The Finance & Insurance Industry in New Mexico

The finance and insurance sector comprises establishments primarily engaged in financial transactions (transactions involving the creation, liquidation, or change in ownership of financial assets) and/or in facilitating financial transactions. Three principal types of activities are identified: (1) raising funds by taking deposits and/or issuing securities and, in the process, incurring liabilities; (2) pooling of risk by underwriting insurance and annuities; and (3) providing specialized services facilitating or supporting financial intermediation, insurance, and employee benefit programs. In addition, monetary authorities charged with monetary control are included in this sector. (Source: U.S. Census Bureau, North American Industry Classification System (NAICS))

The finance and insurance industry comprises five three-digit NAICS subsectors: monetary authorities–central bank; credit intermediation and related activities; securities, commodity contracts, and other financial investments and related activities; insurance carriers and related activities; and funds, trusts, and other financial vehicles. Four of these subsectors were present in New Mexico as of 2016. There are 41 national (detailed) industries classified within those five subsectors, 38 of which are present in New Mexico.

Note: All data presented are from the Quarterly Census of Employment and Wages (QCEW) program unless otherwise noted.

Current Employment

Finance and insurance was the eleventh-largest industry in New Mexico as of 2016 (out of 20 total). An annual average of 22,311 public- and private-sector jobs represented 2.8 percent of total employment. As shown in Exhibit 1, New Mexico’s industry concentration was smaller than that of the U.S. as a whole (4.1 percent) and exceeded the concentrations of only two southwestern U.S. states—Nevada and Wyoming.

The location quotient (LQ) is one measure used to identify industry specialization. An LQ is essentially a ratio of ratios that measures the concentration of an industry’s employment against the concentration of that industry’s employment in a larger reference area (e.g., the state or nation). If an LQ is equal to 1, the industry has the same share of its area employment as it does in the larger reference area. An LQ greater than 1 indicates an industry with a greater share of the local area employment than is the case in the larger reference area. An LQ less than 1 indicates an industry with a lesser share of the local area employment than is the case in the larger reference area. (Source: U.S. Bureau of Labor Statistics)

Exhibit 2 shows the finance and insurance industry location quotients for all 50 states and the District of Columbia (D.C.) in 2016. New Mexico had the seventh-lowest location quotient.
Exhibit 3 shows the concentration of finance and insurance jobs and the respective location quotients for New Mexico’s counties. (Note that data are suppressed for several New Mexico’s counties.) Union County has the largest concentration of finance and insurance employment (4.6 percent) as of 2016 and thus the highest location quotient (1.65). This is likely due to Union’s small employment base, which would result in large percentages. Quay had the second-largest employment share and location quotient (4.0 percent and 1.44, respectively), followed by Bernalillo and San Miguel, both with shares of 3.0 percent or more.

Exhibit 4 shows the distribution of jobs across the four subsectors. Just over 50 percent of all jobs in the finance and insurance industry were in the credit intermediation and related activities subsector. Just under 40 percent of all jobs in the industry were in insurance carriers and related activities, while the residual employment (roughly 9 percent) was in the remaining two subsectors.

Exhibit 5 provides information on the national (detailed) industries within finance and insurance for which data could be reported. (Note that industries with suppressed data are not included, and only private-sector data are shown due to limitations related to data suppression.) The finance and insurance detailed industry with the most employment as of 2016 was commercial banking, with 5,372 jobs, representing 24.1 percent of all finance and insurance industry employment. Direct health and medical insurance carriers, with 15.7 percent of all finance and insurance employment, and insurance agencies and brokerages, with 13.8 percent, each reported employment of more than 3,000 jobs (3,484 and 3,059, respectively). Credit unions, with 11.3 percent of employment, rounded out the list of detailed industries with more than 10 percent of finance and insurance industry employment.

Five of the 38 detailed industries had a location quotient greater than 1.20 (when comparing New Mexico industry share with the U.S. share), including consumer lending (2.50);
miscellaneous financial investment activities (1.95); direct health and medical insurance carriers (1.73); credit unions (1.73); and direct title insurance carriers (1.46). Employment shares for these industries ranged from 1.5 percent in miscellaneous financial investment activities to 15.7 percent in direct health and medical insurance carriers.

Securities brokerage and real estate credit, with average weekly wages of $1,951 and $1,655, respectively, fell within the top-five-paying finance and insurance detailed industries. Consumer lending ($618 per week) and credit unions ($860 per week) had average weekly wages that placed them in the bottom-paying finance and insurance detailed industries in 2016.

As of the first quarter of 2016, the majority of private-sector finance and insurance establishments (65.7 percent) employed fewer than four people. When adding establishments with five to nine employees, that percentage increases to 85.5 percent. Jobs with the industry’s largest employers (50 or more workers), however, accounted for 35.0 percent of all industry employment, the largest share of all establishment sizes. Based on available data, employers with 20 to 49 workers had the highest average weekly wage ($1,335).

### Historic Employment Trends

**Note:** Employment estimates for the finance and insurance industry are not seasonally adjusted, making analysis of employment peaks and troughs difficult. This historical analysis, therefore, focuses on overall trends.

Exhibit 7 shows the indexed monthly change in employment for January 2012 through December 2016. Employment growth in New Mexico generally trended up across all industries and in finance and insurance specifically over the period. Employment in finance and insurance grew at a faster pace than employment for all industries combined. Average over-the-year growth for all industries was 0.7 percent, ranging between a low of 0.1 percent (2016) and a high of 1.0 percent (2015). Average over-the-year growth in finance and insurance was 1.6 percent, ranging between a low of 1.3 percent (2013) and a high of 2.2 percent (2014). As of December 2016, finance and insurance employment was nearly 9 percent larger than employment in January 2012, while all industry employment was about 6 percent larger.

Of the five finance and insurance subsectors, employment increased in all but two between 2012 and 2016 (see Exhibit 8). Average employment losses (597 jobs, 1.2 percent loss per year) were reported in the largest subsector, credit intermediation and related activities, with negligible losses in monetary authorities–central bank (to the point of zero employment at the time this article was published). Numeric and percentage gains (1,711 jobs, 5.7 percent) were largest in insurance carriers and related activities.
Projected Employment Trends

Employment has been projected to grow by approximately 65,830 jobs, or 7.7 percent, between 2014 and 2024. As shown in Exhibit 9, employment in the finance and insurance industry is projected to grow more slowly, at a rate of 7.4 percent, representing 1,600 new jobs, than employment across industries. Job growth in insurance carriers and related activities is projected to contribute the most to overall industry growth, while growth in securities, commodity contracts, and other financial investments and related activities is projected to grow the fastest (22.4 percent) of all subsectors. Funds, trusts, and other financial vehicles is the only subsector projected to see a drop in employment over the period (33.3 percent).

Occupational Composition

Exhibit 10 provides information on the most common detailed occupations found within finance and insurance. As of 2016, there were 115 occupations found within the industry (based on the Standard Occupational Classification system listing of occupations). The most common occupation was tellers, making up around one out of every seven finance and insurance jobs. The second most common occupation was customer service representatives (1,782 jobs, or 8.2 percent of total industry employment), followed by insurance sales agents (1,552 jobs, or 7.2 percent of total employment) and supervisors of office and administrative support workers (1,357 jobs, or 6.3 percent of total employment).

The median annual wage for all occupations, not just those in finance and insurance, was $32,900 in 2017. Five of the ten most common occupations listed in Exhibit 10 paid a higher average annual wage than the all-occupation average, with general and operations managers, paying a median wage of $80,010, at the top of that list. Tellers, the most common occupation, was among the top ten occupations within finance and insurance that had the lowest median annual wage ($24,980).

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For further information, contact:
New Mexico Department of Workforce Solutions
Economic Research & Analysis Bureau
PO Box 1928
Albuquerque, NM 87103
NMDWS.Economicresearch@state.nm.us

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