
Financial Managers

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Significant Points

- Jobseekers are likely to face competition.
- About 3 out of 10 work in finance and insurance industries.
- A bachelor's degree in finance, accounting, or a related field is the minimum academic preparation, but employers increasingly seek graduates with a master's degree in business administration, economics, finance, or risk management.
- Experience may be more important than formal education for some financial manager positions—most notably, branch managers in banks.

Nature of the Work

Almost every firm, government agency, and other type of organization has one or more financial managers. Financial managers oversee the preparation of financial reports, direct investment activities, and implement cash management strategies. Managers also develop strategies and implement the long-term goals of their organization.

The duties of financial managers vary with their specific titles, which include controller, treasurer or finance officer, credit manager, cash manager, risk and insurance manager, and manager of international banking. *Controllers* direct the preparation of financial reports, such as income statements, balance sheets, and analyses of future earnings or expenses, that summarize and forecast the organization's financial position. Controllers also are in charge of preparing special reports required by regulatory authorities. Often, controllers oversee the accounting, audit, and budget departments. *Treasurers* and *finance officers* direct the organization's budgets to meet its financial goals. They oversee the investment of funds, manage associated risks, supervise cash management activities, execute capital-raising strategies to support a firm's expansion, and deal with mergers and acquisitions. *Credit managers* oversee the firm's issuance of credit, establishing credit-rating criteria, determining credit ceilings, and monitoring the collections of past-due accounts.

Cash managers monitor and control the flow of cash receipts and disbursements to meet the business and investment needs of the firm. For example, cash flow projections are needed to determine whether loans must be obtained to meet cash requirements or whether surplus cash should be invested in interest-bearing instruments. *Risk* and *insurance managers* oversee programs to minimize risks and losses that might arise from financial transactions and business operations. They also manage the organization's insurance budget. Managers specializing in international finance develop financial and accounting systems for the banking transactions of multinational organizations. (Chief financial officers and other executives are included with top executives elsewhere in the *Handbook*.)

Financial institutions—such as commercial banks, savings and loan associations, credit unions, and mortgage and finance companies—employ additional financial managers who over-

see various functions, such as lending, trusts, mortgages, and investments, or programs, including sales, operations, or electronic financial services. These managers may solicit business, authorize loans, and direct the investment of funds, always adhering to Federal and State laws and regulations.

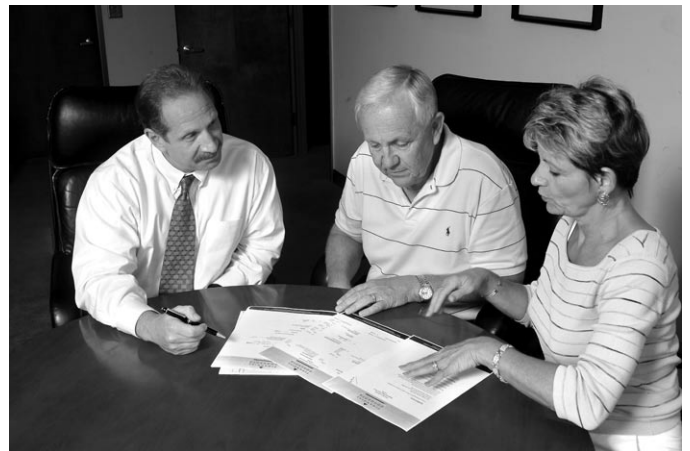
Branch managers of financial institutions administer and manage all of the functions of a branch office. Job duties may include hiring personnel, approving loans and lines of credit, establishing a rapport with the community to attract business, and assisting customers with account problems. Branch managers also are becoming more oriented toward sales and marketing. As a result, it is important that they have substantial knowledge about all types of products that the bank sells. Financial managers who work for financial institutions must keep abreast of the rapidly growing array of financial services and products.

In addition to the preceding duties, all financial managers perform tasks unique to their organization or industry. For example, government financial managers must be experts on the government appropriations and budgeting processes, whereas health care financial managers must be knowledgeable about issues surrounding health care financing. Moreover, financial managers must be aware of special tax laws and regulations that affect their industry.

Financial managers play an increasingly important role in mergers and consolidations and in global expansion and related financing. These areas require extensive, specialized knowledge to reduce risks and maximize profit. Financial managers increasingly are hired on a temporary basis to advise senior managers on these and other matters. In fact, some small firms contract out all their accounting and financial functions to companies that provide such services.

The role of the financial manager, particularly in business, is changing in response to technological advances that have significantly reduced the amount of time it takes to produce financial reports. Financial managers now perform more data analysis and use it to offer senior managers ideas on how to maximize profits. They often work on teams, acting as business advisors to top management. Financial managers need to keep abreast of the latest computer technology to increase the efficiency of their firm's financial operations.

Work environment. Working in comfortable offices, often close to top managers and to departments that develop the financial data those managers need, financial managers typically have direct access to state-of-the-art computer systems and in-



Financial managers develop strategies for achieving the long-term goals of their organization.

formation services. They commonly work long hours, often up to 50 or 60 per week. Financial managers generally are required to attend meetings of financial and economic associations and may travel to visit subsidiary firms or to meet customers.

Training, Other Qualifications, and Advancement

Most financial managers need a bachelor's degree, and many have a master's degree or professional certification. Bank managers often have experience as loan officers. Financial managers also need strong interpersonal and business skills.

Education and training. A bachelor's degree in finance, accounting, economics, or business administration is the minimum academic preparation for financial managers. However, many employers now seek graduates with a master's degree, preferably in business administration, economics, finance, or risk management. These academic programs develop analytical skills and teach the latest financial analysis methods and technology.

Experience may be more important than formal education for some financial manager positions—most notably, branch managers in banks. Banks typically fill branch manager positions by promoting experienced loan officers and other professionals who excel at their jobs. Other financial managers may enter the profession through formal management training programs offered by the company. The American Institute of Banking, which is affiliated with the American Bankers Association, sponsors educational and training programs for bank officers at banking schools and educational conferences.

Other qualifications. Candidates for financial management positions need many different skills. Interpersonal skills are important because these jobs involve managing people and working as part of a team to solve problems. Financial managers must have excellent communication skills to explain complex financial data. Because financial managers work extensively with various departments in their firm, a broad understanding of business is essential.

Financial managers should be creative thinkers and problem-solvers, applying their analytical skills to business. They must be comfortable with the latest computer technology. Financial managers must have knowledge of international finance because financial operations are increasingly being affected by the global economy. Proficiency in a foreign language also may be important. In addition, a good knowledge of compliance procedures is essential because of the many recent regulatory changes.

Certification and advancement. Financial managers may broaden their skills and exhibit their competency by attaining professional certification. Many associations offer professional certification programs. For example, the CFA Institute confers the Chartered Financial Analyst designation on investment professionals who have a bachelor's degree, pass three sequential examinations, and meet work experience requirements. The Association for Financial Professionals confers the Certified Treasury Professional credentials to those who pass a computer-based exam and have a minimum of 2 years of relevant experience. Continuing education is required to maintain these credentials. Also, financial managers who specialize in accounting sometimes earn the Certified Public Accountant (CPA) or the

Certified Management Accountant (CMA) designation. The CMA is offered by the Institute of Management Accountants to its members who have a bachelor's degree and at least 2 years of work experience and who pass the institute's four-part examination and fulfill continuing education requirements. (See accountants and auditors elsewhere in the *Handbook* for additional information on CPA and CMA designations.)

Continuing education is vital to financial managers, who must cope with the growing complexity of global trade, changes in Federal and State laws and regulations, and the proliferation of new and complex financial instruments. Firms often provide opportunities for workers to broaden their knowledge and skills by encouraging them to take graduate courses at colleges and universities or attend conferences related to their specialty. Financial management, banking, and credit union associations, often in cooperation with colleges and universities, sponsor numerous national and local training programs. Trainees prepare extensively at home and then attend sessions on subjects such as accounting management, budget management, corporate cash management, financial analysis, international banking, and information systems. Many firms pay all or part of the costs for employees who successfully complete the courses. Although experience, ability, and leadership are emphasized for promotion, advancement may be accelerated by this type of special study.

Because financial management is so important to efficient business operations, well-trained, experienced financial managers who display a strong grasp of the operations of various departments within their organization are prime candidates for promotion to top management positions. Some financial managers transfer to closely related positions in other industries. Those with extensive experience and access to sufficient capital may start their own consulting firms.

Employment

Financial managers held about 506,000 jobs in 2006. Although they can be found in every industry, approximately 3 out of 10 were employed by finance and insurance establishments, such as banks, savings institutions, finance companies, credit unions, insurance carriers, and securities dealers. About 8 percent worked for Federal, State, or local government.

Job Outlook

Employment growth for financial managers is expected to be about as fast as the average for all occupations. However, applicants will likely face strong competition for jobs. Those with a masters' degree and a certification will have the best opportunities.

Employment change. Employment of financial managers over the 2006-16 decade is expected to grow by 13 percent, which is about as fast as the average for all occupations. Regulatory reforms and the expansion and globalization of the economy will increase the need for financial expertise and drive job growth. As the economy expands, both the growth of established companies and the creation of new businesses will spur demand for financial managers. Employment of bank branch managers is expected to increase because banks are refocusing on the importance of their existing branches and are creating new branches to service a growing population. However, merg-

Projections data from the National Employment Matrix

Occupational Title	SOC Code	Employment, 2006	Projected employment, 2016	Change, 2006-16	
				Number	Percent
Financial managers	11-3031	506,000	570,000	64,000	13

NOTE: Data in this table are rounded. See the discussion of the employment projections table in the *Handbook* introductory chapter on *Occupational Information Included in the Handbook*.

ers, acquisitions, and corporate downsizing are likely to restrict the employment growth of financial managers to some extent.

The long-run prospects for financial managers in the securities and commodities industry should be favorable, because more people will be needed to handle increasingly complex financial transactions and manage a growing amount of investments. Financial managers also will be needed to handle mergers and acquisitions, raise capital, and assess global financial transactions. Risk managers, who assess risks for insurance and investment purposes, also will be in demand.

Some companies may hire financial managers on a temporary basis, to see the organization through a short-term crisis or to offer suggestions for boosting profits. Other companies may contract out all accounting and financial operations. Even in these cases, however, financial managers may be needed to oversee the contracts.

Job prospects. As with other managerial occupations, job-seekers are likely to face competition because the number of job openings is expected to be less than the number of applicants. Candidates with expertise in accounting and finance—particularly those with a master's degree and or certification—should enjoy the best job prospects. Strong computer skills and knowledge of international finance are important; as are excellent communication skills because financial management involves working on strategic planning teams.

As banks expand the range of products and services they offer to include insurance and investment products, branch managers with knowledge in these areas will be needed. As a result, candidates who are licensed to sell insurance or securities will have the most favorable prospects. (See the *Handbook* statements on insurance sales agents; and securities, commodities, and financial services sales agents.)

Earnings

Median annual earnings of wage and salary financial managers were \$90,970 in May 2006. The middle 50 percent earned between \$66,690 and \$125,180. The lowest 10 percent earned less than \$50,290 while the top 10 percent earned more than \$145,600. Median annual earnings in the industries employing the largest numbers of financial managers were:

Securities and commodity contracts intermediation	\$131,730
Management of companies and enterprises	105,410
Nondepository credit intermediation	86,340
Local government	72,790
Depository credit intermediation	72,580

According to a survey by Robert Half International, a staffing services firm specializing in accounting and finance professionals, directors of finance earned between \$79,000 and \$184,000 in 2007, and corporate controllers earned between \$61,250 and \$149,250.

Large organizations often pay more than small ones, and salary levels also can depend on the type of industry and location. Many financial managers in both public and private industry receive additional compensation in the form of bonuses, which, like salaries, vary substantially by size of firm. Deferred compensation in the form of stock options is becoming more common, especially for senior-level executives.

Related Occupations

Financial managers combine formal education with experience in one or more areas of finance, such as asset management, lending, credit operations, securities investment, or insurance risk and loss control. Workers in other occupations requiring similar training and skills include accountants and auditors; budget analysts; financial analysts and personal financial advisors; insurance sales agents; insurance underwriters; loan officers; securities, commodities, and financial services sales agents; and real estate brokers and sales agents.

Sources of Additional Information

For information about careers and certification in financial management, contact:

► Financial Management Association International, College of Business Administration, University of South Florida, Tampa, FL 33620. Internet: <http://www.fma.org>

For information about careers in financial and treasury management and the Certified Treasury Professional program, contact:

► Association for Financial Professionals, 7315 Wisconsin Ave., Suite 600 West, Bethesda, MD 20814.

Internet: <http://www.afponline.org>

For information about the Chartered Financial Analyst program, contact:

► CFA Institute, P.O. Box 3668, 560 Ray Hunt Dr., Charlottesville, VA 22903. Internet: <http://www.cfainstitute.org>

For information on The American Institute of Banking and its programs, contact:

► American Bankers Association, 1120 Connecticut Ave. NW., Washington, DC 20036.

For information about the Certified in Management Accounting designation, contact:

► Institute of Management Accountants, 10 Paragon Dr., Montvale, NJ, 07645. Internet: <http://www.imanet.org>