



WORK IN THE FINANCIAL SERVICES SECTOR



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FINANCIAL SECTOR AND EMPLOYMENT

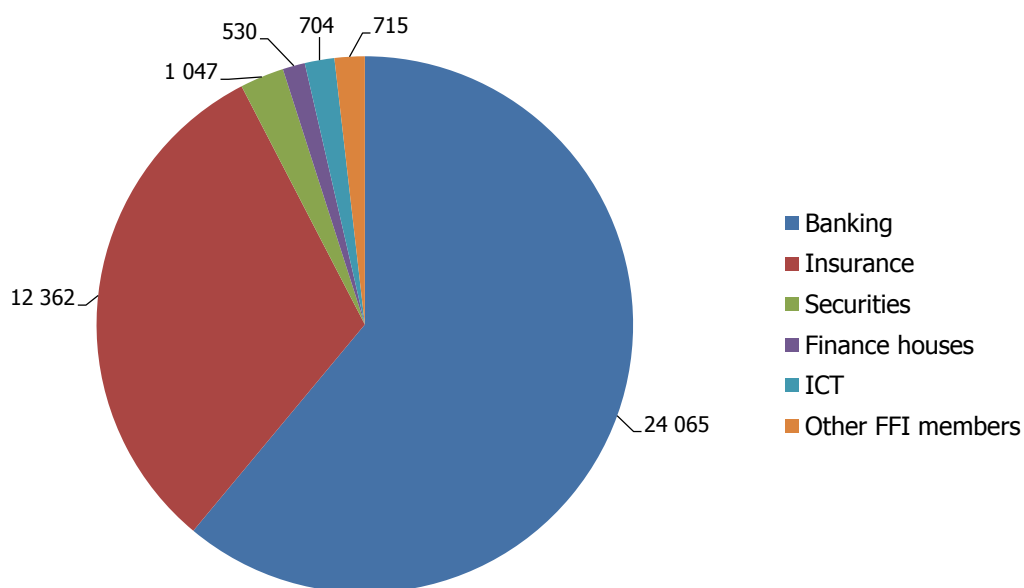
In 2013, the total number of employees in FFI member organisations and companies was 39,400. Financial sector participants in Finland include companies that provide banking, insurance, and investment services. Finnish insurers also provide statutory social security insurances, such as earnings-related pension and workers' compensation insurances.

Financial sector companies have an important role in the Finnish society. The experts working in the banking and insurance sectors are professionals, whose work keeps the wheels of society turning for example by providing financial intermediation and insuring households and companies against various risks.

The role of the financial services sector as an employer has been more or less stable for the last decade. While the early 1990s bank crisis triggered structural developments, there has not been any major change in the sector since, in spite of later fusions and restructurings in the 2000s.

The Finnish financial services sector is female-dominated with as much as 70% of the employees being women. The proportion of men has slowly increased, however. Employees in the sector are highly educated and most have a background in business economics. The majority of employees have either graduated from a university, have a Vocational Qualification in Business and Administration, or are Bachelors of Business Administration. Careers in the sector are typically long: more than 40% have worked in the field for over 20 years.

The total number of employees in the industry is expected to decrease in the near future. A large volume of employees will be retiring over the next few years, however, and there is therefore a need to recruit new ones. Versatile customer service experts will be especially in demand.



FFI member companies employ about 40,000 persons.

Number of employees according to line of business (Q4/2014):

Industry	1,000 people
A, B Agriculture, forestry, fisheries; mining operation (01–09)	106
C Industry (10–33)	326
G Wholesale and retail trade; repair of motor vehicles and motorcycles (45–47))	276
H Transportation and storage (49–53)	140
K, L Financing and insurance activities*; real estate activities (64–68)	71
O Public administration and defence; statutory social security* (84)	104
P Education (85)	188
Q Human health and social work activities (86–88)	401
* Total number of employees in financial sector companies included in classes K and O	39

Sources: Statistics Finland, Confederation of Finnish Industries

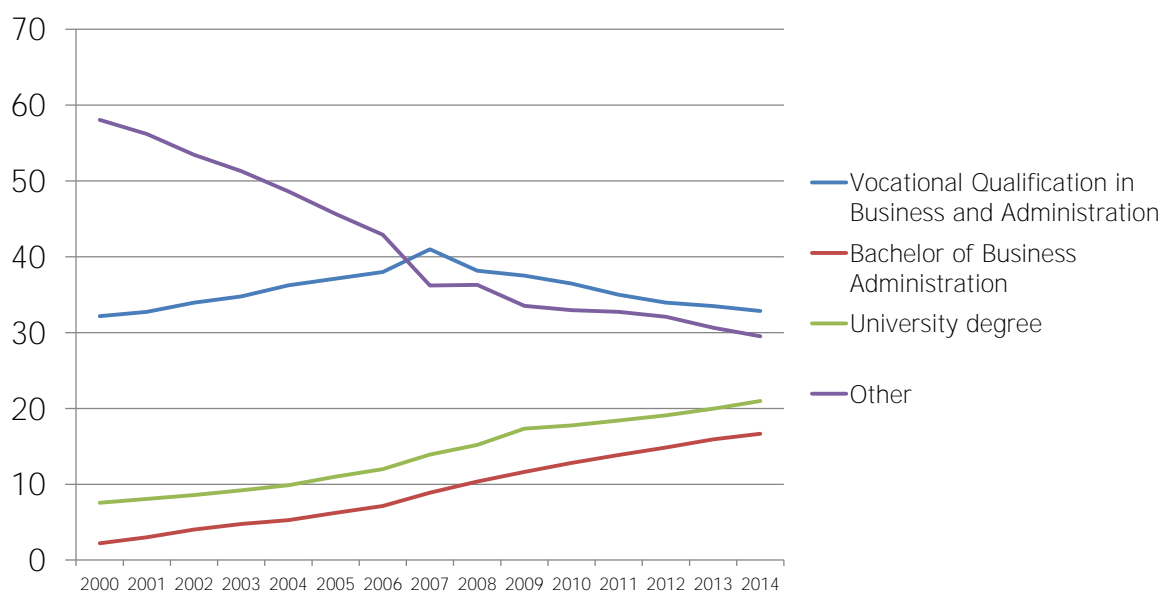
Banking groups operating in Finland Employees

OP -Pohjola Group	11,983
Nordea Bank of Finland plc	8,876
Danske	2,391
Aktia plc	1,114
Savings banks	1,365

Largest insurance groups/companies in Finland

LocalTapiola Group	3,082
Sampo Group	2,201
OP-Pohjola Group	1,595
Fennia Group	1,117
Varma Mutual Pension Insurance Company	565
Ilmarinen Mutual Pension Insurance Company	535
Elo Mutual Pension Insurance Company	432
Etera Mutual Pension Insurance Company	288
Nordea Life Assurance Finland	130

Sources: Annual reports and accounts of companies; banking group figures include the insurance companies that belong in the same group.



Level of education among financial sector employees has increased.

Source: Confederation of Finnish Industries, wage statistics

FINANCIAL SECTOR EMPLOYEES

AGE STRUCTURE

The age distribution of financial sector employees differs from other sectors and industries. The youngest and oldest generations stand out in the age structure, whereas the number of employees aged 39 to 45 is relatively small due to the low recruitment rate during the early 1990s economy. The average age of employees has remained more or less the same, nevertheless. The average age of all employees in the financial services sector was 44.4 years in 2014.

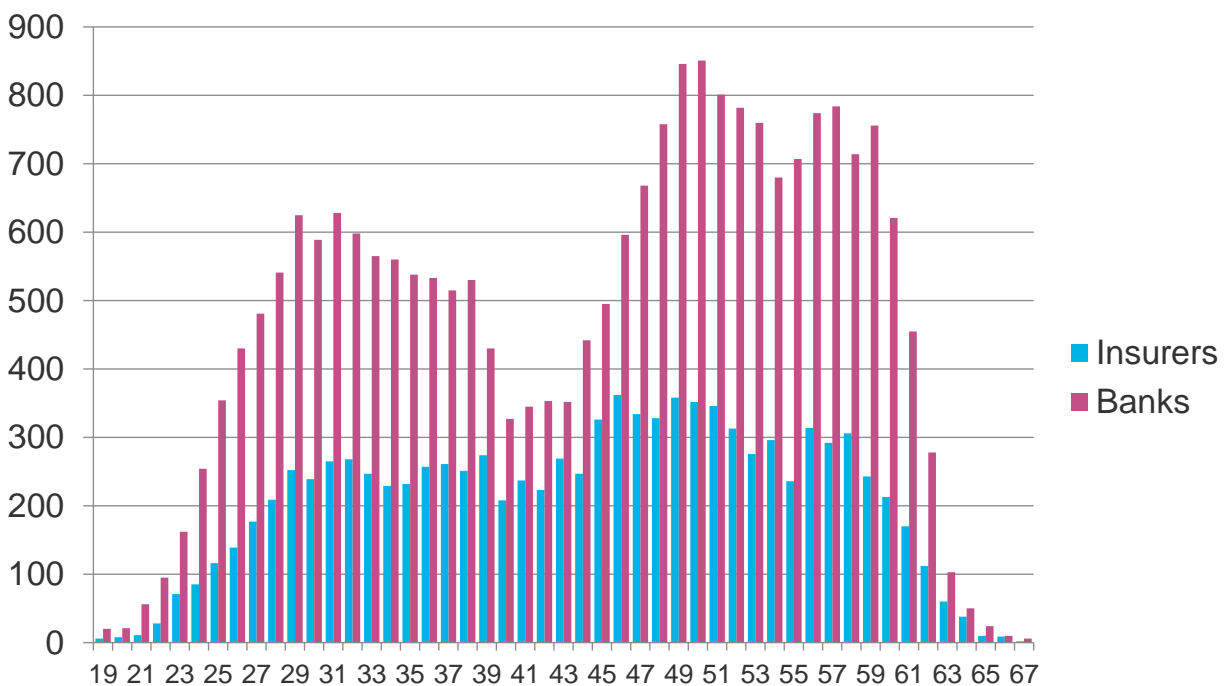
The total number of employees in the financial services sector is not expected to increase, but the sector will need new workforce to replace the retiring masses. The diversification of duties and new challenges will increase the need for highly educated employees in particular. A large number of long-term employees will be retiring over the next decade.

EDUCATION, QUALIFICATIONS AND DEGREES

The financial sector is a service business, where professionalism and competence are absolutely essential, and employees are highly educated. Employees often have an educational background that includes business economics.

The sector actively trains and develops its personnel. The industry also offers its own qualifications, the most common of which are the General Securities Qualification (APV 1) and Investment Advisor Qualification (APV 2), which have been taken by nearly 13,000 people. The recently reformed Further Qualification in Financial Services is a competence-based qualification that can be taken while working in financial sector companies. It was formerly known as the Further Degree in Financing and Insurance.

The insurance sector has its own qualifications, which include the Insurance Examination and Advanced Insurance Examination. The sector also has tailored



Age structure of financial sector employees in 2014

Source: Confederation of Finnish Industries, wage statistics

trainings that support expert and managerial work, such as VALIKO (Managerial Training Programme for the Finance and Insurance Sector) and MBA.

There is a wide variety of different titles, degrees, and qualifications among those working in the sector. Vocational Qualification in Business and Administration is the most common qualification in the industry with 10,300 persons. This is about 33% of all employees. The Vocational Qualification is provided by business schools and other secondary level schools.

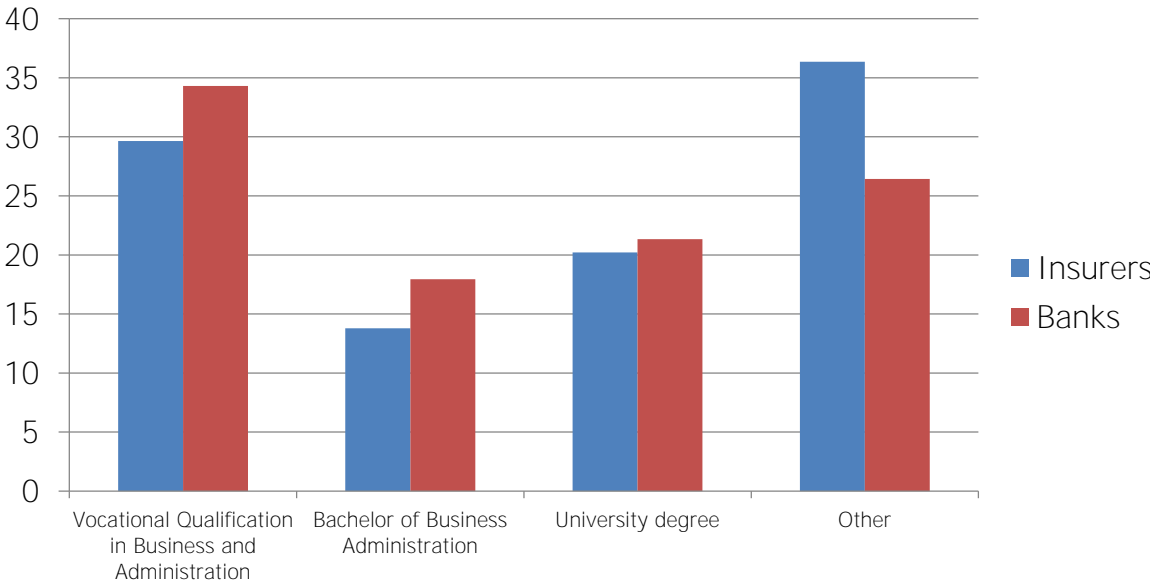
Since 2014, it has been possible to include an even larger amount of financing and insurance into the Qualification in vocational institutions. Those who have taken the qualification have had good employment opportunities in the sector in recent years, especially in customer service and claims handling duties.

Bachelors of Business Administration graduate from a university of applied sciences. These universities also make it possible to specialise in financial sector duties through training programmes and professional studies. Over the last five years, there have been as many persons

with a BBA or a Master’s Degree employed as those with a Vocational Qualification. Higher education and university degrees prepare employees for demanding managerial and expert level duties.

Banks and insurance companies actively utilise information technologies in training. The Confederation of Finnish Industries EK conducted a survey on how companies develop their employees’ competence and how they see the role of online learning environments. Up to 93% of financial sector companies were in favour of online learning, whereas for all businesses and industries combined the percentage was merely 41%. Online learning refers to the use of information and communications technology as a tool for teaching, learning and training. It includes contact and multiform teaching as well as independent studies done online.

In the future, learning will be even more closely intermingled with work, which will make interactive tools useful and important. Competence requirements are changing fast. Employee development in the future will move toward more flexible training and development solutions instead of focusing on qualifications.



Financial sector employees by educational background, 2014
 Source: Confederation of Finnish Industries, wage statistics

Flexible working hours have in recent years become more common in Finland, and there is growing need for diverse working time solutions. In the financial services sector, 92% of employees work full-time. This proportion is exceptionally large compared to other businesses and industries.

WAGES

In member companies of the Confederation of Finnish Industries (EK), earnings from regular working hours increased on average by 1.2% between October 2013 and September 2014. Contractual pay increases formed the majority of the increase. Average monthly wage of employees in EK member companies was slightly over €3,500 according to the September 2014 statistics.

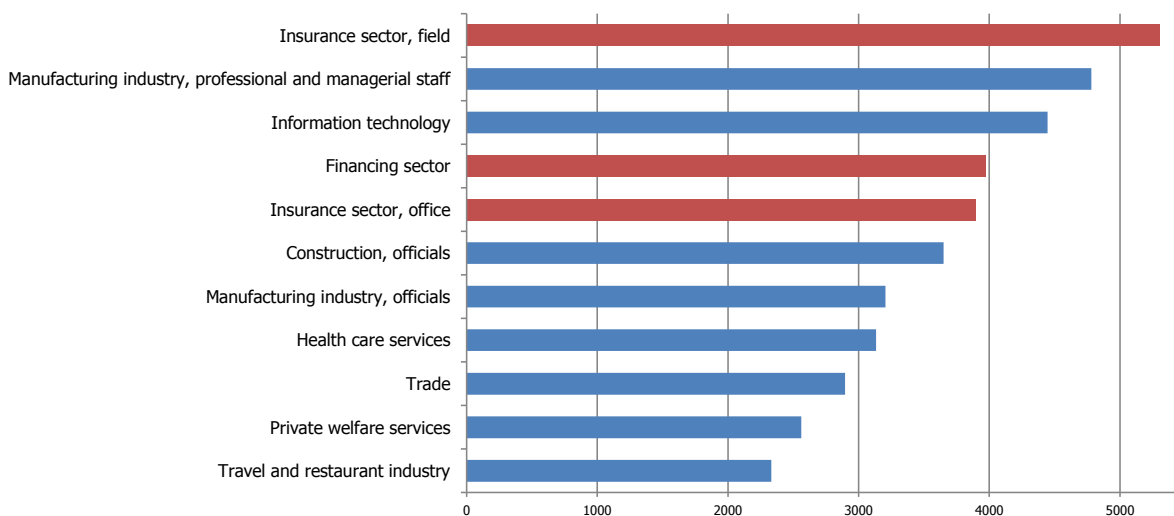
Earnings development varies according to industry. Main reasons for this are that contractual pay increases take place at different times, and there are changes in personnel structures. Different sectors have much variation in terms of when the contractual pay increases occur and how large they are. This makes it difficult to compare the wage development of different sectors.

Performance-based bonuses also have notable influence on the total wages. Performance-based pay systems

have become more common in all sectors and industries. The financial services sector pioneered this development and was the first to implement the salary negotiations models. In this model, some of the contractual pay increases are distributed on the basis of performance after discussions held between the manager and the employee. The aim is to have wages and performance correspond more closely.

The proportion of industrial salaried employees receiving performance-based pay shrank to 53%. In trade and commerce, their proportion remained at 33%. The largest performance-based bonuses were paid in the financing sector, where the average performance-based pay was 11.2% of total wage, same as last year. The largest total amount of performance-based pay was paid in the insurance sector.

The financing and insurance sectors are both in the Pact for Employment and Growth signed by labour market organisations in 2013. The Pact requires that the labour market organisations will, by 15 June 2015, negotiate on the possibility of extending the Pact by one year. If the labour market organisations fail to reach agreement, and union-specific negotiations similarly fail by 30 September 2015, the agreements will expire on 31 October 2015 (insurance sector) and 30 November 2015 (financing sector).

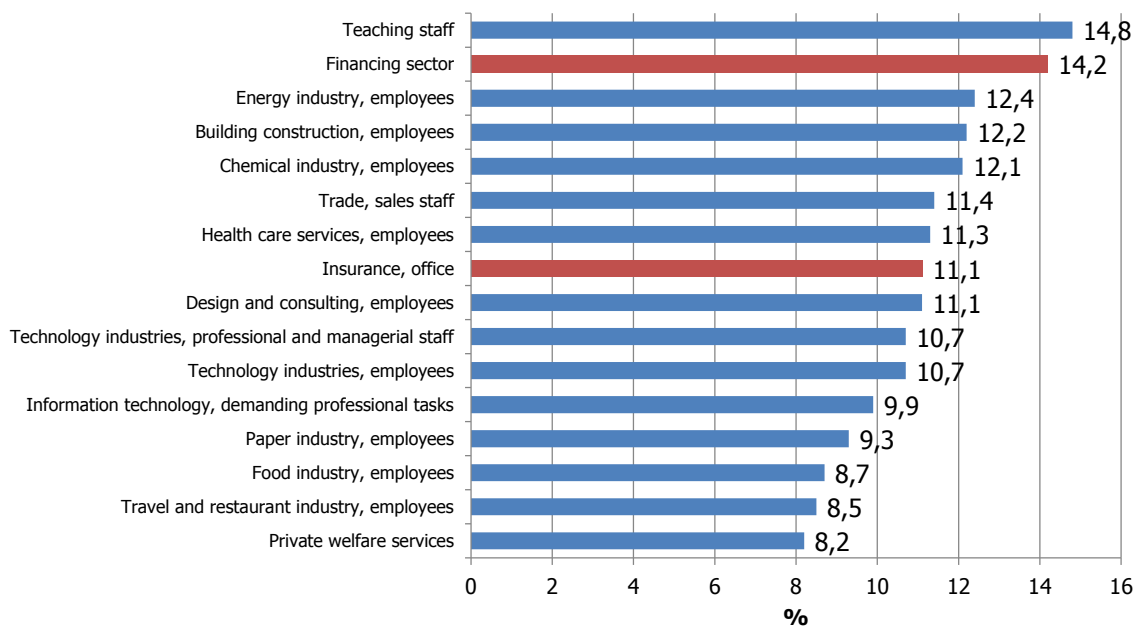


Average income per sector, September 2014.

Source: Confederation of Finnish Industries, wage

Income levels and income development from October 2013 to September 2014

	Employees	Monthly salary without bonuses (€)	Monthly salary with performance bonuses
Insurance, office			
Total	8 333	3 868	4 093
Employee level	5 327	3 051	3 157
Executive level	2 462	4 730	5 031
Managerial level	544	7 969	9 017
Insurance, field			
Total	1 471	5 274	5 499
Employee level	888	4 798	4 868
Executive level	390	5 601	5 992
Managerial level	139	7 401	8 146
Financial sector			
Total	21 656	4 043	4 324
Employee level	12 225	2 865	2 921
Executive level	8 219	5 190	5 695
Managerial level	1 212	8 152	9 175



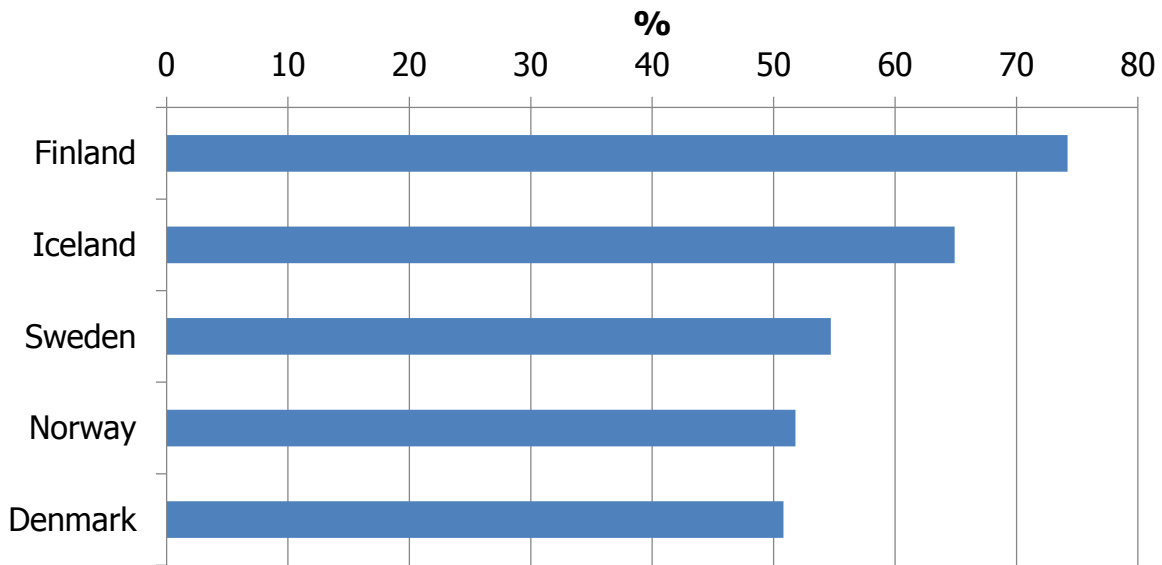
Income development from October 2009 to September 2014 in some EK sectors.

Source: Confederation of Finnish Industries EK, wage statistics

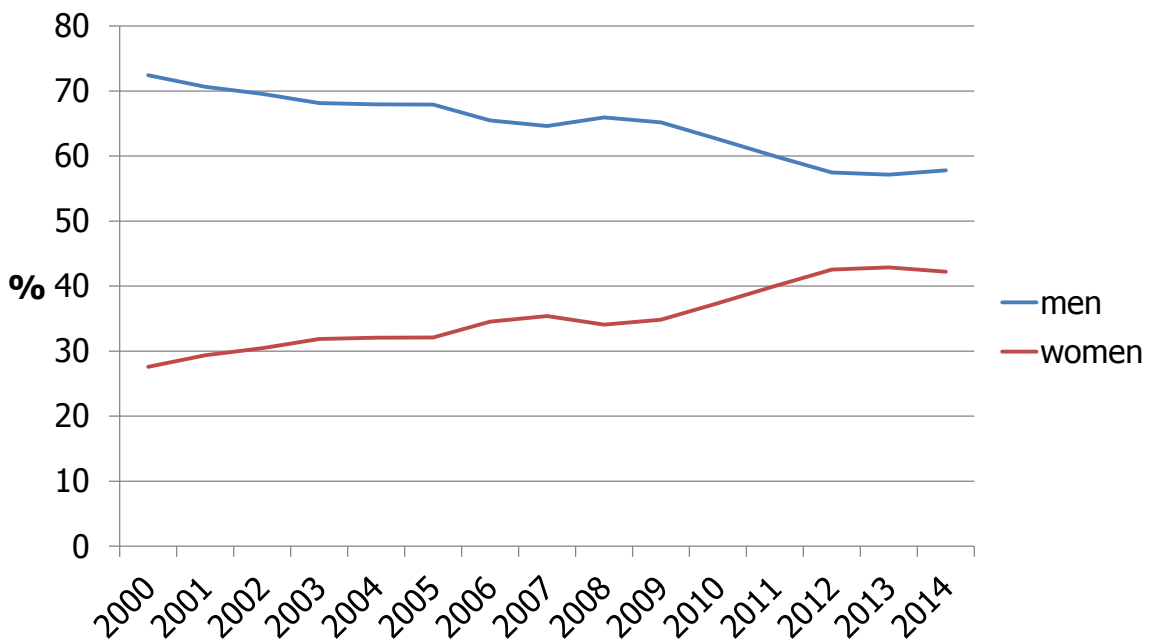
PROPORTION OF WOMEN IN WORKFORCE

The financial services sector is female-dominated with as much as 70% of its employees being women. The insurance sector has a slightly larger proportion of men compared to the overall sector, because the field agents who do sales work are mostly men. Elsewhere in Europe, the industry is much more male-dominated. The proportion of male employees is notably larger also in other Nordic countries.

The stereotype of bank managers as men holds fast. Although change has taken place, the managerial level is still male-dominated in the financial services sector. Developments over the past two decades have increased the proportion of women in managerial positions until recently, when there has been a slight step in favour of men.



Proportion of women in workforce, financing sector. Source: FA Nordic bank statistic 2014



Growing proportion of women in management in the financial industry

Source: Confederation of Finnish Industries

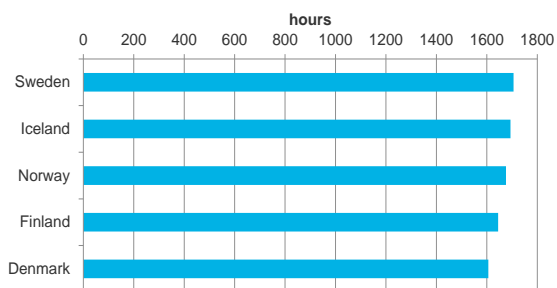
DIVISION OF DUTIES

According to the Future Competencies in the Financial Sector 2020 study conducted by FFI and its members, in-depth customer understanding is one of the key factors for success in the financial services sector. Duties in the sector will change more and more as the result of customers' self-direction, new service channels and interest in service development.

In Finland, work in the financing sector is increasingly focused on customer service. Individual, face-to-face customer service will in the future be complemented by digital service channels.

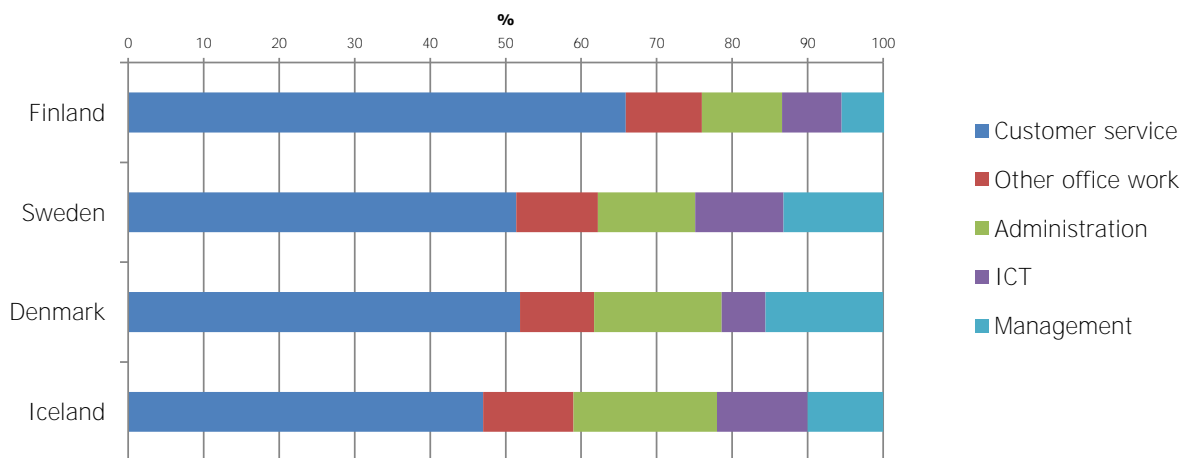
WORKING HOURS

In the financing sector, regular weekday working hours range from 7 hours to 7 hours 40 minutes per day so that a full working week consists of 37 hours. In the insurance sector, office personnel work 7 hours 36 minutes per day at most, and 38 hours per week. According to Nordic financing sector statistics, annual working times are the shortest in Finland and Denmark, and the longest in Sweden. No comparable Nordic statistics are available from the insurance sector.



Annual working hours in the financing sector.

Source: FA Nordic bank statistic 2013



Division of duties in the financing sector

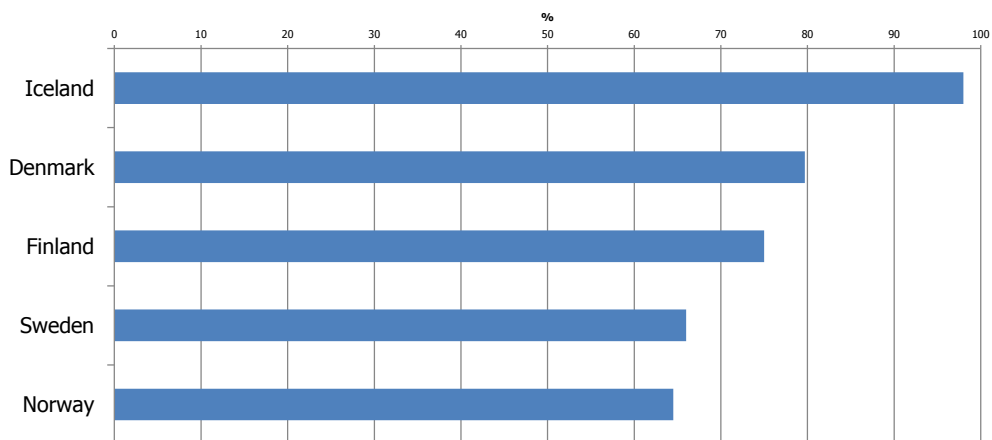
Source: FA Nordic bank statistic 2014.

LEVEL OF UNIONISATION

Banks, finance houses and card companies (as well as a number of specific companies mentioned in the collective agreement) follow the minimum terms for an employment relationship as stipulated by the collective agreement for the financing sector. The collective agreement has many provisions that pertain to different aspects of an employment relationship, such as working hours, holidays and minimum wages.

The Finnish financing sector's collective agreement has been signed by the Federation of Finnish Financial Services (representing the employer side) and Trade Union Pro, Nordea Union Finland and the Federation of Professional and Managerial Staff YTN (representing the employee side).

Insurance companies follow the collective agreement for the insurance sector, which has been signed by the Federation of Finnish Financial Services and the Union of Insurance Employees VvL. Similarly to the financing sector's agreement, it contains provisions on the minimum terms of an employment relationship for office personnel and field agents.



Level of unionisation in the financing sector.

Source: FA Nordic bank statistic 2013.

PRODUCTIVITY IN THE FINANCIAL SECTOR

In Finland, productivity has developed in different directions in different sectors. Industry has traditionally been the driving force of productivity growth. Finnish manufacturing industry became much more diverse and international in the 1970s and 1980s, and Finnish companies adopted new production methods. The financial services sector improved its productivity during those years, as well, although it didn't attract as much attention since it didn't have such a massive impact on the Finnish economy and exports as the manufacturing industry did.

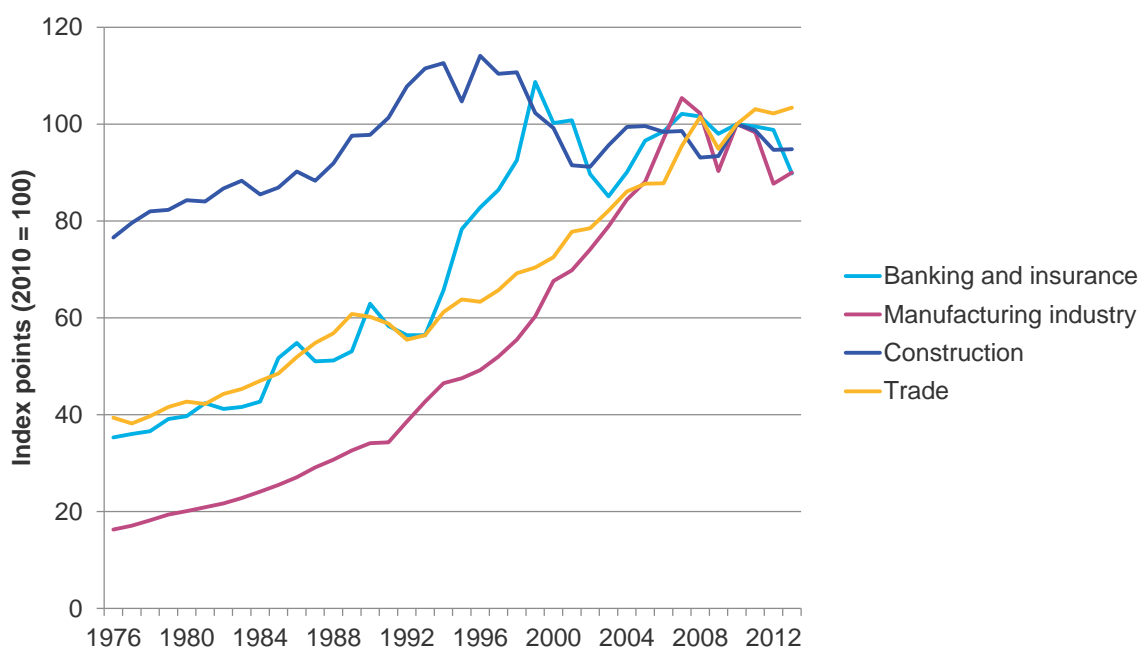
In the 1990s, Nokia spearheaded a booming electrotechnical industry, which improved the total productivity of the Finnish economy. However, productivity growth was also strong in financial services, trade, and other sectors.

The graph above shows that the financial services sector was quick to recover from the early 1990s recession, developing its productivity even faster than the manufacturing industry. Even the liberation of the capital

market in the 1980s did not enable equal productivity growth. The measures companies took to increase efficiency played a major role in developing operations in a much more productive and competitive direction.

The turn of the millennium did not have much effect on productivity in the manufacturing industry or in trade, but the financial services sector took a relatively heavy plunge that lasted several consecutive years. Afterwards the sector improved its operating models, which helped it increase its productivity even faster than many other sectors.

The first decade of the 21st century was a period of economic boom, and many Finnish sectors continued to grow stronger. Development of labour productivity was exceptionally strong in the manufacturing industry, but the financial services sector also grew at a fast rate. The period of weaker economy that began in 2008 has hindered labour productivity in nearly all sectors and industries, financial services included.



Development of labour productivity in different sectors

Source: Statistics Finland.

IV FINANCIAL SECTOR AS EMPLOYER

Various studies show that financial sector companies are regarded as reputable and financially stable. Characteristics that are most frequently assigned to the financial services sector are good monthly wage and career prospects. Good managerial work has also been highlighted in employer image surveys.

People who are interested in the banking sector are mainly career advancers who value high status and position. In comparison to other respondents, they more frequently appreciate good salary and career prospects, while placing less emphasis on factors such as work atmosphere and sense of meaningfulness.

The work atmosphere in the banking sector is considered slightly lower than average and it has also decreased from the previous year. The managerial work in the sector is relatively good, but well-being at work is slightly below average.

The motivational profiles of those who are interested

in the insurance sector are similar to those interested in banking. A high salary, esteem and the possibility to advance to managerial positions are held important.

In addition to a good salary, assurance of the continuation of employment and work atmosphere are among the top three selection criteria.

The impressions about managerial work in the insurance sector were particularly positive, ranking second in the study. In addition, well-being at work ranks among the highest in the study. See the publication Employer Image 2014 – Particularities of the Finance Sector for more results: http://www.fkl.fi/en/material/publications/Publications/Employer_image.pdf.

Good employer image is important for the entire sector. The financial services sector has its own training and careers website, www.keepitrolling.fi, which summarises what the sector does, what jobs it offers, and what kind of companies and employees it has.



Top three employer selection criteria in 2014.

Source: T-Media

V FUTURE COMPETENCIES IN THE FINANCIAL SECTOR

The financial services sector is going through constant changes. The economy and regulation influence sector participants in different ways. Customers' needs, employees' duties, and required competencies also change with time. This all affects what work in the financial services sector is like.

In the future, workplaces will also be providers of more and more training and education. Work and workplace learning will practically become intertwined. The use of computers in teaching will be even more versatile. A wider range of options will also allow people to pick the education paths that best suit their individual needs and future careers.

Financial services sector employers see managerial, sales and communications skills as the key elements of future competence. The sector will also need multi-skilled employees. The financial sector is a service business, which means that training will also emphasise strong customer skills.

The Future Competencies in the Financial Sector study mapped the skills expected of financial sector employees in the future. These include more and more interaction and teamwork skills, self-direction, innovation talent, and multicultural skills such as languages and the ability to work with people from different backgrounds.

The financial services sector's main future challenges are related to three changes:

1. being part of the daily lives of customers
2. making working culture more flexible
3. producing more services online.

These changes make customer service skills, cooperation, business competence, and technological prowess necessary. Employees must also be able to operate in networks and must have a firm understanding of responsible business.

Business skills

International competence

Technological prowess

Service skills

Design skills

Network skills

Creativity and innovative mindset



VI HEALTHY FINANCIAL SECTOR

Financial services sector employer and employee organisations launched a collaborative project called Healthy Financial Sector. The project included four workshops in late 2014, whose purpose was to activate employer and employee representatives in open discussion of the project's themes: productivity, competitiveness, and workplace well-being. Changes in customer behaviour and the impact of an increasingly digital society were the key themes that gave rise to the project.

In the workshops, participants communicated many similar viewpoints, and same themes emerged in all workshops with slight differences in emphasis. The same themes of productivity, competitiveness and well-being also recurred in many different subject areas. These three key factors cannot be developed separately from each other, because they are linked in constant interaction. They should be examined as a tripartite whole.

Workshop participants who discussed future foresight agreed that the financial services sector should better involve customers in the need-driven development of services, and should also strive to improve their understanding of customers' changing needs and desires.

Changes in customer behaviour have already had strong influence on the provision of services, and this influence will only grow stronger with the increase of digital and mobile channels. The results of the workshops can be concluded as follows:

- Technological development plays a key role for productivity because the sector needs functional, transparent and compatible information systems.

- The relationship between work well-being and productivity should be acknowledged more in the financial services sector. Leadership, competence development and successful resourcing have undeniable effect.
- When work well-being is developed, the most important thing is to enable open and confidential dialogue within the company. Everyone's responsibility for their own well-being, good leadership, and flexible working were also considered important. The next step will be determining how this open and confidential atmosphere and mutual understanding can be improved in workplaces.
- How to promote innovation in a regulated and conservative operating environment is another unsolved issue.
- The sector must be agile in order to renew itself. How can agility be improved when the sector is so heavily structured?
- Some factors were not identified in the workshops. The impact of robotic automation, for example, should be assessed in detail. Further deliberation is also required in issues such as changing customer needs and the pace of their change, and whether Finland is a large enough playing field for competitiveness. The Working Life 2020 project continues.