

Financial services

Employment

The financial services sector comprises three main sub-sectors: the banking industry (retail and wholesale banking operating in regional, national and/or global markets); the insurance industry and reinsurance (life and non-life insurance); and insurance and financial intermediaries (e.g. hedge funds, mutual funds, insurance agents, financial advisers, etc.). Over the past two decades, the financial markets have experienced massive growth, including as employers. In Europe, for example, data show that the EU27 financial services sector employed 5.6 million people in 2006 and the sector represented 2.7 per cent of the total employment in the EU27, while in the United States, its share of total employment was 4.7 per cent, representing 4.1 million workers.

Among other roles, the financial sector typically makes a substantial direct contribution to economy-wide employment, as it employs a large number of medium as well as high-skilled professional and technical staff with expertise in business and finance, technicians and IT specialists. The share of financial services in overall employment varies among countries. For example, in the United Kingdom, it comprises 4.8 per cent of national employment; in the Netherlands, it employs 3.9 per cent of workforce; while Germany's and France's finance sectors each have a 3.4 per cent share of the national employment. In Luxembourg, the financial services sector accounting for an 11.9 per cent share of jobs is especially large relative to national employment. Not surprisingly, however, jobs in the financial services around the world have been considerably affected by the global financial and economic crisis, with announced lay-offs totalling 325,000 between August 2007 and February 2009. Many industry observers predict a similar or even greater new wave of job losses given the growing number of major layoffs by global financial institutions from their worldwide operations.

The globalization of the financial services sector means that decisions made in distant headquarters have substantial employment effects on their far-flung subsidiaries. As the business and employment outcomes of managerial decisions extend well beyond the home country, it is no longer possible to examine the employment impact of financial crises on the financial sector workers at a single-country level.

In many jobs in financial services, superior IT competence and intimate knowledge of financial services jobs have now become an essential combined qualification. The sector also requires economists, mathematicians, actuaries, marketing and finance experts, industry research analysts and IT systems analysts, designers and management executives to fulfil a commercial role but also ensure close client communication.

In addition, the knowledge base of the financial services sector has recently improved, with new jobs requiring higher level skills than previously. Many new functions and occupations are also more customer-oriented and involve superior levels of formal education. The distinction between back-office jobs (with low levels of customer contact) and front-office jobs (which require close client interaction) is blurring.

As with the most other economic industries, new technologies are changing the shape and scope of the workforce in the financial services sector as well. Information Technology (IT) is central to all financial institutions' operations, in both customer-relations management as well as everyday administrative and operational processes. IT proves crucial in new product research and development, design and management of databases, marketing, systems

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security, etc. and allows a large and rapidly growing proportion of financial companies to operate globally.

The Tripartite Workshop on the Impact of the Financial Crisis on Finance Sector Workers in Selected African Countries (Tanzania, Dec 2009) as well as the Global Dialogue Forum on the Impact of the Financial Crises on Finance Sector Workers (Geneva, Feb 2009) highlighted the centrality of education, lifelong learning and social dialogue as pillars of employability and effective measures to mitigate the negative labour and social effects of the crisis. The Workshop and the Forum also emphasized the essential role of skills development to address the opportunities and challenges of restructuring brought about by the crisis. The conclusions drawn are highly relevant to help finance sector workers cope with the crisis and also to develop a global coordinated response to the financial crisis.