

For Immediate Release:

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Australia's finance sector - losing ground to regional competitors

- 10 year research released -

Australia's financial services sector^{*} is not attracting enough skilled workers into the industry and is often providing only modest incentives to retain talented employees, according to research released today by Finsia – Financial Services Institute of Australasia.

The research, derived from Roy Morgan Research Single Source[†], examines the patterns of the Australian workforce over more than a decade between 1997 and 2007 (and the significant trends influencing this period). It provides preliminary insight into the key issues facing Australia's financial services industry in attracting and retaining skilled employees.

The findings, which form the first stage of Finsia's 2008 policy initiative – *Closing the talent gap – building a global financial centre*, suggest that Australia's rising talent shortage threatens to stymie growth, innovation and the global competitiveness of our financial services industry.

Despite Australia's strong employment growth (with 2 million more Australians working now as compared to 10 years ago); our rising education level (with almost a quarter of Australians now holding a bachelor's degree); and the substantial level of underemployment (with 28,000 people in the financial services industry currently seeking additional work); the research indicates that the finance sector has only increased slightly in proportion to its overall share of the Australian workforce over this decade.

The research also identifies an alarming disparity regarding the participation rates of men and women in the finance sector. The proportion of females working in the finance industry has fallen 3% to 45% since 1997, with female participation in the sector dropping off particularly in the older age groups. This suggests a structural impediment within the finance sector to re-employing women.

Disturbingly, the research reveals that the finance sector has done little to breakdown historic barriers facing women in the sector, with women employed at disproportionately lower levels to men in terms of both roles and income levels.

Commenting on the results, Dr Martin Fahy, Chief Executive Officer of Finsia, stated: "Australia's open economy, enviable regulatory environment and impressive funds management industry, has ensued its strong position in global financial markets. However, maintaining that competitive advantage will increasingly depend on a skilled pool of professionals to drive the industry forward."

"The findings indicate that Australia's finance sector risks losing ground to regional competitors if productivity and growth levels fail to increase. In the face of an ageing population and recognised talent shortage, now more than ever we must encourage greater workforce participation rates, especially among women and professional retirees," Fahy continued.

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^{*} The reference to the finance sector used here and thereafter incorporates the finance, property and business services sectors

[†] Roy Morgan Single provides an integrated understanding of consumers; what they are like, what they consume, what they buy, what they think, what they want, what they watch, read and listen to. In Australia, Roy Morgan Single Source incorporates over 55,000 interviews face-to-face in both city and country areas each year with people aged 14+. This large sample ensures the reliability of Roy Morgan Research's Consumer Finance data, as well as the unparalleled data coverage with continuous collection of survey data of more than 10 years.

Key findings of the study also include:

- The proportion of men working in the finance sector who hold degrees (54%) is much higher than the overall proportion of men in the workforce with a degree (28%).
- Men in the finance sector are much more likely to hold managerial positions than women. Women employed part time in the finance sector are also twice as likely to be in clerical positions as men (65% for women, compared to 32% for men).
- The average personal income for men employed full time in the finance industry is considerably higher than for women employed full time across all age groups, with the difference in the income level more acute in the 45-59 age group.
- In line with the overall ageing of the population, the proportion of the finance sector aged under 30 has declined over the last 10 years (down 6% to 25%), while the proportion aged 60 and over has grown considerably (up 3% to 7%), suggesting that the finance industry is simply not attracting enough young talent.

“If Australia is to be considered a leading financial services centre in the Asia-Pacific region, a coordinated approach from government and industry is required to lift the level of skilled employment in the financial services industry by at least 40% to meet escalating competition from established centres such as Hong Kong and Singapore and emerging centres such as Dubai and Shanghai,” concluded Fahy.

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Notes to Editors:

About Finsia

Finsia – the Financial Services Institute of Australasia – has a combined wealth of experience in the financial services industry dating back to 1886.

As the only professional association representing the entire spectrum of financial services throughout Australia and New Zealand, its reach extends to more than 20,000 professionals working across the broad categories of banking, wealth management and capital markets.

Finsia plays a vital role in protecting the industry’s strength and competitiveness in today’s evolving global marketplace through its core purpose of helping members succeed in their careers and supporting the growth and development of the financial services industry.

This is achieved through the provision of relevant and high quality professional development programs, a comprehensive suite of career support services and an extensive range of industry-leading information resources and publications. Finsia’s leadership, advocacy and policy-setting initiatives also play a critical role in promoting industry growth both regionally and around the world.

For further information about Finsia, visit: www.finsia.com

About Roy Morgan Research

Roy Morgan Research is the largest independent Australian research company, with offices in each state of Australia, as well as in Indonesia, New Zealand, United States and United Kingdom.

A full service research organisation specializing in omnibus and syndicated data, Roy Morgan Research has more than 60 years experience in collecting objective, independent information on consumers. In Australia, Roy Morgan Research is considered to be the authoritative source of information on readership, financial behaviour, voting intention and consumer confidence. Roy Morgan Research is a specialist in recontact customised surveys which provide invaluable and effective qualitative and quantitative information regarding customers and target markets.

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