

Careers in the Money

Careers in Financial Services

Objective

Promising Opportunities

What Is Finance?

Finance is more than just crunching numbers or making trades on the stock exchange. Any job that involves the management of money is considered a finance job. You may work for a large investment bank in New York City or a tiny gift shop on Main Street in your hometown. You may raise money to build a new skyscraper, or you may help a young couple plan for retirement. The bottom line is—finance jobs are *everywhere!*

Career Pathways in Financial Services

Since the financial-services industry is such an enormous field, there are many different ways to “slice it up” and look at it. Here, we’ve divided the industry into six career pathways:

■ Financial and Investment Planning

A major portion of the financial-services industry involves buying and selling securities/commodities and offering financial advice and guidance to clients. There are several different types of firms that specialize in trading securities. The most common type is the brokerage house. Agents who work for brokerage houses, trading securities for clients, are known by titles such as *brokers*, *stockbrokers*, *registered representatives*, and *account executives*. They must pass difficult exams to obtain the licensing necessary for trading on the stock exchange. Their hours are often long and hectic, and most are paid on commission, which can make it difficult to get a start in this career.

Another firm that trades securities is an investment bank. Investment banks specialize in helping corporations and governments issue securities. They also aid in complicated financial matters such as mergers and acquisitions. Some investment banks are also brokerage houses. *Investment bankers* assist clients with the details and strategy that these matters require. Their work is very interesting and engaging, but it can be quite stressful. Investment bankers usually work long, irregular hours.

Companies that create and manage mutual funds are also an important type of securities trading firm. *Mutual fund managers* are responsible for trading the individual securities within each fund. It’s their duty to make decisions that will cause the fund to grow and increase in value.

People who evaluate companies and industries and make recommendations to buy, sell, or hold certain securities are *financial analysts*, also known as *securities analysts* or *investment analysts*. Competition for these positions is quite intense. Many financial analysts become CFAs (Chartered Financial Analysts). This professional designation is sponsored by the CFA Institute, and every candidate must complete three levels of study and exams.

Financial planning is also a very important part of this industry segment. Personal financial advisors provide individuals and families with guidance for their investment and financial decisions. They may also buy and sell certain financial products, such as securities, retirement plans, or even insurance policies. Also known as *financial planners* and *financial consultants*, many are self-employed and work flexible schedules that revolve around the best times to meet with clients (such as evenings and weekends). Many personal financial advisors become CFPs (Certified Financial Planners) or ChFCs (Chartered Financial Consultants). CFPs have met requirements for continuing education, passed a certification exam, and have at least three years of full-time work experience in the financial-services industry. ChFCs have covered all the requirements for the CFP designation as well as received advanced education in retirement and estate planning.

Objectives:

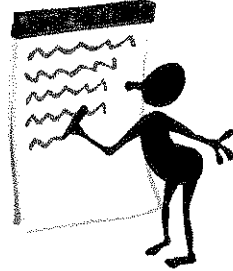
1 Describe career opportunities in financial services.

2 Discuss issues and trends in the financial-services industry.

■ Business/Corporate Financial Management

There are many finance careers available in the corporate world as well. Every company or organization must manage its money. Financial recordkeeping is extremely important for legal and tax purposes. *Financial clerks* are responsible for this recordkeeping. There are many different types of financial clerks, including:

- *Bill and account collectors*—solicit outstanding payments from customers
- *Procurement clerks*—prepare purchase orders and requests
- *Billing clerks*—prepare bills and invoices
- *Payroll and timekeeping clerks*—review timecards and compute employee wages



Most financial clerk positions require only a high school diploma, and many employees work part-time. They're usually paid hourly, and their wages vary widely by industry.

Financial managers are responsible for overseeing part or all of a company's or organization's finances. In large companies, there may be several financial managers, each with a separate set of responsibilities. In smaller companies, one financial manager may perform all the work. Financial managers have many different titles, including:

- *Risk and insurance managers*—oversee risk-management programs as well as the organizational insurance budget
- *Treasurers*—responsible for the organization's financial goals and objectives; oversee investment, cash management, and capital raising
- *Cash managers*—monitor the organization's cash flow

■ Banking Services

Modern banking is a lot more than just checking and savings accounts. Today's banking industry covers a wide variety of financial products and services, including investments and insurance. There are several different types of banks functioning in today's economy.

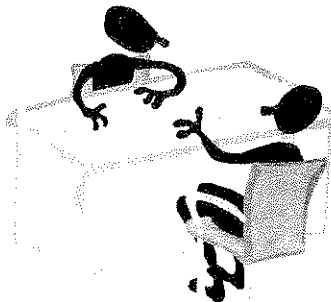
The most common type of bank is the commercial bank. Commercial banks offer financial products and services, including checking accounts, savings accounts, and loans to individuals and businesses, as well as to the government. There are many large commercial banks that span big geographic regions, and there are also small, local commercial banks that serve just one community.

Credit unions offer many of the same products and services as commercial banks, but their structure is somewhat different. Credit unions are cooperatives that are created, owned, and managed by their members. Membership in a credit union is based on a common link among members, such as employment at the same company or residence in the same county. Credit unions often offer lower fees and interest rates than commercial banks.

Another type of bank is a savings bank, also known as a savings and loan or a mortgage bank. Savings banks differ from other banks in that they focus on accepting deposits for savings accounts as well as lending money for mortgages. Their primary customers are individuals, rather than businesses.

The banking industry offers a variety of interesting careers to pursue. *Tellers* are responsible for conducting routine bank transactions and may also sell additional products that the bank offers. Most teller positions require only a high school diploma, and many tellers work part-time. Salaries for tellers vary widely with experience and region.

Loan officers and counselors are also an important part of the banking industry. They specialize in finding clients and helping them to apply for loans, such as commercial (business loans), consumer (loans for individuals), or mortgage (loans to purchase real estate). Most loan officers are paid on commission, although some do earn a salary. Employment for loan officers tends to fluctuate with loan demand. Some loan officers choose



to become CMBs (Certified Mortgage Bankers), a professional designation offered by the Mortgage Banking Association.

Credit analysts are crucial to the loan process as well. After assessing the requests of individuals and businesses applying for loans, they make a report to the loan committee and help decide if the requests should be granted. Like loan officers, credit analysts may specialize in a certain type of lending, such as commercial or consumer.

And we can't forget about *branch managers*. Branch managers are responsible for overseeing all the functions of a particular bank branch, including hiring personnel and resolving customer complaints. Their focus is often on sales and marketing, with an emphasis on establishing good relationships with the community.



■ Insurance Services

The insurance industry exists to protect individuals and businesses from the financial losses that may occur as the result of an accident or disaster. By purchasing an insurance policy, an individual or business is eligible to receive reimbursement from the insurance carrier if accidents or disasters (theft, fire, injury, and death, to name a few examples) occur. Insurance carriers are the large companies that provide the insurance and assume the risks covered in the policies. Insurance agencies, or brokerages, sell the policies for the carriers.

Individuals who sell insurance policies are *insurance agents*. Modern insurance agents sell a lot more than just insurance policies, however. They've branched out to include quite a few other financial products and services as well. Agents who work exclusively for one insurance company are known as captive or exclusive agents. Those who represent several companies are known as independent agents. Insurance agents may specialize in one or more types of insurance, such as property and casualty, disability, life, or health. Agents must be licensed and are most often paid on commission.

Actuaries are a vital part of the insurance industry. They are responsible for assessing risk using statistical analysis and for helping to design policies to minimize the cost of that risk. Actuaries must pass a series of stringent examinations to be qualified for their work. Exams in life insurance, health and retirement benefits systems, and finance/investment are administered by the Society of Actuaries (SOA). Exams in the property and casualty field (fire, personal injury liability, accident, workers' compensation, medical malpractice, etc.) are administered by the Casualty Actuarial Society (CAS).

The work of *underwriters* is also important to the insurance industry. Underwriters are responsible for calculating the risk of loss, establishing premium rates, and designing policies to cover risk. Many choose to specialize in life insurance, health insurance, or property and casualty insurance. They may further specialize in either individual or group policies. There are several professional designations that underwriters can pursue, including:

- *Associate in Commercial Underwriting (ACU)* — offered by the Insurance Institute of America
- *Associate in Personal Insurance (API)* — offered by the Insurance Institute of America
- *Chartered Property and Casualty Underwriter (CPCU)* — offered by the American Institute for Chartered Property Casualty Underwriters (AICPCU)

- *Chartered Life Underwriter (CLU)* — offered by the American College
- *Registered Health Underwriter (RHU)* — offered by the American College

■ Real Estate

Real estate brokers and *agents* are responsible for assisting both buyers and sellers in all aspects of the process of purchasing or selling property. *Brokers* are independent businesses that sell real estate owned by others. *Agents* are independent workers who work for brokers on a contract basis. Usually, agents specialize in either commercial or residential property. Brokers and agents must be licensed. They work flexible schedules and make money from commission.

Real estate appraisers are also an important part of this industry. They are responsible for determining the value of a specific property and often specialize in a certain type of property. A great deal of their time is spent researching and writing reports. Appraisers must be licensed, and licensing requirements vary by location and type of property.

■ Accounting

Accountants work in a variety of industries. They are responsible for preparing, analyzing, and verifying a variety of financial data, including tax documents. *Government accountants* prepare, analyze, and verify financial data for the government as well as for private organizations that are subject to government regulation and taxation. Many government accountants serve as bank examiners or IRS (Internal Revenue Service) auditors. *Internal accountants* work for corporations or other organizations, with an emphasis on checking for fraud or waste. *Management accountants* work for corporations or other organizations, with an emphasis on budgeting, asset management, and preparing reports for public disclosure. Management accountants are often part of high-level teams responsible for making important business decisions. *Controllers* direct the preparation of financial reports such as balance sheets and income statements. They are often in charge of accounting and auditing for an entire company. *Public accountants* work for a variety of clients, including the government, corporations, and individuals. Some accountants choose to become CPAs (Certified Public Accountants). CPAs achieve their designation through a combination of education, experience, and examinations. Accountants often work long hours during tax season.

Career Basics in Financial Services

Traits, Skills, and Education

Although some finance jobs require only a high school diploma, the best career prospects are available to candidates who have earned a bachelor's degree. A degree in accounting, finance, business administration, economics, statistics, or a related field goes a long way toward getting your foot in the door of the industry. Many finance positions are accompanied by on-the-job training as well.

Other important traits and skills for finance employees include:

- An aptitude for math
- Writing and verbal skills (You'll need to communicate with a variety of people, such as bosses, coworkers, and clients.)
- Computer skills
- People skills
- Attention to detail
- Problem-solving skills
- Sales ability
- Self-confidence
- Flexibility
- Enthusiasm

Trends in the Financial Services Industry

A major trend that has influenced the financial-services industry in the past few decades is the growth of technology. Technology has a huge impact on how we live and work. Communication and commerce clip along at a very fast pace in our "wired" society.

Nearly every bank now offers online banking services. Customers expect 24-hour access to their accounts and the ability to make certain transactions without having to visit a branch office. Many financial products and services are bought and sold over the Internet as well. With the click of a mouse, you can apply for a credit card, open a brokerage account, or purchase an insurance policy. And while there are still some risks involved, for the most part technology has allowed financial transactions conducted over the Internet to be protected from fraud and identity theft.



This technology is known as encryption, and it involves scrambling electronic data so that it can be decoded only by the intended receiver.

Technology has had both positive and negative effects on the financial services industry. In some ways, it has streamlined job duties and allowed employees to become more efficient. For example, modern credit analysts save time by running credit checks online. On the flip side, however,

technology has eliminated the need for certain jobs. Online banking, for instance, has reduced the demand for tellers in the banking industry.

Another trend that has had significant impact on the financial-services industry is deregulation. The banking industry, the securities industry, and the insurance industry used to be prohibited from affiliating with each other. But the Financial Services Modernization Act of 1999 (also known as the Gramm-Leach-Bliley Act) repealed those prohibitions, allowing banks, securities firms, and insurance companies to engage in a variety of new financial activities. Today, consumers can purchase securities through an insurance agent or purchase an insurance policy through a bank. The lines between these industries have now been blurred.

Changing demographics are influencing the financial-services industry as well. The enormous Baby Boomer generation is getting close to retirement age, driving up the demand for investment services and certain insurance products. In general, people are living longer now, which means they have more years of retirement to plan and pay for. The population is also better educated than in the past. People want control of their money and their financial futures in a complicated, globalized economy. All of this creates a greater need for investment and financial-planning professionals.

Careers in the financial-services industry can be very engaging and rewarding. The variety of career pathways offers something for everyone interested in this field. Take the time to explore what a career in finance can offer you!