

Banking & Finance Industry Insights

A Manpower Market Insights Paper



September 2009
Australia

What do you do?



The Australian financial system is well placed to weather the current world financial market turmoil. In contrast to many banking systems around the globe, Australian banks have continued to perform strongly and are soundly capitalised. (Source: "Australian Banks- Recent Developments and Trends", Austrade, Dec 2008)

Australia's banking and finance sector is the fourth largest sector of the economy, generating 8.2 per cent or AUS \$82 billion of real gross value added in 2007-08¹. The finance and insurance industry is almost as big as the mining sector (the industry traditionally associated with Australia's economic wellbeing) and its expansion has also aided growth in related sectors such as communications, property and business services².

The global financial crisis has posed challenges around the world and Australia has been affected with a slowing economic and financial market activity. In relative terms however, Australia continues to perform well. The strength of Australia's banking and finance sector is underpinned by a strong and resilient economy, sophisticated, deep and liquid financial markets, a world best practice regulatory system, a mandated and innovative retirement savings (superannuation) scheme, a highly skilled and multilingual workforce and advanced business infrastructure.

Over the past decade, as the banking and finance sector has expanded in scale, depth and sophistication, the skilled level and value-added of this workforce has increased. In mid 2008, employment levels in Australia's banking and finance sector exceed 400,000. Sydney and Melbourne together employed 242,000 people in banking and finance sector, significantly more than Hong Kong (209,000) and Singapore (157,000)³.

¹ ABS cat. no. 5206.0 – Australian National Accounts: National Income, Expenditure and Product, Dec 2008, Time Series Spreadsheets, Table 33 Industry Gross Value Added.

² www.austrade.gov.au

³ Sources: Australia: Australian Bureau of Statistics (ABS) cat. no. 3101.0, Australian Demographic Statistics, Dec 2008; ABS cat. no. 6291.0.55.001 Labour Force, Australia, Detailed – Electronic Delivery, Table 02; ABS cat. no. 6291.0.55.003 E03_aug 94 – Employed Persons by Sex, Industry, Capital City-Balance of State, Hours Worked, August 1994 onwards; Department of Education, Science and Training; Austrade, Hong Kong in Figures 2009 Edition, February 2009; Education Bureau. Singapore: Ministry of Manpower (MOM), online

Industry Facts and Figures

Banking

- There are 56 banks operating in Australia (12 domestic banks, 10 foreign subsidiary banks and 34 foreign branch banks) with residence assets of AUD\$2.4 trillion as of 31 December 2008. Australia's banks continued to show strong levels of profitability.⁴
- In October 2008, the World Economic Forum assessed Australia as having the third best regulation of securities exchanges and the fourth soundest banking system in the world⁵. Each of the four major banks (ANZ, Commonwealth Bank, National Australia Bank, Westpac) is rated AA by Standard & Poor's. Among the world's 100 largest banks by assets, there are 12 banks that are AA rated or above, and four of these are Australian⁶.
- Net profit (after tax) of all banks was AUD\$23 billion for the year ending 30 June 2008 and return on equity (after tax) averaged 17%⁷.
- Australian banks are increasingly looking to export their expertise in retail banking, wealth management and distribution to the region⁸.

Insurance

- The Australian insurance sector ranks 12th globally in terms of premiums and 4th in the Asia-Pacific region⁹. The sector is a mature, innovative, and well-regulated backed by strong legal, accounting, education, human resource and IT capacities.
- As of 30 September 2008 there were 129 general insurance companies operating in Australia. They managed AUD\$91 billion in assets. Net premium revenue for the industry in the year ending 30 September 2008 was AUD\$23.1 billion, up 3.9 per cent from the previous year. Of this, direct insurers wrote AUD\$21.8 billion (94.5 per cent). The remaining AUD\$1.3 billion (5.5 per cent) was written by re-insurers. Total industry's net profit after tax in the year ending 30 September 2008 was AUD\$2.6 billion, compared with AUD\$5.2 billion in the previous year¹⁰.
- As of 30 September 2008 there were 32 life insurance companies operating in Australia. They managed AUD\$232 billion in assets and received AUD\$20 billion in net premium income in the 6 months to 30 September 2008¹¹.

Statistics, Labour Force, Updated 30 Jan 2009; MOM Research and Statistical Department, Labour Market, Second Quarter 2008 Table 1.1, Released Sep 2008; Ministry of Education, Education Factsheet 2008

⁴ *Austrade, Financial Services in Australia, 16 March 2009*

⁵ *The Banker Magazine, ANZ Economics Research*

⁶ *ABS, cat. no. 5655.0, Managed Funds, Dec 2008*

⁷ *APRA statistics, Monthly Banking Statistics back data & Quarterly Bank Performance Statistics, Jun 2008*

⁸ *Austrade, Financial Services in Australia, 16 March 2009*

⁹ *Austrade, Financial Services in Australia, 16 March 2009*

¹⁰ *APRA Statistics, General Insurance Statistics, Quarterly General Insurance Performance Statistics, Sep 2008 (issued 15 January 2009), Tables of KeyStats and 1a*

¹¹ *RBA Bulletin Statistical Table B18*

Funds Management

- Australia has one of the world's largest contestable pools of investment fund assets. This has been underpinned by Australia's mandatory retirement income system introduced in 1992. In the December quarter of 2008, Australia had AUD\$1.2 trillion¹² (about USD\$830bn)¹³ in funds under management.
- Total assets have grown 400 per cent since 1992, with a compound annual growth rate of 10.6 per cent. Conservative industry has forecast that total fund assets will reach to around AUD\$2.5 trillion (USD\$2tn) by 2015¹⁴.
- The investment management industry is also looking to export services to the region, drawing on its strengths in portfolio construction, risk management, wealth advisory and distribution capabilities and funds administration and custody services¹⁵.
- The industry revenue of superannuation funds management is expected to increase by an annualised real rate of 11.5% per annum to \$11.9 billion by 2013-14. The rate of growth will be much stronger than the performance period, as revenue will come from a low base. Revenue gains will not be larger as the Government's focus on reducing the costs of the super system will limit the industry's revenue generating opportunities¹⁶.

¹² ABS, cat. no. 5655.0, *Managed Funds*, Dec 2008

¹³ The US\$/A\$ exchange rate was US\$0.6928 as at 31 Dec 2008 (sourced from RBA)

¹⁴ Standard & Poor's *Investment Consulting*

¹⁵ Austrade, *Financial Services*, 16 March 2009

¹⁶ IBIS World, *Superannuation Funds Management in Australia*, May 2009

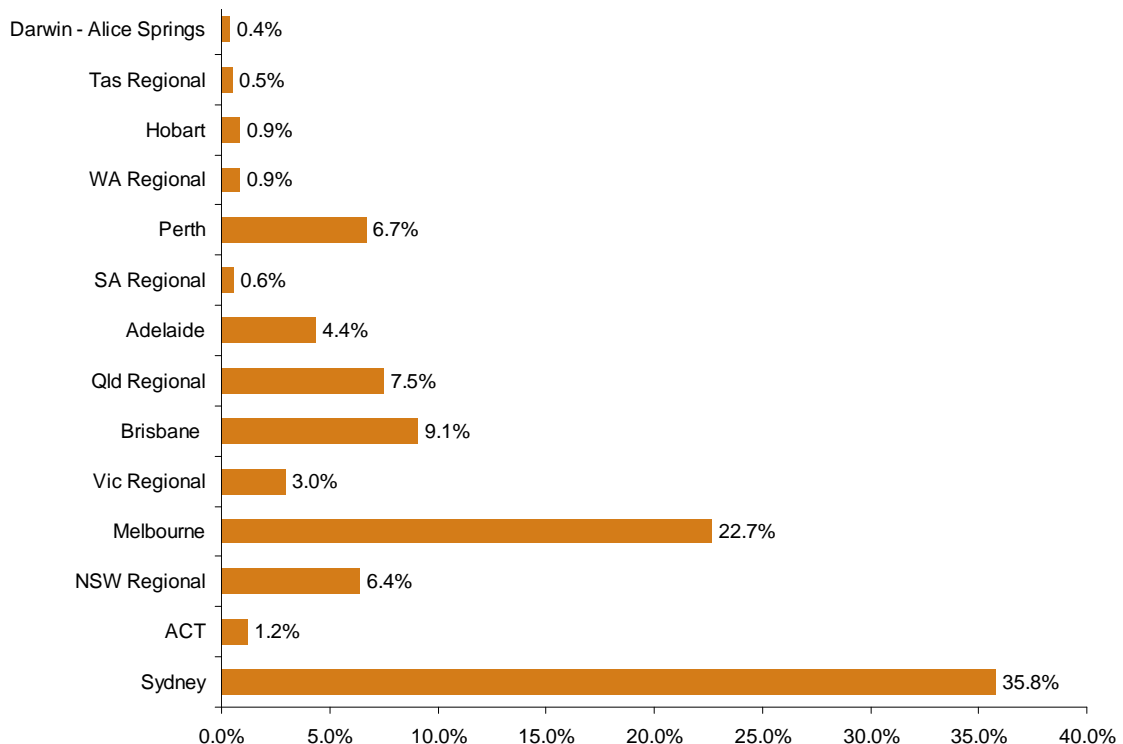
Totaling more than 400,000, Australia's banking and finance services workforce is internationally experienced, multilingual and relatively cost competitive. Excellent education and training facilities, a strong regulatory environment, sophisticated business infrastructure and a large skilled immigration program enhance these workforce characteristics.

(Source: "Australia's Financial Services Workforce", Austrade, June 2009)

According to various labour force statistics, for Sydney alone, the number of people employed in financial services is now more than 40% of the size of those employed in global financial markets – New York or London. The difference between the centres diminishes further when financial services employment is measured relative to the total size of the workforce. Sydney's financial services workforce now accounts for 6.4% of the city's total employment¹⁷.

Demographic Profile- Banking and Finance Professionals* Geographical distribution

The geographic skew is to the capital cities along with regional areas. The analysis below shows the majority of Banking and Finance Professionals (36%) are residing in Sydney.



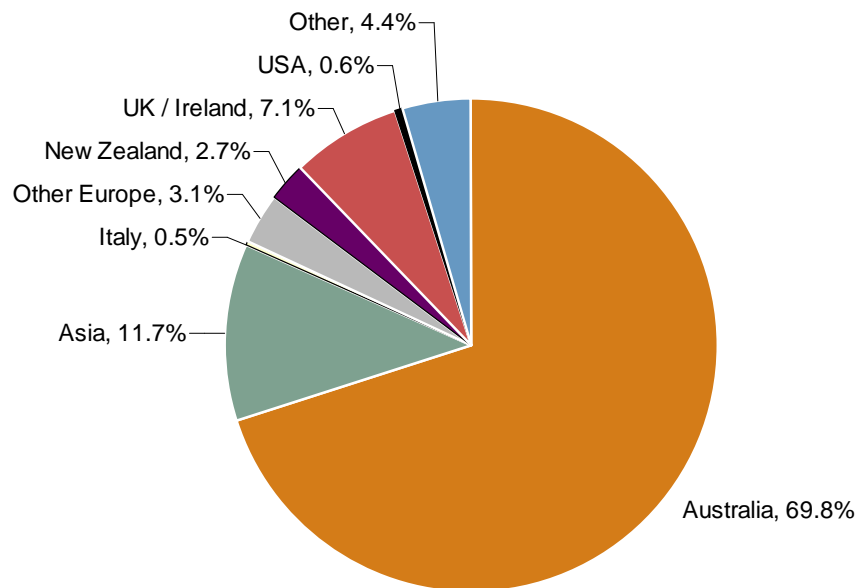
¹⁷ Austrade, Australia's Financial Services Workforce, June 2009

Gender, Age and Generations

- 54% of Banking and Finance Professionals are men and 46% are women.
- 44% of Banking and Finance Professionals are aged 25-44, Generation X and Generation Y. The mean age of a Banking and Finance Professional is 40 years old.

Country of Birth

Banking and Finance Professionals come from a range of backgrounds. Almost 70% were born in Australia, 12% were born in Asia, 7% were born in UK/Ireland and 3% were born in New Zealand.



Education

Banking and Finance Professionals in Australia have predominantly finished College or University. 61% of Banking and Finance Professionals have a degree or a diploma. 12% are now studying in universities.

Income

The mean income of Banking and Finance Professionals is \$76K p.a. in 2009.

Work Status & Company Size

- 22% of Banking and Finance Professionals work part-time and 78% are full-time workers.
- Banking and Finance Professionals tend to work in medium to large banking and finance institutions - 22% work for companies with 300-1000+ employees

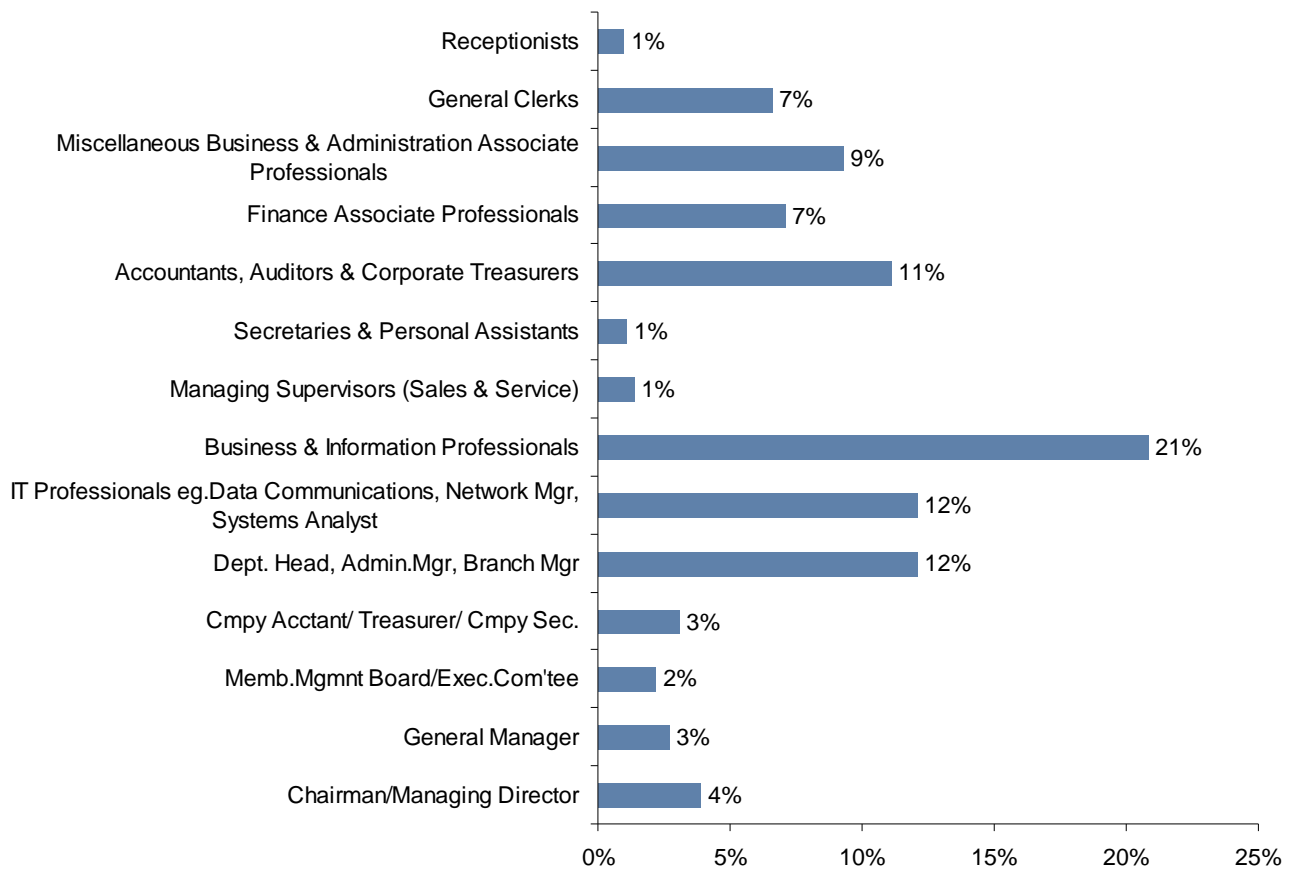
**Survey data in this section was obtained from Roy Morgan Single Source, March 2009*

Sector

Banking and Finance Professionals predominantly work in the private sector (96%) and 4% work in the public sector.

Occupation

As shown in the graph below, the most common occupational groups in the Australian Banking and Finance Industry is the Business & Information Professionals (21%), Accountant, Auditors & Corporate Treasurers (11%), IT Professionals (12%) and Dept Head, Admin Manager and Branch Manager (11%).



Hours worked in the last 7 days

52% of Banking and Finance Professionals worked 32-50 hours in the last 7 days, of these, 21% indicated that they have worked 41-50 hours in the last 7 days.

Mobility & Access

- On average Banking and Finance Professionals travel 16kms to work.
- Banking and Finance Professionals rely upon public transport. In the last 3 months, 48% of Banking and Finance Professionals have travelled on trains, 37% have travelled by bus, 11% have travelled by tram and 10% have travelled by ferry.

Employment Sites Visited

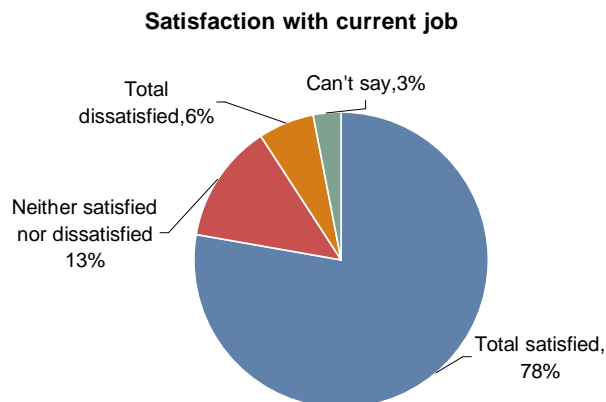
Banking and Finance Professionals have visited employment sites in the four weeks:

- 19% have visited www.seek.com.au
- 9% have visited www.mycareer.com.au
- 8% have visited www.careerone.com.au
- 1% have visited LinkMe
- 3% have visited JobSearch.gov.au

Banking and Finance Professionals Job Satisfaction*

Overall Job Satisfaction and Intention to Change Jobs

78% of Banking and Finance Professionals are happy with their present job and 27% are planning on changing jobs in 2009.



Satisfaction Drivers

Job Recognition

Over half of Banking and Finance Professionals (63%) in Australia are satisfied with the job recognition they receive in their present role. Compared to the rest of the working population, Banking and Finance Professionals are more satisfied with the amount of job recognition that they receive.

Job Opportunities

51% of Banking and Finance Professionals are happy with the opportunities available to them in their current role.

*Survey data in this section was obtained from Roy Morgan Single Source, March 2009

Current Rate of Pay

Banking and Finance Professionals are less dissatisfied with their current pay, 55% stating they are happy and 30% believing the pay they receive is fair and 12% believe their current pay is poor.

Job Security

Banking and Finance Professionals are generally satisfied with the security (56%) they have in their current role. However, 28% of Banking and Finance Professionals indicated that they are dissatisfied with job security.

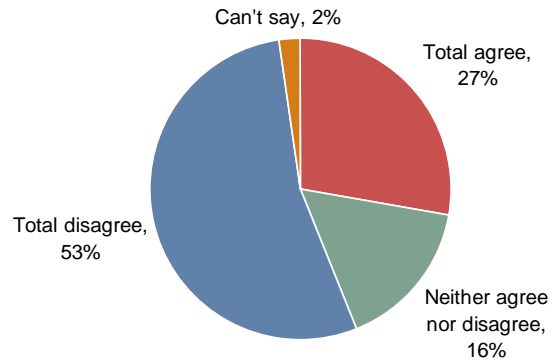
Training

60% of Banking and Finance Professionals are satisfied with the training they presently receive and 15% are unhappy with their training.

Management's Use of Employee's Ideas

Banking and Finance Professionals are more satisfied with management's use of their good ideas (55%) when compared to the total working population (51%).

Intention to change jobs in 2009



*Survey data in this section was obtained from Roy Morgan Single Source, March 2009

About Manpower Inc.

Manpower Inc. (NYSE: MAN) is a world leader in the employment services industry; creating and delivering services that enable its clients to win in the changing world of work. Celebrating its 60th anniversary in 2008, the US\$22 billion company offers employers a range of services for the entire employment and business cycle including permanent, temporary and contract recruitment; employee assessment and selection; training; outplacement; outsourcing and consulting. Manpower's worldwide network of 4,400 offices in 82 countries and territories enables the company to meet the needs of its 400,000 clients per year, including small and medium size enterprises in all industry sectors, as well as the world's largest multinational corporations. The focus of Manpower's work is on raising productivity through improved quality, efficiency and cost-reduction across their total workforce, enabling clients to concentrate on their core business activities. Manpower Inc. operates under five brands: Manpower, Manpower Professional, Elan, Jefferson Wells and Right Management. More information on Manpower Inc. is available at www.manpower.com or www.manpower.com.au.

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