

Financial Services: The Finance Industry in Ohio



Contributions to the Economy

- The latest available data show Ohio's finance industry (NAICS 521-3, 5) provided services valued at \$29.8 billion in 2013, up from the recession lows of \$24.0 billion in 2009 and 2010. The \$29.8 billion was 5.3 percent of Ohio's total Gross Domestic Product (GDP) and 3.8 percent of the U.S. industry total.
- \$25.7 billion of the services – 86.3 percent of the total – were provided by commercial banks, saving-and-loans and credit unions, as well as non-depository institutions supplying credit and financing and others processing various financial transactions (521, 2). The remaining \$4.1 billion in services were provided by the securities and funds subsectors (523, 5).
- The \$25.7 billion in banking and related services (521, 2) was nearly 5.0 percent of the U.S. total, ranking Ohio 6th in the nation and specifying the finance industry's concentration here to this particular major industry.
- The inflation-adjusted net growth of Ohio's finance industry from 2007 through 2013 was 17.1 percent; that of banking and related services was 14.2 percent.

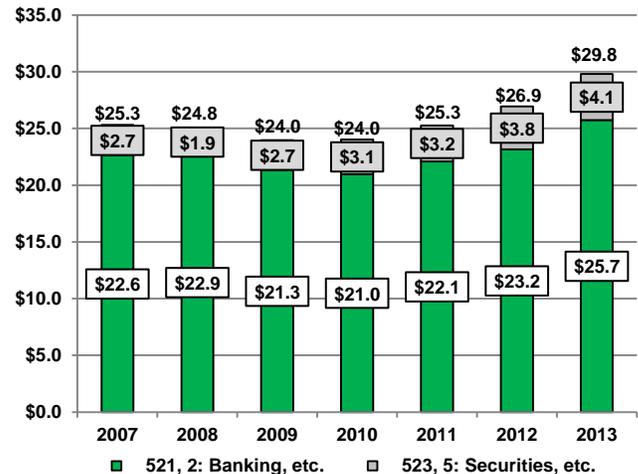
Ohio's Shares of the Industry Employment

- Parts of the finance industry are concentrated in Ohio. The general concentration of credit intermediation (522, 4.4 percent of the U.S.) reflects the concentration of employment in specific constituent industries: commercial banking (52211 – 4.7 percent), savings and loans (52212 – 5.8 percent), credit card issuing (52221 – 15.6 percent), and processing and clearinghouse, etc. activities (52232 – 4.4 percent).
- Also noteworthy are the estimated 968 workers at the Cleveland Federal Reserve Bank (521), which were 5.2 percent of the System in 2013, even though just 0.7 percent of the finance industry in Ohio.

The Distribution of Industry Employment in Ohio

- 143,300 people worked in Ohio's finance industry in 2013 according to the Census Bureau. About 92,300, or 64.4 percent, worked for depository institutions such as commercial banks (52211, 76,350), savings-and-loans or credit unions (5221R, 15,900-plus). An additional 24,600-plus, or 17.2 percent, worked for non-depository institutions (5222) providing credit and financing, while 8,800-plus – 6.2 percent – worked in processing, clearing, loan brokerage, etc. (5223).
- 16,500, or 11.5 percent, worked in the securities subsectors (523, 5). Almost 8,200 of these were at brokerage establishments (52312); most of the remaining employees worked at establishment providing portfolio management (52392) or investment advice (52393). 600-plus worked in investment banking (52311); i.e., for establishments raising capital, underwriting new securities, or providing advice regarding such purchases.

Ohio's Finance Industry GDP (in billions)



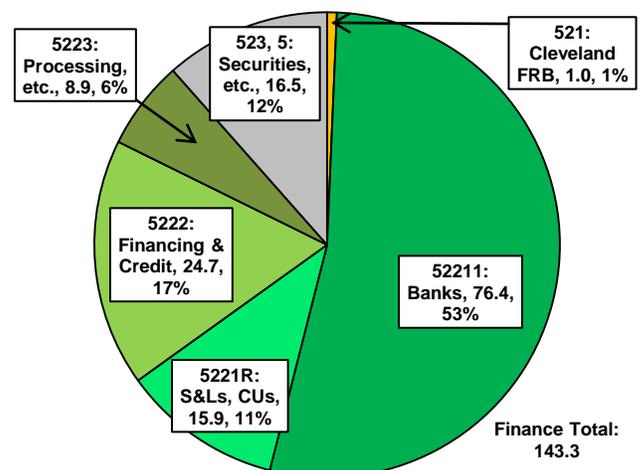
Source: U.S. Bureau of Economic Analysis, 2015

Ohio's Share of U.S. Employment in Selected Financial Industries

NAICS Code: Title	Share of U.S.
Private sector total (except farms & railroads)	3.9%
521-3, 5: Finance industry total	3.8%
521: Cleveland Federal Reserve Bank	5.2%
522: Credit intermediation & related activities	4.4%
52211: Commercial banks	4.7%
52212: Savings-and-loans	5.8%
52221: Credit card issuing	15.6%
52232: Processing, clearinghouse, etc.	4.4%
523: Securities, etc.	1.9%
525: Funds, trusts, etc.	0.8%

Source: U.S. Census Bureau, 2015

Finance Industry Employment (in thousands)



Source: U.S. Census Bureau, 2015

Financial Services: Finance Job Trends & Projections



Employment Trends

- Employment in Ohio's finance industry (NAICS 521-3, 5) fell 9.1 percent from 154,100 in 2007 to 132,800 in 2011 with little interruption. It has regained 10,500 jobs by 2013, an increase of 5.4 percent, but was remained 7.0 percent less than in 2007. Despite the variations, the proportion in U.S. industry jobs in Ohio usually ranged between 3.5 and 3.8 percent.
- This overall trend masks divergent experiences in more specific industries. Employment at banks, savings and loans and credit unions (5221) remained fairly steady in the recession, eventually rising 7.1 percent from 86,100 in 2011 to 92,300 in 2013.
- Job losses in the recession were concentrated in the smaller industries: financing and credit (5222), processing, etc. (5223), and securities and funds (523, 5). The financing and credit industry saw substantial growth from 2011 to 2013, recovering 7,100 of the jobs lost earlier.
- Employment at the Cleveland Federal Reserve Bank (521) probably has declined by an estimated 200-plus job since 2007.

More Recent Employment Changes

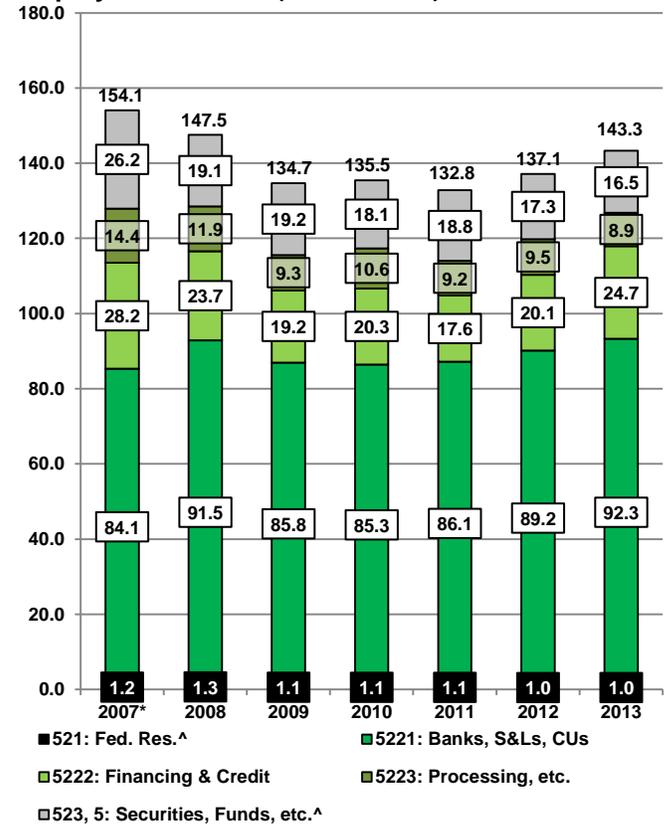
- More recent data show an aggregate decline of 3.6 percent the bulk of finance industry jobs (522-3) in Ohio from 2013 to 2014 according to the U.S. Bureau of Labor Statistics' Quarterly Census of Employment and Wages (U.S. BLS QCEW).
- Again, the summary figures mask divergent changes: employment gains in processing, etc. (5223) and portfolio management, investment advice, etc. (5239) were more than offset by reductions at banks, etc. (5221), in credit and financing (5222), and at brokerages (5231).

Projections

- Collective employment for the largest industry sectors (522-3) is projected grow 4.2 percent from 111,040 to 115,730 during the 2012-22 decade according to the Ohio Dept. of Job and Family Services' Labor Market Information division (ODJFS-LMI).¹
- These summary figures mask divergent predictions for the constituent elements. The greatest number of new jobs and the fastest growth – 12.6 percent – are forecast for the securities subsector, followed by processing, etc. – 10.8 percent, and financing and credit – 5.2 percent. These contrast with little change expected in banking, etc., and funds-and-trusts (not shown at right).

Note: 1 – 2012 employment figures from the Census Bureau and ODJFS-LMI are not the same due to different data collection methods and (occasionally) establishment classification.

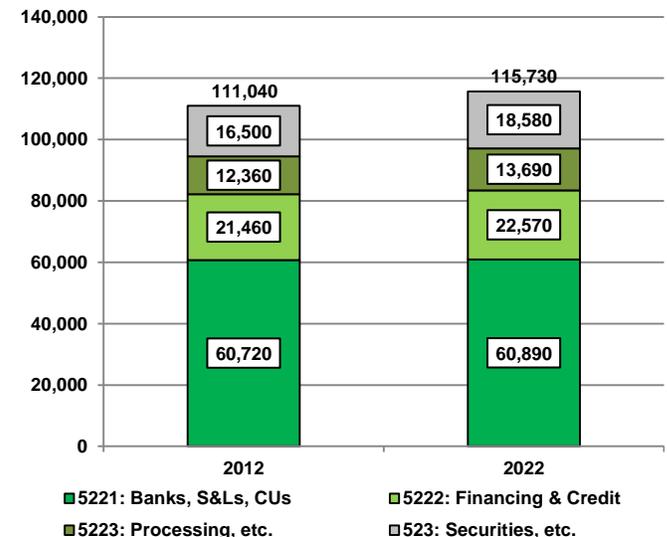
Employment Trends (in thousands)



Notes: * – 2007 data for funds-and-trusts (525) exclude real estate investment trusts, most of which are classified elsewhere after County Business Patterns implemented the 2007 NAICS in 2008; ^ - employment figures for the Federal Reserve Bank and funds-and-trusts are estimated.

Source: U.S. Census Bureau

Employment Projections for Selected Industries



Source: ODJFS-LMI, 2014

Financial Services: Financial Companies and Projects



The Biggest Companies

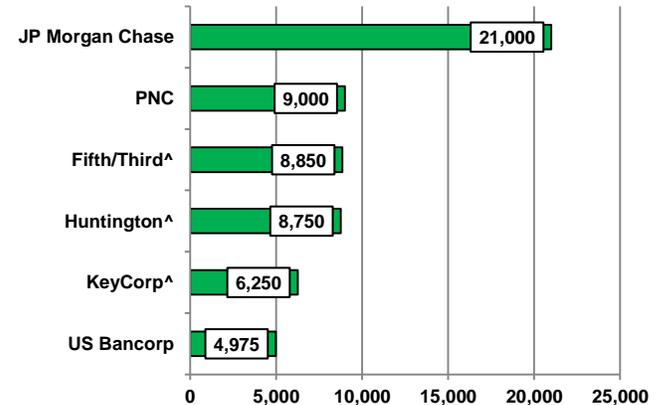
- 236 depository “institutions” had 3,876 offices in Ohio according to the latest data from the Federal Deposit Insurance Corp. (FDIC); however, the vast majority of offices are branches with less than 20 employees according to the latest Census Bureau data.
- Despite these big numbers, the industry is dominated by a few very large institutions. The chart at top-right illustrates the total state employment of the six largest employers, all of whom are on Fortune’s U.S.-1,000 list. JP Morgan Chase is the largest with 21,000, while 5th/3rd, Huntington and KeyCorp have their world headquarters here. These same six also have the largest number of offices, combining for 51.3 percent of the state’s total according to the FDIC.
- Other depository and non-depository companies (NAICS 522) thought to be large employers here include Alliance Data Systems,¹ Citigroup,¹ Macy’s^{1,2} Credit, New York Community Bank, Park National Bank, the Royal Bank of Scotland,¹ and Synchrony (fka GE Retail Capital).
- Companies dealing with securities and trusts (523 and 525) and thought to be large employers here include the Bank of America’s¹ Merrill Lynch, Ohio National Mutual, and Western & Southern.^{1,2}
- The map on the following page illustrates the locations employing at least 500 as well as the distribution of overall industry employment across the state.

Major Projects

- Beginning with 2011, 21 companies announced 29 major projects³ with intentions to invest \$210.1 million. 3,420 new jobs were anticipated at announcement. 2012 was the peak year for project values – \$96 million, while 1,160-plus new jobs were anticipated beginning in 2013.
- Of the \$210.1 million, \$85 million was intended for non-depository banking and related services (5222) with about 300 new jobs; \$83.7 million was for depository banking (5221) with 1,400 jobs; \$34.6 million was for support and related activities (5223) with 1,460-plus jobs; and \$34.6 million was by securities and related companies (523) with 250 jobs.
- Discover Financial Services¹ announced the largest investment: \$76 million for a data center. Alliance Data Systems,¹ JP Morgan Chase¹ and New York Community Bank also announced projects totaling at least \$20 million. Chase also planned to add the greatest number of jobs: 1,200; it was followed by Alliance with 840 and Vantiv¹(also headquartered here) with 350.

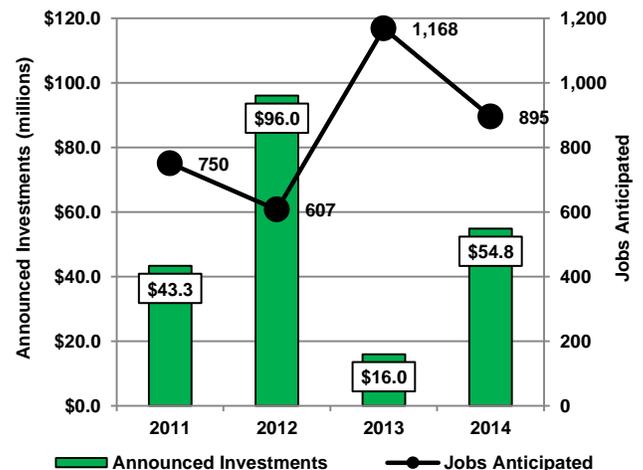
Notes: 1 - a Fortune U.S.-1,000 or Global-500 company; the Royal Bank of Scotland is majority-owned by Her Majesty’s Treasury at this writing; a few credit intermediation (522) companies have smaller operations elsewhere in the sector (52); 2 – finance (522, 3, 5) is not the principal activity of the company; 3 - a major project involves at least \$1 million, an

The Largest Fortune U.S.-1,000 Employers* in Ohio’s Finance Industry



Notes: * - most employment is in credit intermediation (NAICS 522), but may also include jobs elsewhere in the sector (52); ^ - world headquarters in Ohio. Sources: Fortune, Ohio Development Services Agency, 2015

Announced Investments and Jobs Anticipated



Source: Ohio Development Services Agency

The 2014 Announcements

Company	Dollars (millions)	Jobs Anticipated
Alliance Data Systems	\$24.4	700
PNC Bank	\$16.0	n.a.
First Merit Corp.	\$5.0	150
Hortor Investment Mgt.	\$5.0	n.a.
JP Morgan Chase	\$2.5	n.a.
Park National Bank	\$1.9	n.a.
Huntington National Bank	n.a.	45

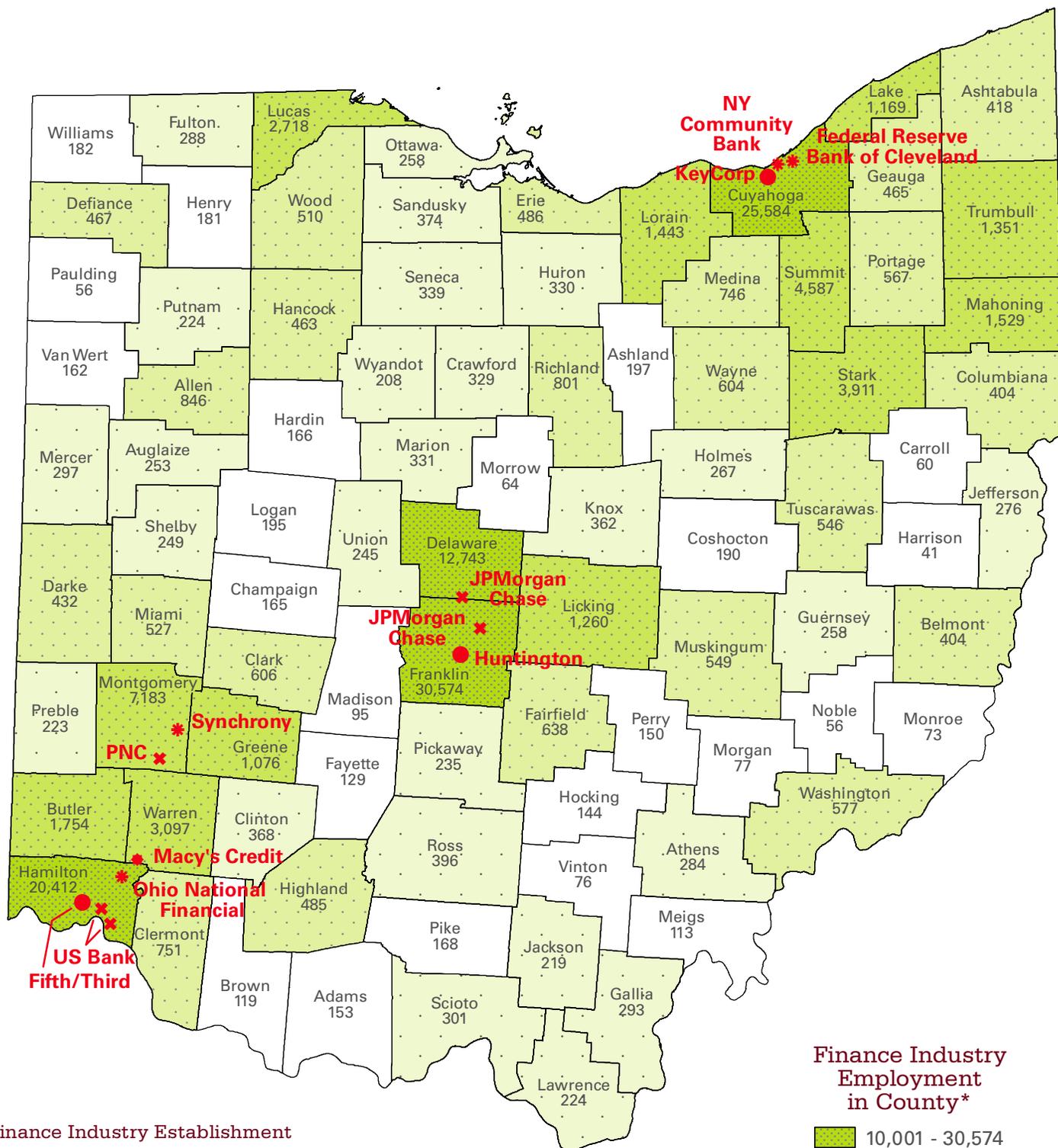
Note: n.a. – not available.

Source: Ohio Development Services Agency, 2015

addition of 20,000 square feet, or (usually) 50 new jobs; projects often extend for more than one year, and jobs may be phased-in or realized at completion.

Finance Industry Employment by County Statewide: 143,283

Ohio



Source: 2013 County Business Patterns, U.S. Census Bureau; Hoover's Online; FDIC 2015; and Fortune magazine

*County figures are estimates

Prepared by: Ohio Development Services Agency, Office of Research (October 2015)

Financial Services: The Insurance Industry in Ohio



Contribution to the Economy

- The latest available data show Ohio's insurance industry (NAICS 524) provided services valued at \$18.4 billion in 2013, up from the recession low of \$14.0 billion in 2008. The \$18.4 billion was nearly 3.3 percent of Ohio's total Gross Domestic Product (GDP).
- The value of the all goods and services originating in Ohio in 2013 was 3.4 percent of the total U.S. GDP. By comparison, the \$18.4 billion of insurance industry GDP from Ohio was 4.4 percent of the U.S. industry total, indicating the industry's concentration here.
- Inflation-adjusted net growth of 6.7 percent from 2007 through 2013 indicates the industry's relatively rapid recovery from the recession and a role in Ohio's economy that has grown.

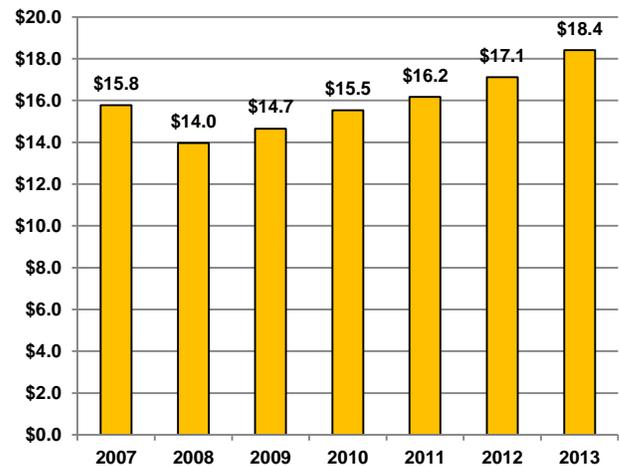
Ohio's Shares of the Industry Employment

- Overall insurance industry employment (524) is somewhat concentrated in Ohio: 4.7 percent of the industry jobs are located here, compared with 3.9 percent of almost all private sector employment in the nation.
- The overall industry concentration is driven by the large property-and-casualty industry (524116) with 8.5 percent of the corresponding national industry total.
- Also concentrated here is the third-party administration of insurance and pension funds (524292), with 5.4 percent of the national total.
- Employment with life insurance carriers (524113) and agencies and brokerages (52421) is close to proportional at 4.0 and 3.7 percent, respectively.

The Distribution of Industry Employment in Ohio

- 69.2 percent of the 109,600 industry jobs in Ohio in 2013 were with carriers (5241) – the businesses writing the policies and the assuming risks. Of this group, nearly 30,500, or 27.8 percent, worked at establishments on the life-health-medical side (52411), while nearly 45,300, or 41.3 percent, worked on property-casualty-title side (52412). Less than 0.1 percent worked for reinsurance carriers (52413).
- Agencies and brokerages (52421) comprise the vast majority of industry establishments: 4,962 of 7,130, or 69.6 percent. They usually are small operations, employing an average of about five people per establishment, but collectively provided nearly 24,500 jobs – 22.3 percent of the industry total.
- Close to 9,300 people – 8.5 percent of industry employment – worked in other insurance-related establishments (52429). Of these, 8,400 worked in the third-party administration of insurance and pension funds.

Ohio's Insurance Industry GDP (in billions)



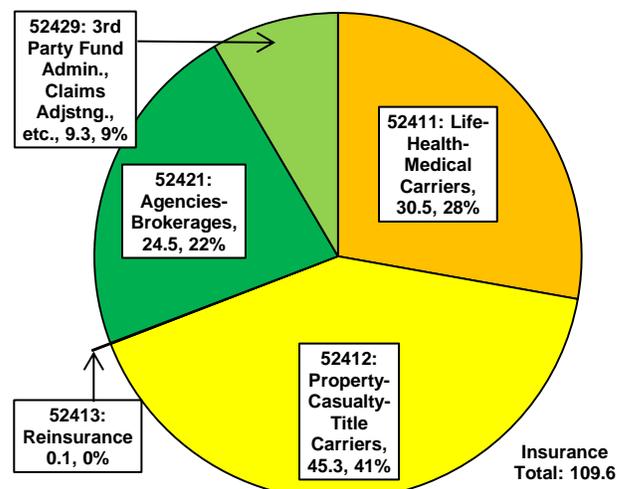
Source: U.S. Bureau of Economic Analysis, 2015

Ohio's Share of U.S. Employment in Insurance

NAICS Code: Title	Share of U.S.
Private sector total (except farms & railroads)	3.9%
524: Insurance industry total	4.7%
524113: Life insurance carriers	4.0%
524114: Health insurance carriers	3.3%
524126: Property & casualty carriers	8.5%
524127: Title carriers	2.5%
524128: Other direct carriers	1.7%
52413: Reinsurance carriers	0.6%
52421: Agencies & brokerages	3.7%
524291: Claims adjusting	1.1%
524292: 3 rd -party fund administration	5.4%
524298: All other activities	1.8%

Source: U.S. Census Bureau, 2015

Insurance Industry Employment (in thousands)



Source: U.S. Census Bureau, 2015

Financial Services: Insurance Job Trends and Projections



Industry Trends

- Total industry employment (NAICS 524) in Ohio fluctuated in recent years: peaking at 119,600 in 2008, declining to 107,200 in 2011, and recovering to 109,600 in 2013. Despite the variations, the proportion in U.S. industry jobs in Ohio usually ranged between 4.7 and 4.9 percent.
- Most of the changes were seen in the carrier group (5241); employment jumped from 75,200 in 2007 to 85,500 in 2008, then fell to 72,700 in 2011 before recovering to 75,800 in 2013. Changes after 2008 principally occurred in the property-casualty sub-group (52412); employment in the life-health-medical sub-group (52411) fluctuated a bit, but has drifted lower.¹
- That contrasts with employment in the agencies-brokerage, etc. group (5242); employment has been fairly stable, ranging between 33,000 and 34,700. The slight drop of employment in the agencies-brokerage group (524211) was somewhat offset by the rise of employment in third-party fund administration-claims adjusting, etc. (52429).

More Recent Employment Changes

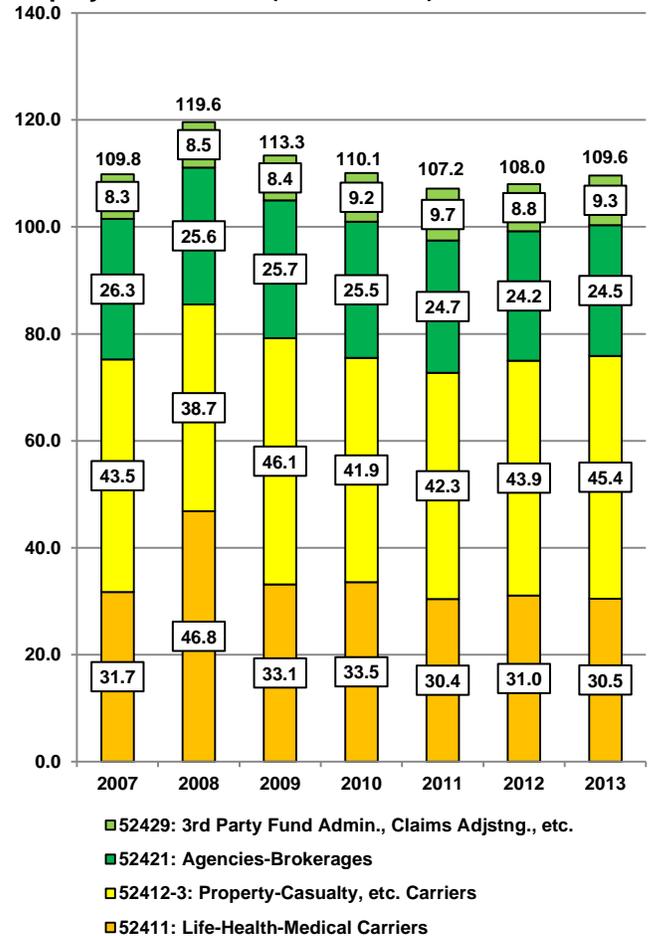
- More recent data show a 2.8 percent increase in total industry employment from 2013 to 2014 according to the U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages (U.S. BLS QCEW).
- The overall gain occurred in the agencies-brokerage group, which jumped 7.7 percent to its highest level in years; employment in the carriers group was unchanged.

Projections

- Industry employment is forecast to grow 8.6 percent from 109,410 in 2012 to 118,870 in 2022 according to the Ohio Dept. of Job and Family Services' Labor Market Information division (ODJFS-LMI).²
- Most of the increase – 9,460 – is expected to occur in the agencies-and-brokerages group with 4,190 jobs added – an increase of 12.6 percent. This contrasts with the anticipated addition of 3,220 jobs in the carriers group – an increase of 5.2 percent.

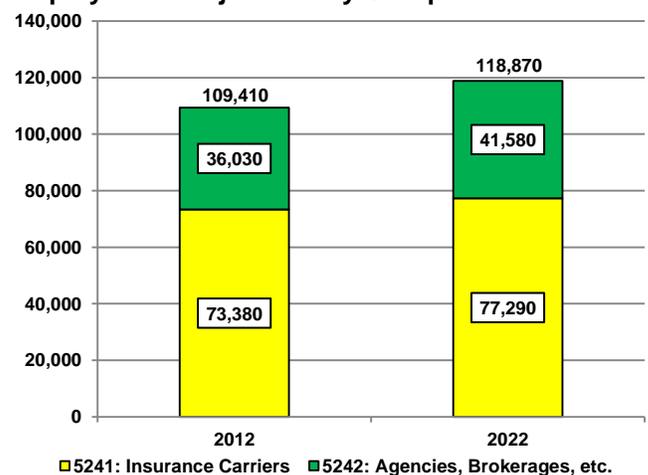
Notes: 1 – The extraordinary employment changes in the carriers group between 2007 and 2009 are the result of a growing number of carrier establishments in Ohio; life-health-medical establishments jumped 19.9 percent from 2007 to 2008, but gradually declined to near the 2007 count by 2013; property-casualty-title establishments jumped 27.7 percent from 2008 to 2009, and continued to grow until 2013; these changes are not the result of changes in the NAICS scheme; 2 – 2012 employment figures from the Census Bureau and ODJFS-LMI are not the same due to different data collection methods and (occasionally) establishment classification.

Employment Trends (in thousands)



Source: U.S. Census Bureau

Employment Projections by Group



Source: ODJFS-LMI, 2014

Financial Services: Insurance Companies and Projects



The Biggest Companies

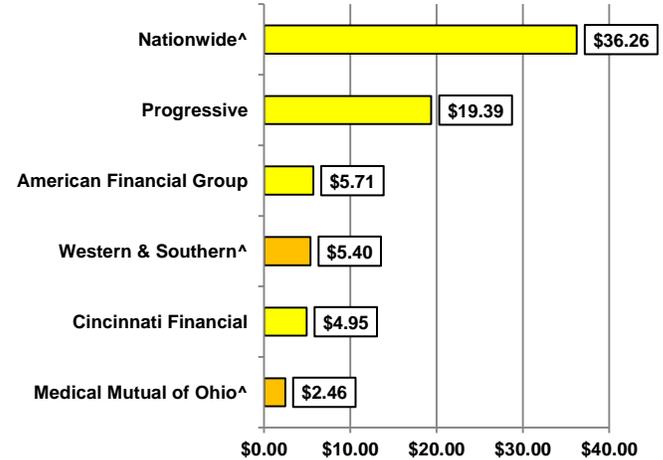
- Six insurance carriers (NAICS 5241) on Fortune's U.S.-1,000 list have their world headquarters in Ohio, ranking the state second in the nation. Medical Mutual of Ohio and Western & Southern focus on life-health-medical policies (52411, light orange bars), while the other four focus on property-casualty-title policies (52412, yellow bars). All six employ well over 1,000 here.
- Additional Fortune U.S.-1,000- or Global-500-listed companies thought to be large employers in Ohio include Anthem, Liberty Mutual and its Ohio Casualty division, Marsh & McLennan, Munich Re and its subsidiaries, State Farm, UnitedHealth, ¹ and Zurich and its subsidiaries. 26 more Fortune-listed firms have smaller operations here.
- Other companies thought to be larger employers in Ohio include Ameritas' Union Central, CareSource, Grange, Motorists, Ohio National Mutual, State Automobile Mutual and Westfield (fka Ohio Farmers).
- The map on the following page illustrates the locations employing at least 500 as well as the distribution of overall industry employment across the state.

Major Projects

- 21 companies announced 28 major projects² with intentions to invest \$177.4 million and create 2,970-plus new jobs beginning in 2011. 2013 was the peak year for project values – \$77.5 million – while 2011 was the peak year for jobs – 1,021.
- 95.1 percent of the \$177.4 million planned investments (i.e., nearly \$168.8 million) was intended for carrier services (5241) and anticipated 2,200-plus new jobs. The remaining \$8.6-plus million was intended for agency, brokerage and related services (5242), but anticipated adding 770 jobs – 25.9 percent of the 2,970-plus total.
- CareSource announced the largest aggregate investment total for 2011-2014 period: \$59 million. Four more announced totals exceeding \$20 million in this period: Allstate, Ameritas Life, AmTrust Financial and Nationwide. All are carriers.
- Five companies planned adding at least 200 jobs at the times of announcement: AmTrust Financial – 800, CareSource (two announcements) – 410, Sedgwick Claims Mgt. (three announcements) – 329, Ohio National Financial – 270, Assurant Specialty Property – 200. All but Sedgwick are carriers.

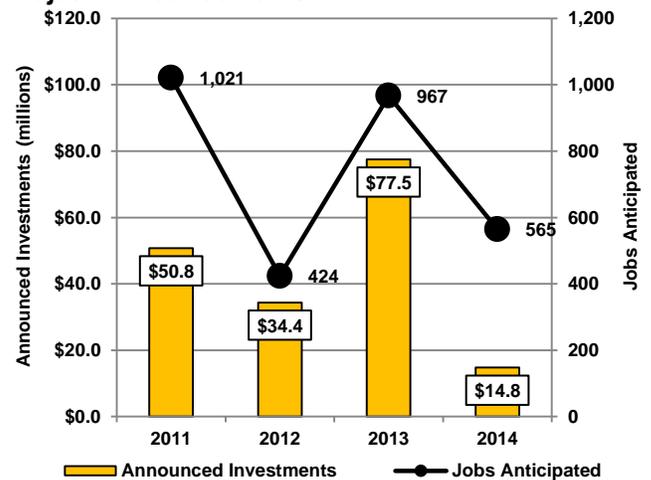
Notes: 1 - The principal business of the company is not strictly limited to insurance. 2 - A major project involves at least \$1 million, an addition of 20,000 square feet, or (usually) 50 new jobs; projects often extend for more than one year, and jobs may be phased-in or realized at completion.

Ohio-based Insurance Companies on Fortune's U.S.-1,000 List (2014 revenues in billions)*



Notes: * - most revenues are from insurance (NAICS 524), but may include some from securities (523); managed care companies are classified elsewhere in Fortune's scheme; [^] - a mutual company – others are stock companies. Source: Fortune, 2015

Project Announcements



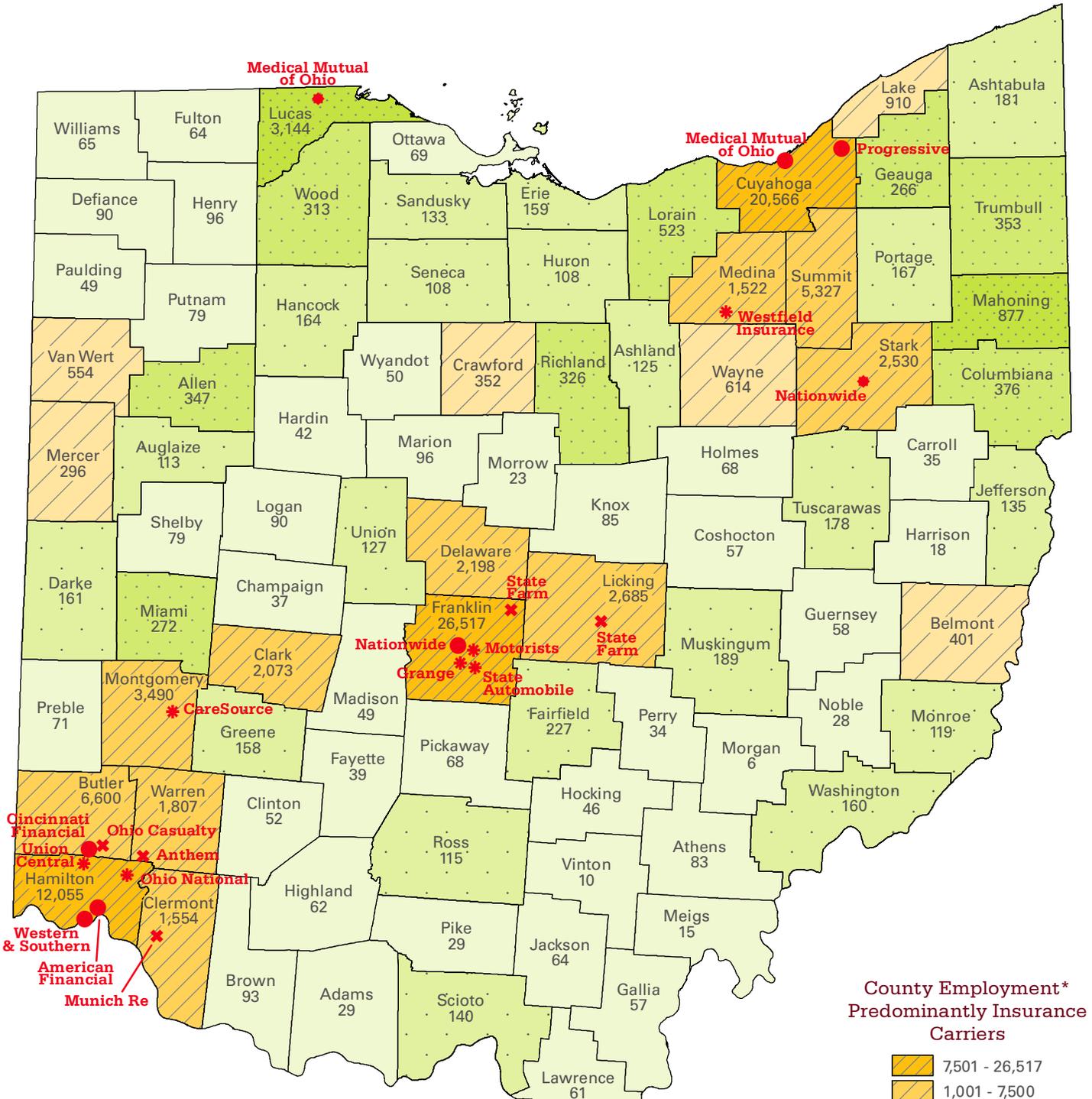
Source: Ohio Development Services Agency

The 2014 Announcements

Company	Dollars (millions)	Jobs Anticipated
Ohio National Financial	\$7.0	270
National Automotive Experts	\$4.5	30
Safe Auto	\$2.5	n.a.
Trubridge	\$0.6	100
Lighthouse	\$0.1	75
Selman & Co.	\$0.1	45
American Modern	n.a.	50
Nationwide [^]	n.a.	n.a.

Note: n.a. – not available; [^] - adding 320,000 square feet. Source: Ohio Development Services Agency

Insurance Industry Employment by County Statewide 109,602



Insurance Industry Establishment

- Fortune company headquarters
- ✳ Fortune company with Ohio headquarters
- ✳ Fortune company, headquarters not in Ohio
- ✳ Non-Fortune company

County Employment* Predominantly Insurance Carriers

- 7,501 - 26,517
- 1,001 - 7,500
- 296 - 1,000

County Employment* Predominantly Insurance Brokerages/Agencies

- 751 - 3,144
- 251 - 750
- 101 - 250
- 6 - 100

*County figures are estimates and represent total industry employment including carriers and agencies and brokerages. Nearly 5,500 employees could not be assigned to particular counties.

Source: 2013 County Business Patterns, US Census Bureau; Hoover's Online; and Fortune Magazine

Prepared by: Ohio Development Services Agency, Office of Research (October 2015)