

# **EMPLOYMENT OPPORTUNITIES IN CREDIT INSTITUTIONS**

**By Neal Fried and Greg Huff**

## **INTRODUCTION**

**W**hen B.M. Behrends Bank opened its doors in Juneau in 1891 to serve the gold miners, employment opportunities were created in a new industry in Alaska. Since then the number of banks and closely related credit institutions which include savings and loans (S&L's) and credit unions has grown dramatically. Presently there are 14 different banks, 26 credit unions and 4 S&L's throughout the state. Their assets range from \$160,687 to \$758,286,000, and employment ranges from 1 to 2 employees to 900. In terms of employment and assets banks are the largest, followed by credit unions and S&L's, respectively.

During the past decade, employment in this industry grew by 115% compared to overall Alaska employment growth of 84%. There are approximately 3,700 people working in the industry statewide at present. It is a small industry, responsible for 2.1% of Alaska employment. Though Alaska is a young, developing state the ratio of banking jobs to total nonagricultural employment is almost identical to the nationwide ratio (2.1% versus 2.2%). Seventy percent of the 3,700 people working in this industry in Alaska are employed in Anchorage, 10% are in Fairbanks, and the remaining 20% are scattered throughout the state. Anchorage, often dubbed the financial capital of the state, is the headquarters for most of the state's banks. Of the 44 banks, credit unions, S&Ls in Alaska, 23 are headquartered in Anchorage. Though industry employment is concentrated in Anchorage, opportunities to work in the industry exist throughout the state. Branches serve a number of Alaska's smaller communities and provide employment opportunities. If a person wishes to pursue a career in the industry with the best opportunities for advancement, it would be necessary to locate near a full service institution.

The credit world, once an industry plagued with a staid, conservative and less-than-dynamic image, has changed and will change even more rapidly as competition from nonfinancial institutions increases and regulations are updated or eliminated.

### **WHO WORKS IN CREDIT INSTITUTIONS?**

Credit institutions offer a variety of services which utilize specialized techniques and equipment, some unique to the industry. Consequently credit institutions offer a range of career opportunities. Opportunities vary according to the type and size of the institution. Larger banks have a more specialized work force while at a smaller institution a person may have myriad responsibilities. Occupational mix also varies among the different types of institutions because of the varying services provided by each.

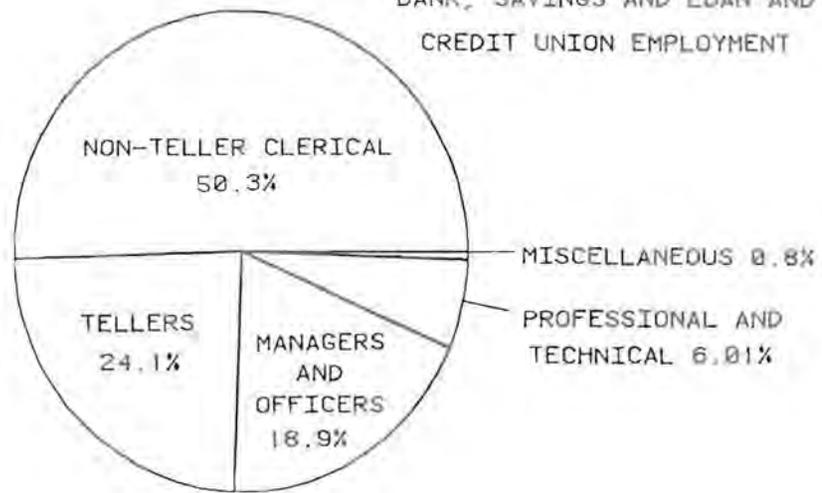
The majority of jobs in banks, credit unions, and savings and loans are clerical. The Alaska Department of Labor, in a 1978 survey, found that three-quarters of the jobs in this industry were clerical. Some occupations represented in this category are, tellers (who comprise over 24% of the total industry work force), keypunch and proof machine operators, bookkeepers, credit clerks, secretaries and clerical supervisors. Managers and officers (from presidents to junior officers), professional and technical staff (computer programmers, etc.) and miscellaneous occupations make up the remaining work force (See Graph).

### **JOB OPPORTUNITIES**

Job opportunities are determined by the interaction of the supply of skilled or unskilled workers and the demand by the credit institutions for those workers. Factors influencing supply and demand are economic conditions of the state, technological changes, pay and working conditions.

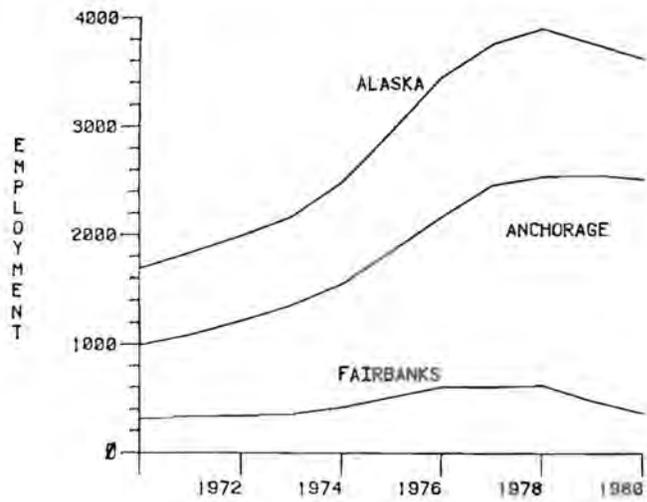
Despite the relatively small numbers of jobs in this industry, employment opportunities are good due to growth and replacement needs. Replacement needs due to turnover supply the bulk of job opportunities in banks and other credit institutions. Turnover varies from occupation to occupation but is greater in the clerical occupations than among the remaining

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work force. Workers leave for higher wages, a change of working environment or promotion. High turnover among the clerical staff can be attributed to low wages and good opportunities for movement from job to job within or out of the credit industry. High turnover for clerical occupations is not limited to the credit industry and is common throughout the economy. (For more detail on wage and salaries refer to Alaska Department of Labor Wage Rates for Selected Occupations). Turnover in Alaskan banks and other credit agencies ranges from 70% to 100% annually compared to the industry turnover rate in the "Lower 48" of 30% to 40%. This does not mean that on average the industry must replace most or all of their personnel each year, but rather turnover is equivalent to 70% to 100% of their work force. Alaska's higher turnover rate stems from its highly mobile and transient work force.

Following is a discussion of job opportunities for the three main occupational categories in the industry, clerical, officers and managers, and professionals and technicians.

## **CLERICAL OCCUPATIONS**

All organizations need clerks to handle paperwork but because of the specialized nature of banking some clerical duties and titles in credit institutions differ from those in other businesses. Specialized duties unique to the industry have titles such as teller, loan clerk or proof operator. Similar positions include file clerk, typist, keypunch operator, secretary, and receptionist. Although bookkeepers are found in many other businesses some terminology, techniques, and equipment are unique to the credit industry.

The titles of positions in the industry generally reflect the kinds of duties and responsibilities the job entails. The larger the organization the more specific the title. A general teller's responsibility is to receive and pay out money while a note teller receives loan payments and maintains custody of securities. A new accounts teller assists customers in opening new savings and checking accounts. Loan clerks also have a variety of titles such as a loan processor or closer. The processor's duties include processing applications for loans and obtaining personal and financial data about the applicant while a closer draws up closing papers that finalize financial

transactions. Proof operators operate a special machine which sorts, records and proves records of bank transactions (checks and deposit slips) and magnetically encodes identification symbols on those records. An accounting clerk may perform any combination of routine calculations, specific to their title; for example an accounts payable or receivable clerk would post and verify deposits.

Job opportunities at present are good and are expected to be good in the future due to anticipated growth in the industry and continued high replacement needs. Industry officials say they usually have no trouble finding needed personnel and that job opportunities are good due to high turnover. Experienced loan processors and closers were an exception to this but with the current recession in the "Lower 48", the labor pool of experienced personnel has expanded making it easier for banks to obtain qualified people. Tellers and keypunch operators have among the highest turnover rates and as one industry official put it "we always have a demand for tellers." Contributing to the turnover for keypunch operators are the evening work hours. To help alleviate some of this turnover banks are turning to job sharing and flexible work hours.

Promotional opportunities are moderately good and depend upon the worker's performance, qualifications, motivation and available openings. For example, a general teller may be promoted to a note or new accounts teller. A clerk may be advanced to a clerical supervisor or eventually to senior supervisor. Advancement to an officer position is possible for outstanding clerks who have college training or have taken specialized courses in banking. Promotion comes from within an organization and new inexperienced hires fill the entry level positions.

## **OFFICERS AND MANAGERS/PROFESSIONALS AND TECHNICIANS**

**B**ecause the credit industry offers an array of services, a wide choice of specialized careers is available. However, position duties vary according to the size and type of institution. Occupations for officers and managers include the president who directs operation, the vice-president who acts as general manager or is in charge of a department

such as trust or credit, the controller who heads the accounting section, the cashier who directs financial transactions of the institution and oversees operational procedures, and the branch manager who oversees operations of branch offices. Large organizations may also have senior and junior officers who supervise various sections within different departments. These officers may handle installment, commercial or real estate loans and would be titled loan officer. They may conduct financial planning and investments for trust administration and be called trust officer. Other career fields for officers include auditing, personnel administration, public relations and marketing.

The present job outlook is positive and with expected industry growth and continued replacement needs, the future outlook is also good. However, due to turnover rates of 10% to 20%, job openings are not as frequent as with clerical positions. Industry officials indicated that presently they have no major problems finding qualified personnel, but at times there is difficulty. However, the present recession in the rest of the country has increased the pool of qualified and available workers. Many of the institutions mentioned have been "stealing" hard-to-find or experienced personnel from other institutions while others have a policy to not accept applications from personnel of other in-state institutions unless they have already quit. In this case credit institutions have to go outside Alaska to obtain personnel with the needed skills.

Advancement depends on experience, ability, leadership, additional education and vacant positions. Advancement may come slowly because of the limited number of positions particularly for senior officer positions. Managers and officers move up the career ladder internally or may go to other institutions when roadblocks prevent advancement. Opportunities also arise in other industries which need personnel with banking experience.

The professional and technical staff includes EDP (Electronic Data Processing) auditors or system analysts and computer programmers. EDP auditors analyze procedures and data used in the industry which can be converted into a programable form to be run by computers. EDP auditors also analyze programs to insure proper and efficient processing of data. Computer programmers are responsible for the design of the

programs needed to process data. The industry generally reports some difficulty in locating experienced people in Alaska and many times has to go out of state. Advancement possibilities are narrow but are not limited to the industry.

## **EDUCATION AND TRAINING**

Formal training, a high school diploma or a college degree are not always necessary to land a job in a bank. It is not unusual, particularly in smaller banks, to run into a vice-president who does not have a college degree. In these cases, the individual often started out as a teller and worked their way to the top. However, today if a person is interested in advancement from an entry level, nonprofessional status, to the professional or management ranks, it will be very difficult without some formal training and education. For a person with no industry experience who wishes to launch a career in a managerial or professional rank, a college degree in business, accounting, data processing or economics is a must.

On-the-job training is the most prevalent way people acquire the skills they need for the particular job they perform in the industry. Tellers, for example, will usually go through a formal period of training before they are given full responsibility. Some banks have specific management trainee programs. For a management trainee, the bank can either select promising individuals from within the organization or recruit college graduates for the program. Management trainee programs vary in time and scope from bank to bank. A typical program will last from 9 to 14 months. The trainee is introduced to many operational aspects of banking and often when the formal training is over the trainee may become a junior lending officer. In 3 to 5 years they could become a branch manager. A few trainees are introduced to the financial aspects of banking which eventually could lead to an officer position in a specific department involved with portfolio analysis, or commercial loans, etc.

The industry likes to promote from within and therefore a person who shows initiative generally has good opportunities for advancement. Part of showing this initiative is acquiring the right training and education. The industry offers a variety of courses through the American Institute of Banking. These courses are tailored for the industry and are usually only

available to people already working in the industry. In some exceptions these courses are taught in conjunction with the local community college or university. These courses are given in classroom settings, correspondence courses and closed circuit TV which makes many of the courses available in rural areas. Special in-house seminars are also held periodically. The Cook Inlet Native Association (CINA) has a teller trainee program in which the teller trainee goes through 1 to 2 months of classroom training and then 1 month on-the-job training at a bank. When the training period is completed, CINA then finds them employment in a bank. High school, community college and university courses in any of the clerical fields, data processing, accounting and business will help to crack open the door to employment and advancement. Most banks will pay for their employee's tuition, as long as the courses are job-related or are necessary to complete a degree that can be applied to the needs of the industry.

### **FUTURE TRENDS**

The industry is presently going through a period of flux which may affect future personnel demands. This change is occurring because of changing technology, changing regulations, and increased competition within the industry and from nonfinancial institutions. Technological changes are coming largely from the increasing use of computers. This means more employees in the industry, from teller to manager, have to become more familiar and comfortable with computer use. They do not have to become computer operators or programmers but they do have to become more familiar with the lingo used, the information computers can provide, and how to use it. Any technical training in this area will be extremely helpful and will eventually be a prerequisite to landing a job in the industry.

Competition is becoming increasingly fierce from nonfinancial institutions, such as Sears and Merrill Lynch. Federal regulations are being lifted or changed in many areas of the industry which will allow banks, credit unions, and savings and loans to compete against each other more than they have been able to in the past. Prior to this increased competition banks were virtually guaranteed a profit. To meet this competition, marketing will become an extremely important area. These institu-

tions will have to spend more time assessing new trends and products. This means they will have to spend more time selling themselves which will require new skills. The introduction of interstate banking will quicken this trend. Expertise from large outside banks may cause new technology to be introduced more rapidly and competition will be heightened.

The staid and conservative image of this industry is being shed quickly, as it increasingly resembles other competitive industries in the economy.