments in each of the North Shore financial sub-sectors. The total number of financial service establishments on the North Shore is 962.⁸ In 2005, the North Shore experienced a 1.2% sector increase and gained 12

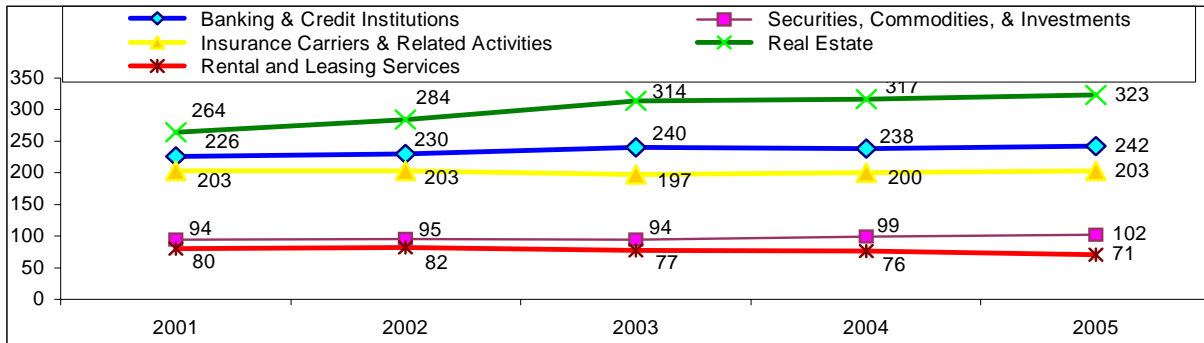
⁶ The Massachusetts Department of Workforce Development, ES-202 program, www.detma.org

⁷ United States Census Bureau, 2000 Decennial Census & 2004 American Community Survey, www.census.gov

⁸ The Massachusetts Department of Workforce Development, ES-202 program, www.detma.org

establishments. Nearly every sector opened new establishments except for Rental and Leasing Services, which lost 5 establishments. The sub sector that had the largest increase in establishments was real estate with 6 new establishments.

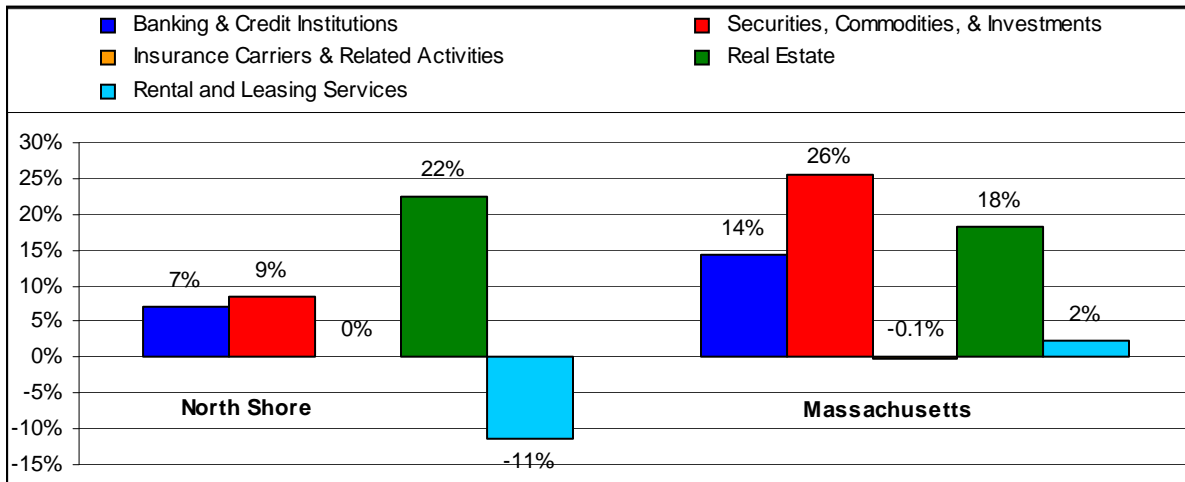
Figure 7.



VIII. Financial Sector Establishment Growth 2001 to 2005 by Percentage

Figure 8 compares financial sector growth in the North Shore and Massachusetts. The percentage is calculated from the change in the number of establishments for the years 2001 to 2005 (the last year for which data is available) in each sector. Between 2001 and 2005 the North Shore experienced an 8% sector growth and added 77 establishments. Massachusetts had an 11% sector growth and added 1,964 establishments.⁹ Nearly every sub sector on the North Shore had positive growth, except for insurance carriers & related activities (0% growth) and rental & leasing services (-11% growth).

Figure 8.



⁹ The Massachusetts Department of Workforce Development, ES-202 program, www.detma.org

IX. EDUCATION & CAREER PATH INFORMATION

Education Level in Financial Services for North Shore	Finance and Insurance	Real Estate & Rental & Leasing
High School Diploma or Less	26.10%	38.90%
Some College or Associate Degree	32%	31.50%
Bachelor's or Higher Degree	41.90%	29.60%

A. Selected Financial Service Occupation Qualifications & Career Paths¹⁰

1. Real Estate Agents

Requirements: High School Diploma, Bachelors degree preferred, 30 to 60 hrs of classroom instruction, Pass a written exam for licensing. Successful applicants are well organized; details oriented, and have a good memory for names and faces.

Advancement: Real Estate Agents have several options available for advancement. Real Estate Agents have the necessary qualifications to become a Real Estate Broker. After acquiring 2 to 3 years experience, take 60 to 90 hrs of classroom instruction and obtain a broker's license. Successful Agents can advance to Sales Manager or General Manager. Agents with experience and training in estimating property value may become Real Estate Appraisers, and people familiar with operating and maintaining rental properties may become Property Managers.

2. Bank Tellers

Requirements: High School diploma, Basic math, Strong communication skills, Must be comfortable handling large sums of money. Attention to detail is very important. On the job training and formal classroom training is usually provided.

Advancement: Bank tellers will find opportunities for advancement based upon performance and educational level. Associate or a financial certificate is needed to advance. Many banks look to hire from within, before looking outside the company. In the last 3-5 years, many banks have increased wages and added educational incentive programs to battle what had previous been a high turn over ratio. Bank tellers are primary promoted to positions such as Head teller or Customer service representative. Several of the local industry experts who responded to our surveys started out as a Teller and now hold senior level positions.

3. Insurance Underwriters

Requirements: Prefer Bachelors degree business in administration or finance. However, a bachelor's degree in almost any field—plus courses in business law and accounting—provides a good general background and may be sufficient to qualify. Excellent communication, interpersonal skills, and computer skills are essential.

¹⁰ Bureau of Labor Statistics, U.S. Department of Labor, *Occupational Outlook Handbook, 2004-05 Edition*, on the Internet at <http://www.bls.gov/oco/ocos120.htm> (visited July 28, 2004).

Advancement: Continuing education is necessary for advancement. Experienced underwriters who complete courses of study may advance to Senior Underwriter or Underwriting Manager positions. Some underwriting managers are promoted to Senior Managerial jobs. Some employers require a master's degree to achieve this level. Other underwriters are attracted to the earnings potential of sales and therefore obtain State licenses to sell insurance and related financial products as agents or brokers.

4. Securities, Commodities, Financial Services Sales Agents

Requirements: Bachelors degree in finance, accounting, economics, marketing, or related fields serve as excellent preparation. Experience in sales is helpful. These workers learn on the job under the supervision of bank officers. Sales agents selling securities need to be licensed by the National Association of Securities Dealers (NASD), and agents selling insurance also must obtain licensure.

Advancement: Advancement for securities and commodities sales agents is an increase in the number and size of the accounts they handle. Although beginners usually service the accounts of individual investors, they may eventually handle very large institutional accounts, such as those of banks and pension funds. After taking a series of tests, some agents become Portfolio Managers and have greater authority to make investment decisions regarding an account. Some experienced sales agents become Branch Office Managers and supervise other sales agents while continuing to provide services for their own customers. A few agents advance to Senior Management positions or become Partners in their firms.

5. Loan Counselors and Officers

Requirements: Bachelor's degree in finance, economics, or a related field. Most employers prefer applicants who are familiar with computers and their applications in banking. For commercial or mortgage loan officer jobs, training or experience in sales is highly valued by potential employers.

Advancement: Capable loan officers and counselors may advance to larger branches of the firm or to Managerial Positions, while less capable workers—and those having weak academic preparation—could be assigned to smaller branches and might find promotion difficult without obtaining training to upgrade their skills. Advancement beyond a loan officer position usually includes supervising other loan officers and clerical staff.

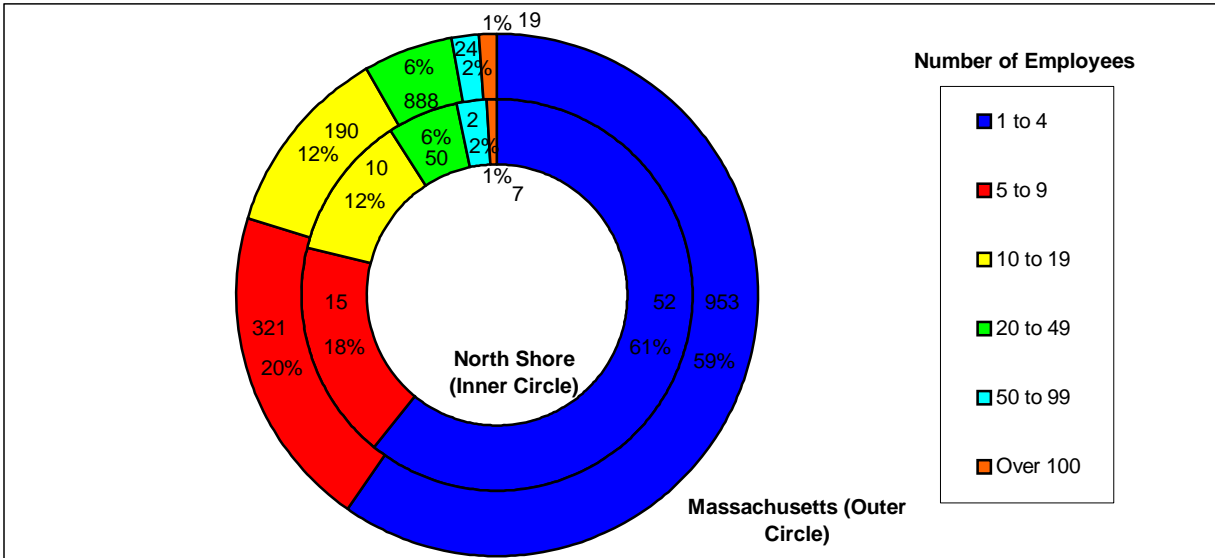
X. NORTH SHORE EMPLOYERS

Figure 9 breaks down companies by number of employees. The inner ring represents the 860 financial service companies, identified by the NSWIB, in the North Shore and the outer ring represents the 15,986 businesses in Massachusetts.¹¹ The information comes from *America's Labor Market Information System (ALMIS)* and is a different source than the establishment data used in Figure 7, which is based on ES-202 data. This is the reason for the discrepancy in the number of establishments between Figures 7 & Figure 9. The reason for using ALMIS, as opposed to ES-202 data, is that ALMIS categorizes employers by the number of workers

¹¹ America's Labor Market Information System (ALMIS), Employer Database, 2005 1st Edition

employed. While ES-202 data provides data only on the number of establishments. 79% (678) of the North Shore financial service companies have 9 or fewer employees, while 79% (12,749) of all Massachusetts businesses have 9 or fewer employees.

Figure 9.



A. Financial Service Companies on the North Shore with 100+ Employees¹²

<i>Company</i>	<i>ADDRESS</i>	<i>CITY</i>	<i>PHONE</i>
<i>Cummings Center Beverly</i>	100 Cummings CTR # 107	Beverly	(978) 922-9000
<i>Cummings Properties</i>	100 Cummings CTR # 107L	Beverly	(978) 720-4000
<i>Danvers Savings Bank</i>	1 Conant ST	Danvers	(978) 777-2200
<i>Eastern Bank</i>	195 Market ST	Lynn	(978) 599-2100
<i>North Shore Bank</i>	32 Main ST	Peabody	(978) 538-7000
<i>Holyoke Mutual Insurance CO</i>	39 Norman ST # 1	Salem	(978) 744-6123
<i>Salem Five Cents Savings Bank</i>	210 Essex ST	Salem	(978) 745-5555

¹² America’s Labor Market Information System (ALMIS), Employer Database, 2005 1st Edition