

## FINANCIAL SERVICES

### DEFINITION

The Financial Services cluster consists of companies involved in deposit banking, extending credit in the form of loans, and the exchange of securities and commodities. The cluster plays an essential role in the economy as it interacts with virtually all other clusters via the banking industry. Figure 18 shows employment levels and historic and projected trends for several of the region’s largest industries within the Financial Services cluster. As defined here, the cluster focuses on traded industries (those that sell products and services outside of their home region). However, for this analysis, the cluster has been expanded to include Credit Unions (NAICS 52213). While this industry is part of the Local Financial Services cluster (those that primarily serve a local market), it is included here due to its size and concentration in the region. The 13-county region also has far outpaced national growth trends in this industry, a trend that is projected to continue.

**FIGURE 17. REGIONAL SNAPSHOT  
FINANCIAL SERVICES**

Employment	<b>7,736</b>
Recent trends (%)	<b>+28%</b>
LQ	<b>1.15</b>
Establishments	<b>497</b>
Earnings/Job	<b>\$71,382</b>
Relative Earnings/Job (US=1.00)	<b>0.47</b>

**FIGURE 18. EMPLOYMENT OVERVIEW: FINANCIAL SERVICES (SELECTED INDUSTRIES)**

NAICS CODE	DESCRIPTION	2015 JOBS		LQ US=1.00	RECENT TRENDS (2009 TO 2015)			10-YEAR FORECAST (2016-2026)		
		Number	% of Cluster		Total Change	Region % Chg.	US % Chg.	Total Change	Region % Chg.	US % Chg.
52213	Credit Unions	5,826	75%	8.16	2,637	83%	7%	2,700	44%	21%
52312	Securities Brokerage	396	5%	0.48	-18	-4%	-3%	33	9%	8%
522292	Real Estate Credit	379	5%	0.60	182	92%	2%	34	9%	-7%
522298	All Other Nondepository Credit Intermediation	193	2%	0.95	68	54%	15%	41	22%	30%
52393	Investment Advice	154	2%	0.25	-27	-15%	28%	-11	-8%	28%
522291	Consumer Lending	148	2%	0.48	-20	-12%	4%	-50	-34%	17%
52311	Investment Banking and Securities Dealing	147	2%	0.34	-58	-28%	-9%	33	26%	0%
52392	Portfolio Management	110	1%	0.18	37	51%	29%	40	38%	31%
<b>Cluster Total</b>		<b>7,736</b>	<b>100%</b>	<b>1.15</b>	<b>1,709</b>	<b>28.4%</b>	<b>1.4%</b>	<b>2,784</b>	<b>35.0%</b>	<b>9.0%</b>

Source: EMSI 2016.4 – QCEW Employees, Non-QCEW Employees, and Self-Employed; Haas Center.  
Note: Cluster defined by Haas Center

## TRENDS

Since the financial crisis, increased regulation and near-zero interest rates have trimmed revenues for a number of financial companies, leading them to search for cost-cutting measures. However, while the changing political climate creates uncertainty in the short term, a more relaxed regulatory environment may be the end result, which could improve the sector's profitability over the long term.

- **CONTINUED DECENTRALIZATION OF OPERATIONS:** Financial services companies continue to move out of traditional financial centers, either establishing redundant facilities away from high-profile locations or by completely relocating sensitive operations. Originated in response to the security concerns exposed by 9/11, the sector has discovered significant cost savings in the process, prompting others to follow, particularly back-office functions associated with the sector including data processing and storage, accounting, procurement, and human resources.
- **GROWING COMPETITION FROM FINTECH FIRMS:** PwC identifies the rapid development of financial technology firms—fintech—as a trend the sector can no longer afford to ignore. The term encompasses a growing number of startups offering financial services such as online lending, retail-payment services, and investment advising. In its brief on the topic, the consulting firm cites figures by CB Insights which place industry funding at \$11.2 billion in the first three quarters of 2015, nearly double the funding received by fintech companies in all of 2014 (*2016 Financial services trends: Incumbents must create new business ecosystems*, PwC).
- **INCREASED SECURITY DEMANDS:** Financial firms are expected to pursue digital strategies more aggressively, as a response to the rise of fintech and a reflection of the rapid growth in the number of digital payment options (e.g., wearable technologies, such as smart watches, and internet-connected devices, commonly referred to as the Internet of Things). The growing number of digital options is expected to ratchet up the sector's cybersecurity needs. Existing technologies like biometrics and encryption are likely to be the near-term response to securing payment transactions. Interest in creating “faster, seamless, and secure digital payments” will be a top focus according to Deloitte's 2017 banking outlook.
- **MAJOR IT INVESTMENTS.** The net effect of many trends affecting the sector is a need for significant IT investments. According to Deloitte, top priorities include cloud-based platforms, robotic process automation, and cognitive technologies. In addition to meeting new demand, many of the sector's largest players are expected to be facing the replacement of aging core systems (Perspectives: Banking and Securities Outlook 2017, Deloitte).

## BENCHMARK GEOGRAPHIES

The New York metropolitan area tops the list of financial services employment hubs, with more than 303,500 jobs in the cluster in 2015. This figure is well above that of the next largest metro area (Los Angeles), which employs nearly 105,000 workers in financial services industries. Because the cluster as defined includes some basic depository institutions, none of the top metropolitan areas has dramatically high levels of concentration (since virtually all markets have some level of related employment). The expanded definition also increases the correlation with population (since credit unions are found in all markets). With that in mind, however, the absence of Houston and Atlanta, which are among the 10 largest metro areas in terms of population—is notable.

In addition to having the highest LQ among the top 10 metro areas, New York City has the highest earnings per job at nearly \$323,000. Although employment is not as concentrated, both San Francisco and Boston also have earnings per job in excess of \$230,000, a reflection of venture capital and stock exchange activities in each region. Although it did not make the top 10 list based on employment or LQs, the Pensacola-Ferry Pass-Brent metropolitan area is considerably more concentrated than most other markets, with an LQ of 2.06, the 12th highest among nearly 1,000 metro areas analyzed.

**FIGURE 19. TOP 10 METROS: FINANCIAL SERVICES**  
RANKED BY NUMBER OF JOBS IN 2015

METROPOLITAN AREA	LOCATION QUOTIENT (US = 1.00)	2015 JOBS	CHANGE FROM 2009	ESTABLISHMENTS	EARNINGS PER JOB
New York-Newark-Jersey City, NY-NJ-PA	2.02	303,581	-13,675	14,977	\$322,990
Los Angeles-Long Beach-Anaheim, CA	1.05	104,680	-539	8,915	\$153,510
Dallas-Fort Worth-Arlington, TX	1.87	98,647	+8,817	4,919	\$118,136
Chicago-Naperville-Elgin, IL-IN-WI	1.27	92,338	-10,460	6,640	\$182,910
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.79	79,433	+3,306	3,708	\$139,647
Boston-Cambridge-Newton, MA-NH	1.54	65,072	-2,811	4,069	\$233,458
Phoenix-Mesa-Scottsdale, AZ	1.92	57,866	+2,613	2,552	\$90,116
San Francisco-Oakland-Hayward, CA	1.33	52,644	+5,961	3,795	\$252,385
Washington-Arlington-Alexandria, DC-VA-MD-WV	0.98	50,253	-249	3,560	\$165,007
Miami-Fort Lauderdale-West Palm Beach, FL	1.11	45,411	-1,197	5,146	\$138,049

**NORTHWEST FLORIDA METROPOLITAN AREAS (RANKED BY NUMBER OF JOBS IN 2015)**

Pensacola-Ferry Pass-Brent, FL	2.06	5,759	+2,798	232	\$68,962
Crestview-Fort Walton Beach-Destin, FL	0.48	965	-54	137	\$79,220
Panama City, FL	0.61	818	-1,019	91	\$84,669

**RANKED BY RELATIVE CONCENTRATION OF EMPLOYMENT (US=1.00)**

Fairfield, IA	5.51	676	+571	26	\$66,673
Bridgeport-Stamford-Norwalk, CT	3.63	26,451	-1,408	1,895	\$335,635
Warren, PA	3.02	725	+187	21	\$59,673
Sioux Falls, SD	2.94	7,218	-738	302	\$73,688
Hagerstown-Martinsburg, MD-WV	2.91	4,797	+219	122	\$60,295
Port Lavaca, TX	2.77	610	+549	17	\$61,587
Columbus, GA-AL	2.69	5,936	+4,822	187	\$93,771
Salt Lake City, UT	2.35	24,733	+3,797	1,442	\$93,817
Owensboro, KY	2.30	2,279	+1,280	83	\$51,146
Trenton, NJ	2.16	8,077	+133	292	\$131,686

Source: EMSI 2016.4 – QCEW Employees, Non-QCEW Employees, and Self-Employed  
Cluster definition based on the US Benchmark Cluster Definitions prepared by Harvard Business School's Institute for Strategy and Competitiveness in partnership with the US Department of Commerce and US Economic Development Administration.

**✓ RATIONALE & NICHES**

The Financial Services sector already plays important role in Northwest Florida. In addition to employing thousands of residents, the sector serves as an essential support service for other industries and contributes to the regional economy. For example, a 2013 analysis by the Haas Center found that the planned expansion of Navy Federal Credit Union is expected to add \$220 million dollars to Escambia County’s total gross domestic product by 2020.

The trend towards decentralization of the sector discussed previously favors smaller markets with advantageous business costs and easy access to major financial centers. In the northeastern corner of the state, Jacksonville has captured a significant number of these relocations in recent years. The Northwest Florida region offers many of the same benefits: the presence of a multilingual workforce, access to major financial markets (with direct flights to Chicago, Houston, and Washington DC and seasonal to Newark/New York region), a favorable business climate, lower rental costs (relative to major markets), and a desirable quality of life.

The presence of a skilled and available workforce is an important site location factor for the sector. Northwest Florida’s employment base offers strengths in this area. As shown in Figure 25 (page 87), strengths include above-average concentrations of two of the sector’s top occupations: Tellers (SOC 43-3071) and Customer Service Representatives (SOC 43-4051). In addition, the region is home to an above-average concentration of cybersecurity-related occupations, an essential skillset for this cluster. (See Cybersecurity cluster profile beginning on page 98.)

A matrix of the region’s strategic assets related to the Financial Services cluster is shown in Figure 20 (page 83).

**KEY SITE LOCATION FACTORS:**

- Abundant qualified labor (including language proficiency in multiple markets)
- Minimal terror/natural disaster risks
- Lower overall business costs
- Cheaper electricity (for associated IT-intensive operations like data processing and storage)
- Favorable rents (for back-office operations).

Source: AreaDevelopment magazine

**FIGURE 20. FLORIDA’S FINANCIAL SERVICES SECTOR**

**LARGEST DEPOSIT MARKETS IN FLORIDA**  
From 2015 Summary of Deposits

MARKET	INSTITUTIONS IN MARKET	DEPOSITS (IN MILLIONS)
Miami–Fort Lauderdale–West Palm Beach	105	\$207,460
Tampa–St. Petersburg–Clearwater	66	\$69,881
Jacksonville	38	\$55,789
Orlando–Kissimmee–Sanford	45	\$42,806
North Port–Sarasota–Bradenton	42	\$18,087

**STATEWIDE RANKINGS**  
On selected FACTORS

#3	Largest insurance industry (US)
#4	Largest financial services industry (US)
160	Private equity firms (> \$33.9B AUM*)
141	Commercial Banks (\$140B+ in assets)
18	Foreign banks headquartered in Florida

Source: Enterprise Florida, financial services profile \*B=billions, AUM=Assets under management  
Note: Although a formal industry definition is not provided, the Enterprise Florida profile appears to use a more expansive definition of the sector than is shown in this profile, one that likely includes both traded and local industries.

**FIGURE 21. STRATEGIC ASSETS: FINANCIAL SERVICES**



**INDUSTRY/INFRASTRUCTURE**

- Strong concentration of employment in some segments.
- Past and present financial services employers in the region, including Navy Federal Credit Union.
- Strong broadband infrastructure in areas along I-10.
- Access to major financial centers including nonstop service to Chicago and Washington DC and easy connections to New York (Newark) and Los Angeles.

**WORKFORCE/TRAINING**

- High concentrations of employment in two of the cluster’s leading occupations—bank tellers and customer service representatives.
- A multilingual population, enabling firms to serve a diverse customer base.
- The region has a concentration of occupations associate with cybersecurity which is a critical concern for this cluster
- Presence of postsecondary finance and accounting programs.

**MARKET TRENDS/POLICY**

- Changing regulatory environment could improve profitability and outlook for the sector.
- Regional growth in some industry segments has outpaced the US trend.
- State-level tax incentives that target the sector: Capital Investment Tax Credit (CITC) and High Impact Performance Incentive.
- Strong cluster of financial services and related firms located in the state.
- No personal income tax and competitive corporate tax rates.

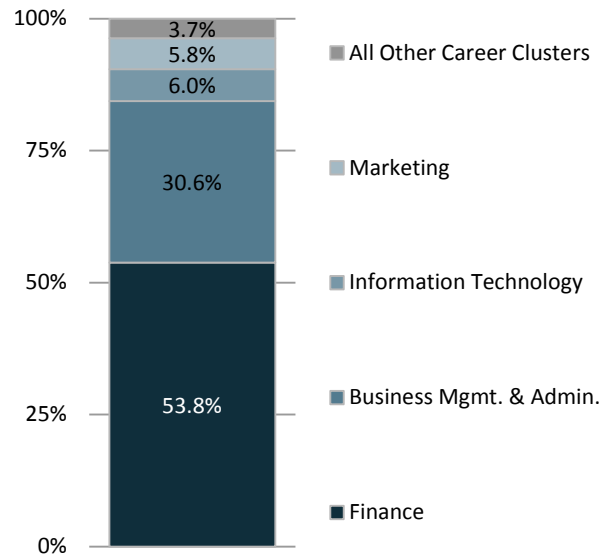
Source: TIP Strategies research

**TALENT**

As might be expected, the Finance career cluster accounts for more than one-half of all jobs (54 percent) nationally in the Financial Services industry cluster (Figure 22). When taken in conjunction with the Business Management & Administration career cluster, the two comprise more than four out of five jobs (84 percent). In fact, just four of the 16 career clusters defined under the National Career Clusters Framework account for all but a handful of US employment in the Financial Services cluster.

Within these broad career clusters, the Banking Services pathway (part of the Finance career cluster) accounts for roughly one in four jobs (24 percent). Administrative Support represents the largest share of the cluster’s employment within the Business Management & Administration career cluster (23 percent), with two management pathways—Operations Management and General Management—accounting for an additional 6 percent. Information Technology pathways include Programming & Software Development and Network Systems. Still, three pathways (Banking Services, Administrative Support, and Securities & Investment) account for two-thirds of employment in the Financial Services cluster nationally.

**FIGURE 22. TOP CAREER CLUSTERS: FINANCIAL SERVICES**  
 BASED ON SHARE OF TOTAL EMPLOYMENT IN THE INDUSTRY CLUSTER IN THE US



**FIGURE 23. TOP 10 CAREER PATHWAYS: FINANCIAL SERVICES**  
 BASED ON SHARE OF TOTAL EMPLOYMENT IN THE INDUSTRY CLUSTER IN THE US

Pathway   CAREER CLUSTER	Share of total US employment in industry cluster
1 Banking Services   FINANCE	24.0%
2 Administrative Support   BUSINESS MGMT. & ADMIN.	23.0%
3 Securities & Investments   FINANCE	19.1%
4 Business Finance   FINANCE	7.3%
5 Professional Sales   MARKETING	3.6%
6 Programming and Software Development   INFORMATION TECHNOLOGY	3.4%
7 Operations Management   BUSINESS MGMT. & ADMIN.	3.0%
8 General Management   BUSINESS MGMT. & ADMIN.	2.8%
9 Accounting   FINANCE	2.4%
10 Network Systems   INFORMATION TECHNOLOGY	1.8%

Source (both figures): US Cluster Mapping Benchmark Definitions; National Career Clusters Framework (Perkins IV Crosswalks, rev. August 2012); EMSI; TIP Strategies

A single occupation, Securities, Commodities, and Financial Services Sales Agents (SOC 41-3031), accounts for nearly 1 in 10 jobs (9 percent) in the Financial Services cluster nationally. It is one of 11 occupations shown in Figure 24 belonging to the Finance career cluster. Loan Officers (SOC 13-2072), Tellers (SOC 43-3071), and Personal Financial Advisors (SOC 13-2052) each represent roughly 7 percent of US employment in the industry cluster. Software Developers, Applications (SOC 15-1132) is the largest individual occupation within the Information Technology career cluster. However, it represents just over 1 percent of jobs in the Financial Services industry cluster at the national level.

Figure 25 (page 87) provides the top occupations in the cluster in the 13-county region. Because of the addition of Credit Unions (NAICS 52213) to the regional cluster definition, Northwest Florida staffing patterns differ from the nation, with Tellers (SOC 43-3071) comprising a much greater share of employment: 18 percent versus 7 percent nationally. This level of

**FIGURE 24. CAREER CLUSTERS FOR LARGEST OCCUPATIONS: FINANCIAL SERVICES**  
 BASED ON SHARE OF TOTAL EMPLOYMENT IN THE INDUSTRY CLUSTER IN THE US

SOC CODE	DESCRIPTION	CAREER CLUSTER			SHARE OF TOTAL US EMPLOYMENT IN INDUSTRY CLUSTER
		Finance	Business Mgmt. & Admin.	Information Tech.	
1	41-3031	Securities, Commodities, & Financial Svcs. Sales	■		9.2%
2	43-4051	Customer Service Representatives		■	7.1%
3	13-2072	Loan Officers	■		7.0%
4	43-3071	Tellers	■		6.9%
5	13-2052	Personal Financial Advisors	■		6.8%
6	43-4131	Loan Interviewers & Clerks	■		5.2%
7	13-2051	Financial Analysts	■		4.1%
8	43-1011	First-Line Supvrs., Office & Admin. Support		■	4.0%
9	11-3031	Financial Managers	■		3.2%
10	43-9061	Office Clerks, General		■	2.8%
11	43-6014	Secretaries/Admin. Asst., Exc. Legal, Med., & Exec.		■	2.5%
12	13-2011	Accountants & Auditors	■		2.4%
13	43-3011	Bill & Account Collectors	■		2.2%
14	11-1021	General & Operations Managers		■	2.1%
15	43-4011	Brokerage Clerks	■		2.1%
16	43-3031	Bookkeeping, Accounting, & Auditing Clerks		■	2.0%
17	43-6011	Exec. Secretaries/Admin. Assistants		■	1.9%
18	15-1132	Software Developers, Applications		■	1.3%
19	13-2041	Credit Analysts	■		1.3%
20	13-1111	Management Analysts		■	1.2%

Source: US Cluster Mapping Benchmark Definitions (Delgado, Porter, Stern 2013); National Career Clusters Framework (Perkins IV Crosswalks, rev. August 2012); EMSI; TIP Strategies

employment is well above what would be expected in a similarly sized labor market, as evidenced by the region’s LQ of 1.58 for this occupation. While the median wage rate paid to this occupation in the region (\$13.13 per hour) is not above the rate for all occupations (\$17.27), it is well above minimum wage for a position that requires little training.

In numeric terms, Customer Service Representatives (SOC 43-4051) are the largest occupation among those most commonly found in the cluster, with more than 10,000 people employed in this occupation (across all industries) in the region in 2015. Like Tellers, the occupation is present in the region at levels above what would be expected based on national staffing patterns (LQ=1.33). The median wage for this occupation is lower than for Tellers, but the training requirements are also minimal. The cluster’s highest wage rates are found among occupations requiring a four-year degree or higher, with the highest wages paid to Financial Managers (SOC 11-3031), with a median wage rate in the region of \$48.78.

**FIGURE 25. TOP NORTHWEST FLORIDA OCCUPATIONS: FINANCIAL SERVICES**  
 BASED ON SHARE OF TOTAL EMPLOYMENT IN THE INDUSTRY CLUSTER IN THE REGION

SOC CODE	OCCUPATION	% OF CLUSTER EMPL.	2015 JOBS IN REGION	LQ (US=1.00)	MEDIAN HOURLY EARNINGS	MINIMUM EDUCATION REQUIRED
43-3071	Tellers	17.8%	2,320	1.58	\$13.13	Short-term OJT
43-4051	Customer Service Representatives	16.1%	10,216	1.33	\$11.87	Short-term OJT
43-1011	First-Line Supvsr., Office & Admin. Support	8.8%	4,404	1.03	\$21.06	Related experience
13-2072	Loan Officers	5.8%	792	0.88	\$28.67	Bachelor's degree
43-4131	Loan Interviewers & Clerks	5.8%	704	1.10	\$17.75	Short-term OJT
41-3031	Securities, Commodities, & Financial Svcs. Sales	3.8%	431	0.43	\$30.32	Bachelor's degree
43-3031	Bookkeeping, Accounting, & Auditing Clerks	2.8%	4,628	0.91	\$15.55	Non-degree award
43-6014	Secretaries/Admin. Asst., Exc. Legal, Med., & Exec.	2.5%	8,987	1.14	\$14.05	HS diploma/GED
11-3031	Financial Managers	2.2%	628	0.39	\$48.78	Bachelor's or above + exp.
13-2052	Personal Financial Advisors	2.2%	244	0.33	\$45.18	Bachelor's degree
43-9061	Office Clerks, General	1.7%	7,373	0.77	\$12.40	Short-term OJT
43-4141	New Accounts Clerks	1.5%	161	1.15	\$15.98	Moderate-term OJT

Source: EMSI 2016.4 – QCEW Employees, Non-QCEW Employees, and Self-Employed

Note: Location quotients (LQs) of 1.25 or greater suggest a specialization in the occupation relative to the US and are highlighted. Median hourly wages above the regional rate of \$17.27 are highlighted.



 **RESOURCES & NETWORKING**

FINANCIAL SERVICES		
<b>TRADE ASSOCIATIONS</b>		
Financial Management Association International		<a href="http://www.fma.org">www.fma.org</a>
American Financial Services Association		<a href="http://www.afsaonline.org">www.afsaonline.org</a>
Association for Financial Professionals		<a href="http://www.afponline.org">www.afponline.org</a>
Society of Financial Service Professionals		<a href="http://www.financialpro.org">www.financialpro.org</a>
American Bankers Association		<a href="http://www.aba.com">www.aba.com</a>
Credit Union National Association		<a href="http://www.cuna.org">www.cuna.org</a>
National Association of Federally-Insured Credit Unions		<a href="http://www.nafcu.org">www.nafcu.org</a>
National Association of Credit Union Supervisory & Auditing Committees		<a href="http://nacusac.wildapricot.org">nacusac.wildapricot.org</a>
National Association of Credit Union Chairmen		<a href="http://naocuc.wildapricot.org">naocuc.wildapricot.org</a>
<b>RELEVANT CONFERENCES/EVENTS</b>		
<b>ABA National Conference for Community Bankers</b>		
19-22 February 2017	Orlando, FL	<a href="http://www.aba.com/Training/Conferences/Pages/community.aspx">www.aba.com/Training/Conferences/Pages/community.aspx</a>
<b>NACUSAC Annual Conference &amp; Expo</b>		
14-17 June 2017	San Diego, CA	<a href="http://nacusac.wildapricot.org/Annual-Conference">nacusac.wildapricot.org/Annual-Conference</a>
<b>2017 Leadership Development Seminar</b>		
25-27 June 2017	Boston, MA	<a href="http://naocuc.wildapricot.org/LDS-Details">naocuc.wildapricot.org/LDS-Details</a>
<b>America’s Credit Union Conference</b>		
25-28 June 2017	Las Vegas, NV	<a href="http://www.cuna.org/Events/CUNA-Americas-Credit-Union-Conference/Home">www.cuna.org/Events/CUNA-Americas-Credit-Union-Conference/Home</a>
<b>2017 FMA Annual Meeting</b>		
11-14 October 2017	Boston, MA	<a href="http://www.fma.org/Boston">www.fma.org/Boston</a>
<b>ABA Annual Convention</b>		
15-17 October 2017	Chicago, IL	<a href="http://www.aba.com/Training/Conferences/Pages/annual.aspx">www.aba.com/Training/Conferences/Pages/annual.aspx</a>
<b>TRADE PUBLICATIONS</b>		
<i>ABA Banking Journal</i>		<a href="http://bankingjournal.aba.com">bankingjournal.aba.com</a>
<i>Financial Management</i>		<a href="http://www.fma.org/Publications/FM/FMIndex.htm">www.fma.org/Publications/FM/FMIndex.htm</a>
<i>Credit Union Magazine</i>		<a href="http://news.cuna.org/topics/481-credit-union-magazine">news.cuna.org/topics/481-credit-union-magazine</a>
<i>Journal of Financial Service Professionals</i>		<a href="http://www.financialpro.org/pubs/journal_toc.cfm">www.financialpro.org/pubs/journal_toc.cfm</a>
<i>AFP Exchange Magazine</i>		<a href="http://www.afponline.org/publications-data-tools/publications/afp-exchange-magazine">www.afponline.org/publications-data-tools/publications/afp-exchange-magazine</a>
<i>Journal of Financial Services Research</i>		<a href="http://www.springer.com/finance/journal/10693">www.springer.com/finance/journal/10693</a>

Source: TIP Strategies research