



## In the money: occupational projections for the financial industry

*By Michael Rieley*

The financial industry provides a window into some important factors affecting occupations in the broader labor economy. The industry has a projected employment growth rate near the average for all industries for 2016–26. Still, a closer look reveals that it is being affected by a range of important economic factors: automation, demographics, and the demand for analytical roles.

The financial industry facilitates consumption, borrowing, investment, and risk management throughout the economy.<sup>1</sup> Occupations that are heavily employed in the financial industry vary from managers who plan and direct the work of others, to financial specialists who analyze data and recommend investment decisions, to clerical workers who carry out day-to-day operational tasks. This **Beyond the Numbers** article highlights a few

occupations with substantial employment in the financial industry that are affected by the economic factors mentioned above.

## High-demand role

Table 1 shows the projected change in employment for financial industry occupations over the decade from 2016 to 2026. Employment of [financial managers](#) is projected to grow 18.7 percent. The occupation is expected to experience higher demand for its services because of a greater emphasis on financial management within businesses. As one source puts it, “the responsibilities of finance leaders have evolved to encompass everything from business strategy to operations to IT risk management. The role of finance now permeates all areas of business as its influence continues to grow.”<sup>2</sup> These expanded responsibilities put further demands on the analytical requirements of the role. For example, the need to plan and manage risk will play an important role in the success of businesses and other organizations. As a result, the demand for risk managers (a type of financial manager) will increase. Because the complexity of risk management makes it difficult to automate, artificial intelligence is expected to be a complementary tool, rather than a substitute, for risk managers—unlike the situation with many other occupations.<sup>3</sup> With risk managers leading the way, the broader occupation of financial managers is expected to experience strong employment demand.

**Table 1. Employment change for occupations concentrated in finance, 2016–26 (numbers in thousands)**

Occupation	Employment			Projected change, 2016–26	
	2016		2026, projected	Number	Percent
	Number employed	Percent <sup>1</sup>			
Total, all occupations	156,063.8	3.9	167,582.3	11,518.6	7.4
Financial managers	580.4	29.3	689.0	108.6	18.7
Personal financial advisors	271.9	69.3	312.3	40.4	14.9
Bookkeeping, accounting, and auditing clerks	1,730.5	6.7	1,705.3	-25.2	-1.5
Tellers	502.7	98.2	460.9	-41.8	-8.3

<sup>1</sup> Percentage in North American Industry Classification System (NAICS) 520000.

Source: U.S. Bureau of Labor Statistics.

## Changing landscape of retirement

Employment of [personal financial advisors](#) is projected to grow 14.9 percent from 2016 to 2026. Demographic trends are influencing this fast growth. As the population continues to age and a substantial percentage approaches retirement age, the demand for financial (specifically, retirement) planning will increase. In addition, the way the typical person finances retirement has changed. Retirement now requires more individual planning. Traditional pensions, in which an employer would pay a retired worker a defined benefit as part of the company’s benefit package, have declined in prominence. According to the Urban Institute, defined benefit pensions “covered 30 percent of adults born in the 1940s and 1950s. They will cover only 11 percent of adults born in the 1980s.”<sup>4</sup> Defined contribution plans, such as 401(k)s, are more commonly offered, allowing a tax benefit to workers

who contribute to their own retirement account. Workers decide how much to pay into these accounts and what to invest in. Their decisions help to determine when they can retire and how large their retirement package will be.

## Automation

Automation is a factor that is having a dampening effect on employment demand throughout the economy. The financial industry is no exception. While many clerical roles are seeing their growth diminished by automation, two occupations that are concentrated in finance are especially worth examining because of their large size: [bookkeeping, accounting, and auditing clerks](#) (also known as bookkeepers) and [tellers](#). Personal financial advisors, a high-demand occupation discussed earlier, also are experiencing the dampening effect that automation has on growth.

Employment of bookkeepers is projected to decline 1.5 percent from 2016 to 2026, representing a loss of 25,200 jobs. Technology allows much more bookkeeping work to be performed by fewer bookkeepers. For instance, mobile devices can log data automatically, and cloud computing allows those entries to be stored on multiple devices or computers. Data entry that used to be performed manually by bookkeepers is now logged automatically across all the relevant devices and books.<sup>5</sup>

Employment of tellers is projected to decrease 8.3 percent from 2016 to 2026, amounting to a loss of 41,800 jobs. Automation technology is reducing demand for tellers in a number of ways. First, online and mobile banking allows customers to perform routine transactions, such as depositing a check electronically. Second, because a trip to a bank branch is no longer required for these transactions, banks are reducing their numbers: There was a 5.3-percent decrease in the number of bank branches from 2012 to 2017, according to the Federal Deposit Insurance Corporation.<sup>6</sup> Third, those tellers who remain in banks will be under further pressure from automation: “Video tellers” allow a single teller to serve customers from several locations, and automated kiosks within branches will be able to perform more complex tasks than traditional automated teller machines (ATMs) now do. As explained in *Business Insider*, “As those capabilities continue to grow, customers at retail branches will spend more time interacting with machines for their day-to-day needs, while branch personnel will move from behind the counter and focus more on complex transactions such as coordinating loans for homes or small businesses.”<sup>7</sup> All of these trends will reduce the need for in-branch tellers.

It is worth noting that both occupations have survived a previous period in which automation, in the form of ATMs for tellers and bookkeeping software for bookkeepers, was expected to lead to job losses. Yet, even as these technologies became widespread (ATMs during the 1980s and bookkeeping software in the 1990s), both occupations kept growing: Employment of bookkeepers grew 6.4 percent, and employment of tellers grew 11.6 percent, from 1997 to 2007.<sup>8</sup> This history should serve as a lesson that automation does not always have the detrimental effect on labor that is anticipated. The human cognitive capacity to understand context, identify errors, and communicate with customers and other workers is a strong factor that is highly resistant to automation, even in routinized and clerical roles. Although complete elimination of those roles is still not likely, the quality of artificial intelligence and computing technology is now at a level at which job losses for these occupations should be expected.

Employment of personal financial advisors, one of the high-demand occupations discussed earlier, also is being affected by automation. Although the occupation is still projected to have strong growth, the emergence of “robo-advisors” is expected to have a dampening effect. Robo-advisors are computer programs or applications (apps)

that can offer automated financial planning advice based on algorithms. Users enter in some basic information, such as their income, assets, age, risk tolerance, and financial goals, and the program then provides recommendations on how to invest.<sup>9</sup> According to a study by the Spectrem Group, the average age of investors who use robo-advisors is 48, compared with an average age of 62 for investors who do not use robo-advisors.<sup>10</sup> For now, this difference means that robo-advisors may limit the demand for in-person advice from younger people who are at the early stages of their financial planning. In-person advice will remain highly sought after for the bulk of the market: older people closing in on retirement.

## Conclusion

The financial industry employs workers in a range of occupations, and the sources of demand are manifestations of broad trends that affect the entire economy. Analytical roles that are insulated from automation (financial managers) are in high demand. An aging population means that services which cater to that demographic segment (personal financial advisors) have a strong employment outlook. And the progress of artificial intelligence and computing technology means that routinized, clerical roles (bookkeepers, tellers) are projected to experience job losses. For occupations heavily employed in the financial industry, the sources of employment growth or decline are examples of broad factors that are also driving the demand for labor in the economy as a whole.

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### NOTES

<sup>1</sup> “Financial industry” and “finance” refer to NAICS industry 520000, “Finance and insurance.” For the purposes of this article, an occupation that has substantial employment in the financial industry is defined as either employing 100,000 or more workers in “finance and insurance” or having more than 50 percent of the occupation’s employment in this industry.

<sup>2</sup> “7 emerging trends that are changing finance: 1. Evolving CFO role” (Dublin, Ireland: Sysco Software Solutions), <https://www.sysco-software.com/7-emerging-trends-that-are-changing-finance-1-evolving-cfo-role/>.

- <sup>3</sup> Steve Culp, “Extending the skills of the risk professional is the next big challenge in risk management,” *Forbes*, September 20, 2017, <https://www.forbes.com/sites/steveculp/2017/09/20/extending-the-skills-of-the-risk-professional-is-the-next-big-challenge-in-risk-management/>.
- <sup>4</sup> Richard W. Johnson and Karen E. Smith, “How retirement is changing in America” (Washington, DC: Urban Institute), <https://www.urban.org/features/how-retirement-changing-america/>.
- <sup>5</sup> Victoria Hoffman, “Accounting trends that will dominate in 2018 & beyond,” *Hubdoc*, January 18, 2018, [http://content.hubdoc.com/hubdoc-blog/accounting-trends-2018?utm\\_content=buffer003a7&utm\\_medium=social&utm\\_source=twitter.com&utm\\_campaign=buffer/](http://content.hubdoc.com/hubdoc-blog/accounting-trends-2018?utm_content=buffer003a7&utm_medium=social&utm_source=twitter.com&utm_campaign=buffer/).
- <sup>6</sup> “Commercial banks – historical statistics on banking” (Washington, DC: Federal Deposit Insurance Corporation), <https://www.fdic.gov/bank/statistical/>.
- <sup>7</sup> Alex Morrell, “Bank tellers are in danger of extinction as the ATM of the future takes over,” *Business Insider*, June 13, 2017, <http://www.businessinsider.com/bank-teller-automation-on-the-rise-with-new-atm-technology-2017-6/>.
- <sup>8</sup> “Occupational Employment Statistics” (U.S. Bureau of Labor Statistics, May 2017), [www.bls.gov/oes/](http://www.bls.gov/oes/), click on “Occupational Profiles.”
- <sup>9</sup> Barbara Friedberg, “This is how you choose between a robo and financial advisor,” *U.S. News and World Report*, February 14, 2018, <https://money.usnews.com/investing/investing-101/articles/2018-02-14/this-is-how-you-choose-between-a-robo-and-financial-advisor/>.
- <sup>10</sup> “Robo-advisors not just for the kids any longer” (Lake Forest, IL: Spectrem Group, 2016), <https://spectrem.com/Content/not-just-for-kids-robo.aspx/>.

#### SUGGESTED CITATION

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