INDUSTRY PROFILE

Finance and Insurance

Jackson Sauls, Meghan Wills, and Zach Boren

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Digital technologies are transforming the finance and insurance sectors, and the skills that are in demand by finance and insurance professionals are rapidly evolving (Dicks et al. 2020). At the same time that automation, AI, and other technological advancements are shifting which jobs are in demand, these sectors are facing a talent shortage due to an aging workforce.[1, 2, 3] With average earnings increasing by nearly 50 percent since 2013 and strong growth projected in skilled occupations ranging from financial managers to insurance sales agents and accountants, the financial and insurance sectors offer good career opportunities for job seekers and current employees upskilling to adjust to the changing landscape.[4]

In the face of skills gaps, talent shortages, and technological advancements, financial and insurance companies are looking for new models to develop a skilled workforce. Apprenticeship is a proven industry-driven training solution that provides a flexible model that can be customized to meet each company's specific needs. This industry profile highlights key trends in the finance and insurance workforce and provides resources for those interested in developing registered apprenticeship programs for finance and insurance occupations.

Workforce Opportunities and Challenges

The finance and insurance sector is essential to the US economy, accounting for over 6.7 million jobs and contributing over 7 percent to the nation's GDP.[5] Technological advancements such as generative AI, predictive analytics, blockchain, and financial digitization are rapidly reshaping the sector. Approximately 73 percent of global customers' interactions with banks now occur through digital channels (Anan et al. 2023). Financial technology company revenues are projected to grow three times faster than companies in the traditional banking sector between 2023 and 2028.

The growth of advanced technologies directly impacts the finance and insurance sector's workforce needs. Finance and insurance firms increasingly automate transactional tasks, such as manual data entry, processing, and reporting.[6] As a result, customer service and administrative roles, such as bank tellers, clerks, and claims adjusters, are declining.[7] At the same time, data analysis and business problem-solving skills are in high demand.[8]

As new technologies and automation significantly impact jobs in the sector, the need to upskill employees is becoming more important. Employees working in insurance and financial institutions report the highest levels of fear that their jobs would be automated compared with workers in other industries (Schwemer et al. 2021). Research on the insurance industry found that up to 70 percent of tasks will experience a significant shift in scope.[9] To meet new skill needs, many finance and insurance companies have found internal upskilling to be a cost-effective alternative to replacing employees.[10] Individuals with industry expertise are well positioned to innovate in their roles and maximize productivity gains when given opportunities to learn new skills on the job (Deloitte 2019).

Insurance institutions are facing a talent shortage due to an aging workforce. By 2026, the insurance sector is projected to lose approximately 400,000 workers to retirement and attrition.[11] To address the talent shortage, industry professionals recommend that firms take a more comprehensive and forward-thinking approach to their workforce strategy by meeting talent where they are and adopting skills-based models for increased flexibility within organizations.[12]

Labor Market Trends in Finance and Insurance from 2013 to 2023

Employment:
Employment grew nearly **15%**

Wages:
Average hourly earnings rose by **49%**

Job Openings:
Job openings increased by **60%**

Source: "Industries at a Glance: Finance and Insurance: NAICS 52," (Washington, DC: US Bureau of Labor Statistics), accessed June 14, 2024, https://www.bls.gov/iag/tgs/iag52.htm.

Finance and Insurance Employment Outlook from 2022 to 2032

Employment growth is projected for many occupations, such as the following:

- Finance managers: +17.7%
- Insurance sales manager: +10.0%
- Accountants and auditors: +7.7%
- Management analysts: +7.2%
- Financial risk specialists: +6.9%
- Securities, commodities, and financial services sales agents: +6.4%

Source: "Employment Projections, National Employment Matrix, NAICS 520000 Finance and Insurance," (Washington, DC: US Bureau of Labor Statistics), accessed June 14, 2024, https://data.bls.gov/projections/nationalMatrix?queryParams=520000&ioType=i.

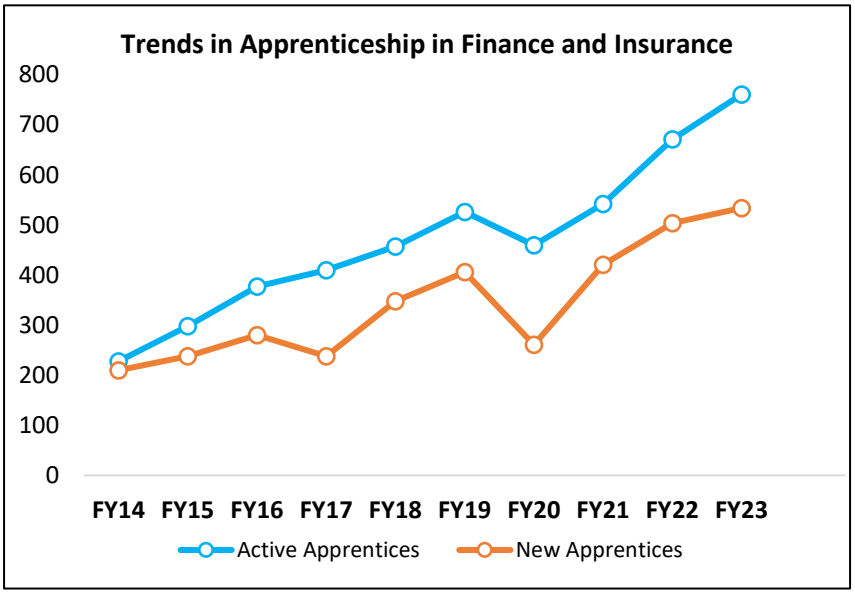
Apprenticeship in Finance and Insurance

Registered Apprenticeship Programs enable finance and insurance companies to hire and train flexible and adaptable workers who can keep pace with industry changes, including the rapid advancement of new technologies. Because of the structured approach to knowledge transfer from experienced workers to newer ones, apprenticeships also provide a succession plan for the insurance sector's anticipated retirements.

As of 2023, there are 33 Registered Apprenticeship Programs in finance and insurance, reflecting the value the finance and insurance sector finds in this talent development model.[13] The number of active apprentices in finance and insurance has grown by 391 percent since 2014, while the number of new apprentices has increased by 123 percent.[14]

Spotlight: Aon

Aon, a global insurance and risk mitigation company based in Chicago, launched an apprenticeship program in 2017 to build a more diverse talent pipeline and remove barriers to entry-level employment (https://www.aspeninstitute.org/wp-content/uploads/2023/02/Case-Study-Next-Generation-Apprenticeships-at-Aon.pdf). The program recruits community college students in business-related fields, with a focus on women, people of color, and first-generation students. Apprentices work 40 hours per week, split between on-the-job learning at Aon and classes leading to an associate's degree. Aon partners with community-based organizations to provide wraparound services to apprentices, including college success and career navigation services. Program completers begin full-time employment at Aon in insurance and other key business functions. After launching the apprenticeship in Chicago, Aon has expanded the program to six additional cities, serving more than 300 apprentices since 2017.



Source: "Data and Statistics: Interactive Apprenticeship Data," US Department of Labor, accessed July 2, 2024.

Common Finance and Insurance Apprenticeship Occupations in 2024

Customer service representative—426 apprentices (Common Occupations Text style)

General insurance associate—306 apprentices

Business analyst—130 apprentices

National Occupational Frameworks

National Occupational Frameworks provide the building blocks of a Registered Apprenticeship Program for a specific occupation, including the on-the-job training and instructional coursework that apprentices will complete. Organizations can use the frameworks to accelerate the design and registration of apprenticeship programs because they are thoroughly researched and reviewed by industry experts in business, labor, workforce, and education, and are approved by the US Department of Labor.

National Occupational Frameworks are available for several finance and insurance occupations. See the links below to access each framework.

- Credit analyst: https://urbn.is/3ZBvT5M
- Insurance sales agent: https://urbn.is/48HL1Rz
- Loan officer: https://urbn.is/3Vm3csH
- Licensed residential real property appraiser: https://urbn.is/4c0VXf4

Additional Resources

For more information on apprenticeship in the finance and insurance sector, please visit

- the National Occupational Frameworks in finance and insurance (http://apprenticeships.urban.org/explore-industries/finance-insurance), and
- Apprenticeship USA's resources on apprenticeships in financial services (https://www.apprenticeship.gov/apprenticeship-industries/financial-services).

Notes

[1] Juliet Grabowshi, Alexander Roos, Anna Oberauer, Orsolya Kovacs-Ondrejkovic, and Vinciane Beauchene, "The Finance Function Need a Talent Upgrade," Boston Consulting Group, May 11, 2023, https://www.bcg.com/publications/2023/finance-talent-azquisition-needs-upgrade.

[2] "Browse by Industry: Finance and Insurance," O*Net Online, last updated November 19, 2024, https://www.onetonine.org/find/industry?i=52.

[3] "Skills Gap in Insurance Industry's Aging Workforce Is a Growing Concern," RSM US, October 31, 2023, https://rsmus.com/insights/industies/insurance/skills-gap-in-insurance-industrys-aging-workforce-is-a-growing-concern.html.

[4] "Industries at a Glance: Finance and Insurance: NAICS 52," BLS, https://www.bls.gov/iag/tgs/iag52.htm, last updated December 11, 2024; "Employment Projections: National Employment Matrix: 520000 Finance and Insurance," BLS, https://data.bls.gov/projections/nationalMatrix?queryParams=520000&ioType=i.

[5] BLS, "Industries at a Glance: Finance and Insurance: NAICS 52."; "Value Added by Industry: Finance, Insurance, Real Estate, Rental, and Leasing: Finance and Insurance as a Percentage of GDP," Federal Reserve Bank of St. Louis, accessed December 11, 2024, https://fred.stlouisfed.org/series/VAPGDPFI.

[6] "AI Adoption by Companies: 5 Statistics You Should Know," Edge Delta, March 29, 2024, https://edgedelta.com/company/blog/ai-adoption-by-companies.

[7] O*Net Online, "Browse by Industry: Finance and Insurance," accessed January 3, 2025, https://www.onetonline.org/find/industry?i=52.

[8] Juliet Grabowski, Alexander Roos, Anna Oberauer, Orsolya Kovacs-Ondrejkovic, and Vinciane Beauchene, "The Finance Function Need a Talent Upgrade," May 11, 2023, Boston Consulting Group.

[9] Tanguy Catlin, Ari Chester, Julie Goran, Megan McConnell, and Scott Rutherford, "Transforming the Talent Model in the insurance Industry," McKinsey & Company, July 6, 2020, https://www.mckinsey.com/industies/financial-services/our-insights/transforming-the-talent-model-in-the-insurance-industry.

[10] "Productivity 2021 and beyond," PwC, February 21, 2021, https://www.pwc.com/gx/en/industries/financial-services/publications/productivity-agenda.html.

[11] "Skills Gap in Insurance Industry's Aging Workforce Is a Growing Concern," RSM US, October 31, 2023, https://rsmus.com/insights/industies/insurance/skills-gap-in-insurance-industrys-aging-workforce-is-a-growing-concern.html.

[12] Michelle King, "Five Tips to Combat the Insurance Industry's Talent Shortage," RGA Knowledge Center, Reinsurance Group of America (RGA), July 2023, https://www.rgare.com/knowledge-center/article/five-tips-to-combat-the-insurance-industry-s-talent-shortage.

[13] Data on the number of Registered Apprenticeship Programs are from the Apprenticeship Data Alignment & Performance Technical Assistance Center at The Council of State Governments (https://web.csg.org/adap-tac).

[14] To calculate apprenticeship statistics for the finance and insurance sector, we filtered the Apprenticeship.gov dashboard by occupation. To view a full list of the occupations we included in the finance and industry sector, see our "Apprenticeship Dashboard Occupations: Finance and Insurance" list at https://airtable.com/appFPebcNM8POjpcF/shr4rR8c8FJU8FqTx/tblXytMIOsiQGH2rb.

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