

Financial Managers

(All information, except UB degree program information, is from the US Department of Labor, Bureau of Labor Statistics 2004-2005 Occupational Outlook Handbook.)

- **Significant Points**
- **Employment, Job Outlook & Earnings**
- **Training, Other Qualifications, and Advancement**
- **UB Graduate Programs:**
 - [MBA](#)
 - [MS Accounting](#)
- **UB Undergraduate Programs:**
 - [BA Economics](#)
 - [BA Mathematics](#)
 - [BS Business Administration \(Concentration- Financial Analysis\)](#)
 - [BS/MBA Business Administration](#)

Significant Points

- A bachelor's degree in finance, accounting, or a related field is the minimum academic preparation, but many employers increasingly seek graduates with a **master's degree**.
- Employment will grow as the economy expands and increases the need for workers with financial expertise.

Employment

Financial managers held about 599,000 jobs in 2002. While the vast majority is employed in private industry, nearly 1 in 10 work for the different branches of government. In addition, although they can be found in every industry, approximately 1 out of 4 are employed by insurance and finance establishments, such as banks, savings institutions, finance companies, credit unions, and securities dealers.

Job Outlook

Employment of financial managers is expected to [grow about as fast as the average](#) for all occupations through 2012. Growth is expected to be steady and will increase in line with the growth of the economy as a whole. However, jobseekers are likely to face keen competition for jobs, as 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, should enjoy the best job prospects. Strong computer skills and knowledge of international finance are important; so are excellent communication skills, because financial management jobs involve working on strategic planning teams.

As the economy expands, job growth for financial managers will stem from both the expansion of established companies and from the creation of new businesses. Over the short term, employment in this occupation is negatively impacted by economic downturns, during which companies are more likely to close departments, or even go out of business—decreasing the need for financial managers. Mergers, acquisitions, and corporate downsizing also are likely to adversely affect employment of financial managers. However, the growing need for financial expertise as the economy expands will ensure job growth over the next decade.

The banking industry, which employs more than x out of x financial managers, will continue to consolidate, although at a slower rate than in previous years. In spite of this trend, employment of bank branch managers is expected to increase as banks begin to refocus on the importance of their existing branches and as new branches are created to service a growing population. 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.

Despite the current downturn in the securities and commodities industry, the long-run prospects for financial managers in that industry should be favorable, as more 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.

Computer technology has reduced the time and staff required to produce financial reports. As a result, forecasting earnings, profits, and costs, and generating ideas and creative ways to increase profitability will become a major role of corporate financial managers over the next decade. Financial managers who are familiar with computer software that can assist them in this role will be needed.

Earnings

Median annual earnings of financial managers were \$73,340 in 2002. The middle 50 percent earned between \$52,490 and \$100,660. The lowest 10 percent had earnings of less than \$39,120, while the top 10 percent earned over \$142,260. Median annual earnings in the industries employing the largest numbers of financial managers in 2002 were as follows:

Securities and commodity contracts intermediation and brokerage	\$125,220
Management of companies and enterprises	88,310
Nondepository credit intermediation	78,400
Local government	63,090
Depository credit intermediation	58,790

According to a 2002 survey by Robert Half International, a staffing services firm specializing in accounting and finance professionals, directors of finance earned between \$75,000 and \$204,500, and corporate controllers earned between \$54,000 and \$138,750.

The Association for Financial Professionals' 14th annual compensation survey showed that financial officers' average total compensation in 2002, including bonuses and deferred compensation, was \$130,900. Selected financial manager positions had average total compensation as follows:

Vice president of finance	\$183,500
Treasurer	150,600
Assistant vice president-finance	141,300
Controller/comptroller	134,300
Director	113,600
Assistant treasurer	111,900
Assistant controller/comptroller	115,500
Manager	84,500
Cash manager	64,700

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 also vary substantially by size of firm. Deferred compensation in the form of stock options is becoming more common, especially for senior level executives.

Training, Other Qualifications, and Advancement

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 provide knowledge of the latest financial analysis methods and technology.

Experience may be more important than formal education for some financial manager positions—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.

Continuing education is vital for 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 employees 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. Persons enrolled 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 courses. Although experience, ability, and leadership are emphasized for promotion, advancement may be accelerated by this type of special study.

In some cases, financial managers also may broaden their skills and exhibit their competency by attaining professional certification. There are many different associations that offer professional certification programs. For example, the Association for Investment Management and Research 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 (AFP) confers the Certified Cash Manager credential to those who pass a computer-based exam and have a minimum of 2 years of relevant experience. The Institute of Management Accountants offers a Certified in Financial Management designation to members with a BA and at least 2 years of work experience who pass the institute's four-part examination and fulfill continuing education requirements. Also, financial managers who specialize in accounting may earn the Certified Public Accountant (CPA) or Certified Management Accountant (CMA) designations. (See [accountants and auditors](#) elsewhere in the *Handbook*.)

Candidates for financial management positions need a broad range of 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 overview of the 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. As financial operations increasingly are affected by the global economy, financial managers must have knowledge of international finance. Proficiency in a foreign language also may be important.

Because financial management is critical for 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.