



Business & Financial Services

Financial and Business Services: A Global, Connected Industry

Published on Wednesday, June 5, 2024, by John H. ("Jack") Boyd, The Boyd Company, Inc., Location Consultant



Boyd Co. and Financial Services Industry

The Finance and Business Services Industry is comprised of companies carrying out functions that deal with managing and exchanging money. Often referred to as just the financial sector or financial services sector, this multi-trillion dollar industry includes segments such as banking, investing, insurance, accounting, software and fast-emerging tech sectors like artificial intelligence, blockchain technology and cryptocurrency.

I was pleased to be asked by Expansion Solutions to weigh in on this influential industry and do so from our firm's vantage point as a corporate location advisor. Since the founding of The Boyd Co. in Princeton, NJ, in 1975, we have served a broad spectrum of industries throughout North America. If there is one industry that stands out in our client list, it's financial services. We have had the pleasure of providing research and location counsel to a number of major players in the financial services sector over the years, including JPMorgan Chase, Visa International, PNC Bank, Discover Card, KPMG, Deloitte, Progressive Insurance, BNP Paribas, TD Bank, The World Bank, Sun Life Financial and others.

Globalization

Banking and financial services is a worldwide and interconnected industry. It is also a mobile industry as it reacts to economic conditions, emerging new global tax frameworks like BEPS 2.0, changing regulatory landscapes such as T+1 or seeks to attain greater efficiencies in operating costs, such as decentralizing certain back office functions to lower cost cities around North America and the globe.

Shown below are comparative operating cost structures in a number of current and emerging hubs of the financial services industry. Annual costs range from a high of \$34.1 million in Zurich, Switzerland to \$12.1 in Lisbon, Portugal. North American costs range from a high of \$32.9 million in San Francisco to a low of \$17.3 million in Montreal.

Comparative Annual Operating Costs (1)

Financial Services Back Office Location	Comparative Annual Operating Costs (1)
Zurich, CH	\$34,184,039
San Francisco, CA	\$32,942,915
New York, NY	\$32,193,680
Philadelphia, PA	\$27,808,441
Boston, MA	\$27,183,423
Chicago, IL	\$27,017,101
Raleigh-Durham, NC	\$25,893,415
Miami, FL	\$25,586,122
Houston, TX	\$25,652,030
Austin, TX	\$25,433,426
Minneapolis, MN	\$25,376,865
Atlanta, GA	\$25,199,355
London, UK	\$24,882,959
Nashville, TN	\$24,708,235
Phoenix, AZ	\$24,140,480
Dallas, TX	\$24,040,307
Tampa, FL	\$23,675,075
Jacksonville, FL	\$22,757,460
Paris, FR	\$21,670,445
Frankfurt, DE	\$20,620,355
Toronto, ON	\$19,900,238
Dublin, IE	\$19,321,425
Montreal, QC	\$17,351,285
Warsaw, PO	\$13,463,149
Lisbon, PT	\$12,194,396

Note: (1) Includes all major geographically variable operating costs for a hypothetical 30,000 sq. ft. (2,787.1 sq. m) financial services back office employing 150 workers and with scaled occupancy and power requirements. All costs are in U.S. dollars.

Comparative Annual Operating Costs – Itemized (1)

	Highest Cost in Europe	Highest Cost in North America				Lowest Cost in North America	Lowest Cost in Europe
	Zurich	San Francisco	New York	Boston	Miami	Montreal	Lisbon
	CH	CA	NY	MA	FL	QC	PT
Labor Costs							
Weighted Average Annual Earnings	\$143,918	\$140,961	\$137,698	\$116,684	\$105,363	\$77,715	\$43,647
Annual Base Payroll Costs	\$21,587,700	\$21,144,150	\$20,654,700	\$17,502,600	\$15,804,450	\$11,657,250	\$6,547,050
Fringe Benefits	\$8,419,203	\$7,611,894	\$7,435,692	\$6,300,936	\$5,689,602	\$2,914,313	\$2,684,291
Total Annual Labor Costs	\$30,006,903	\$28,756,044	\$28,090,392	\$23,803,536	\$21,494,052	\$14,571,563	\$9,231,341
Electric Power Costs	\$415,800	\$162,180	\$169,650	\$179,460	\$82,890	\$60,750	\$248,400
Office Rent Costs	\$1,893,600	\$2,176,200	\$2,056,500	\$1,372,800	\$2,181,900	\$895,200	\$913,200
Amortization and Sales Tax Costs	\$1,702,043	\$1,728,205	\$1,726,000	\$1,719,875	\$1,722,500	\$1,750,395	\$1,710,075
Corporate Travel Costs	\$165,693	\$120,286	\$151,138	\$107,752	\$104,780	\$73,377	\$91,380
Total Annual Geographically-Variable Operating Costs	\$34,184,039	\$32,942,915	\$32,193,680	\$27,183,423	\$25,586,122	\$17,351,285	\$12,194,396
NOTES:							
(1) Includes all major geographically variable operating costs for a hypothetical 30,000 sq. ft. (2,787.1 sq. m) financial services back office employing 150 workers and with scaled occupancy and power requirements. All costs are in U.S. dollars.							
Source: The Boyd Company, Inc., of Princeton, NJ							

Comparative Financial Services Salaries (1)

	Zurich	San Francisco	New York	Boston	Miami	Montreal	Lisbon
	CH	CA	NY	MA	FL	QC	PT
Job Title							
Credit Analyst - 3 to 5 years	\$127,065	\$124,455	\$121,573	\$103,021	\$93,027	\$68,614	\$38,536
Banking & Financial Markets - Analyst	\$126,927	\$124,319	\$121,440	\$102,909	\$92,924	\$68,539	\$38,493
Market Risk Analyst Manager	\$158,560	\$155,302	\$151,706	\$128,556	\$116,083	\$85,621	\$48,087
Operational Risk Analyst - 3 to 5 years	\$131,989	\$129,278	\$126,284	\$107,013	\$96,630	\$71,273	\$40,028
Sales/Trader Assistant	\$111,234	\$108,949	\$106,426	\$130,791	\$118,102	\$60,068	\$33,734
Performance Analyst	\$161,316	\$158,002	\$154,344	\$152,375	\$137,590	\$87,110	\$48,922
Portfolio Manager	\$187,937	\$184,076	\$179,815	\$136,527	\$123,282	\$101,485	\$56,996
Financial Planning & Analysis	\$168,392	\$164,932	\$161,113	\$112,655	\$101,725	\$90,930	\$51,069
Credit Risk Analyst - 3 to 5 Years	\$138,948	\$136,094	\$132,943	\$119,717	\$108,102	\$75,031	\$42,139
Compliance Manager	\$184,982	\$181,182	\$176,987	\$88,078	\$79,533	\$99,889	\$56,100
AML Specialist	\$103,089	\$100,971	\$98,634	\$83,582	\$75,473	\$55,667	\$31,264
Fraud Investigator	\$100,354	\$98,292	\$96,017	\$81,364	\$73,470	\$54,190	\$30,435
Financial Analyst	\$147,656	\$144,622	\$141,275	\$119,716	\$108,101	\$79,733	\$44,780
Vice President	\$258,390	\$253,083	\$247,223	\$209,497	\$189,171	\$139,529	\$78,363
Loan Processor	\$94,380	\$92,441	\$90,300	\$76,520	\$69,095	\$50,964	\$28,622
Loan Administrator	\$98,794	\$96,765	\$94,524	\$80,100	\$72,328	\$53,348	\$29,962
Mortgage Underwriter	\$114,178	\$111,833	\$109,244	\$92,572	\$83,591	\$61,655	\$34,627
Mortgage Processor	\$88,195	\$86,383	\$84,383	\$71,506	\$64,569	\$47,625	\$26,747
Regulatory Reporting Manager	\$209,573	\$205,268	\$200,515	\$169,916	\$153,431	\$113,168	\$63,558
Accountant - 3 to 5 Years	\$126,641	\$124,040	\$121,168	\$102,677	\$92,716	\$68,385	\$38,407
Internal Auditor - 3 to 5 years	\$169,618	\$166,133	\$162,287	\$137,522	\$124,180	\$91,592	\$51,441
Fund Operations Specialist - 3 to 5 Years	\$115,855	\$113,476	\$110,848	\$93,933	\$84,819	\$62,561	\$35,135
Data Modeler	\$161,478	\$158,161	\$154,499	\$130,923	\$118,220	\$87,197	\$48,972
Process Automation, Manager	\$221,203	\$216,668	\$198,029	\$179,346	\$161,946	\$119,449	\$67,085
NOTES:							
(1) Annual salaries reflect first quarter 2024 BizCosts® data and Boyd site selection casework and do not include fringe benefits. All salaries are in U.S. dollars.							

A Trend Setting Industry

The financial services industry is one of the most dynamic and trend-setting industries when it comes to corporate mobility and its impact on the global economy. Why is that, you say? I will

defer to the Willie Sutton Rule derived from bank robber Willie Sutton, who when asked why he steals from banks answered “Because that’s where the money is.”

Here are some of the leading-edge corporate location trends that are being led by the financial services sector. Just follow the money.

Return to the Office Trend

Here in post-pandemic 2024, Wall Street bosses are leading the chorus of saying enough is enough when it comes to remote working. Our clients in the Big Banks and Wall Street are telling their employees to come back to the office and I believe their rationales and calls will largely shape the long-term workplace template as we unwind from the historic disruptions caused by the pandemic. The genie is certainly out of the bottle when it comes to working from home, but the longer term trend is a return to the office with some remote working on a case by case basis with the employer making its case from a position of strength.

Jamie Dimon, CEO of JPMorgan Chase, probably best frames this view – a view shared by other corporate leaders like Tesla’s Elon Musk, Mark Zuckerberg of Meta, Rob Goldstein of BlackRock, Andy Jassy of Amazon and David Solomon of Goldman Sachs – when Dimon says that his firm has seen “alienation” among younger workers and that remote work “doesn’t really work for creativity and spontaneity.” Upward of 70 percent of JPMorgan Chase’s workforce, including all managing directors, now work in the office five days a week.

Morgan Stanley’s CEO James Gorman has been another vocal proponent of office work, telling Bloomberg in an interview that working from home is “not a choice.” “They don’t get to choose their compensation, they don’t get to choose their promotion, they don’t get to choose to stay home five days a week,” Gorman said.

Goldman Sachs started calling workers back in June 2021 and has consistently been one of the few financial firms to demand pretty much everyone return to the office five days a week. So far, the Royal Bank of Canada has instructed its employees to return to their offices three to four days a week. As Canada’s largest lender and one of the country’s biggest employers, RBC tends to set the tone for other large Canadian office employers.

Investment banks like Goldman Sachs and hedge funds like Citadel have also been at the forefront of efforts to get employees back in the office. Goldman’s CEO David Solomon famously labeled the working-from-home as an “aberration.”

Deutsche Bank AG’s decision to ban staff from working at home Friday and the following Monday – a common practice at firms that come to the office three days a week – has drawn a new line in the sand in the ongoing tussle between bosses and workers.

BlackRock is encouraging its employees to take advantage of its new, state-of-the-art Hudson Yards headquarters in New York City and is requiring its employees to be in the office four days a week with the option to work from home one day per week.



AI Trend

The financial services industry stands to benefit greatly from artificial intelligence technology, enabling companies to better protect assets and foresee market fluctuations. Estimates are that artificial intelligence, also known as cognitive computing, may replace as much as half of all financial services jobs over the next 15 years. CitiBank has warned that it could shed half of its 20,000 tech and operations staff over the next five years due to the rise of robotics and automation.

Banks throughout North America and the globe are investing heavily in AI programs to analyze documents, extract data, speed up payments, application programming, virtual solutions, cybersecurity and mobile banking. Banks are now integrating even more powerful 'generative AI' technology in their operations which is likely to give competitive advantage to those banks that best utilize AI's potential.

Today, AI tools and the skilled talent to use them, are the new imperatives in the site selection process for many relocation projects in the financial services industry. JPMorgan Chase recently had 3,600 AI help-wanted postings, according to Evident Insights Ltd., a London-based start-up tracking AI use among financial services companies.

What does this mean for site selection in the financial services industry? One major upshot is that financial services firms, banks and insurance companies will all be competing with technology companies for coveted and scarce AI talent. This means that Boyd site selection searches for its banking and finance clients need to two-fold: one focusing on markets with deep pools of traditional finance talent and one focusing on available skills in the fast-emerging AI sector.



In North America, Montreal is a great case study as it is home to one of the top university programs in AI – led by Yoshua Bengio at the University of Montreal, one of the founding fathers of the deep learning movement and head of the Montreal Institute for Learning Algorithms (MILA). McGill University and the University of Montreal have more than 250 researchers and doctoral students in fields related to artificial intelligence representing the largest AI academic community in the world. Major players already investing heavily in Montreal’s AI industry, include Facebook, DeepMind, Google, Microsoft, Samsung, Thales, among others.

Retreat from DEI Trend

Banks like Goldman Sachs and JPMorgan Chase have quietly removed the ethnic and gender criteria for applying to their diversity initiatives. Goldman has opened its “Possibilities Summit” for Black college students to white students; JPMorgan’s summer fellowships for Black undergraduate sophomores are now for everyone; Bank of America’s internal diversity groups are welcoming all who are interested. Goldman Sachs has reportedly exceeded its targets for diversity hiring, but the move away from DEI is not because the diversity job is complete, but rather it’s because lawyers are advising banks that providing preferential treatment to some groups might open them up to law suits.

Also, four of the largest U.S. banking institutions are no longer signatories to the Equator Principles, a financial services sector benchmark for assessing environmental and social risks in project-related financing undertakings. The benchmark was created to assist banks identify and manage potentially adverse social impacts of large industrial and infrastructure projects.



A Regulatory Bulls Eye

There is no industry regulated by government more vigorously than financial services. Again, that's where the money is. In recent years, banks and financial services companies have had to react and adjust to changing regulatory landscapes brought about by Dodd-Frank, Brexit, Basel III, ESG Reporting Requirements and Accelerated Settlement- also known as T+1. T+1 being rolled out this year is expected to drive further automation of the transaction lifecycle.

Under the new T+1 settlement cycle, most securities transactions will settle on the next business day following their transaction date. T+1 also raises important issues regarding site selection and staffing. For international clients, for example, the DTCC's 21:00 EST affirmation deadline (the time of day by which funds must be deposited with the Securities Depository to pay the applicable transactions) falls after midnight in Europe and the Middle East and it occurs at the start of the next working day in the Asia-Pacific time zone. So, for trades that need to be affirmed on a Friday evening in the U.S. market, for example, staff will need to be monitoring the status of these settlement positions after midnight in Europe and the Middle East and on a Saturday morning in Asia.

Firms need to be plan carefully on how they adapt their processes to make this all happen, taking into account HR staffing challenges and labor laws on a global scale. Some European banks active in the U.S. market are looking to establish new service centers in North America to better deal with T+1.

Today's anti-merger climate of the FDIC in the U.S. is also discouraging bank takeovers as a vehicle to expand market share in given market or expand into a new one. This is encouraging new brick and mortar investments in branch banks, seemingly a counter intuitive move given strong customer preferences favoring online banking. Examples of companies building new retail branch banks are telling and include JPMorgan Chase expanding its retail footprint in Philadelphia, Boston and Minneapolis, PNC Bank building new retail branches in Austin, Dallas, Denver, Houston and Miami and TD Bank building new branches in Pennsylvania, North Carolina, Atlanta and South Florida.

The “New Wall Streets”

Since the pandemic, there has been an unprecedented migration of corporate investment and jobs from traditional hub cities of the financial services industry, principally, New York, Boston, San Francisco and Chicago, to markets providing lower operating costs, abundant tech talent and more attractive tax and lifestyle attributes. The steady exodus of Wall Street banks and big tech firms from California and New York, e.g., over the past several years has cost the states nearly \$1 trillion a piece in managed assets, according to a recent Bloomberg analysis.

Two of the most popular North American landing spots for these relocation projects are profiled below: South Florida and Montreal. Other cities competing to be new Wall Streets include Dallas with its signature attraction of Charles Schwab from San Francisco and the greatly expanded

presence of JPMorgan Chase, Nashville's attraction of Wall Street asset management firm AllianceBernstein from New York and the growing financial services footprint of Bank of America, Wells Fargo and Ally Financial in Charlotte.

“Wall Street South”: South Florida

South Florida – stretching from Miami to Fort Lauderdale to Boca Raton and on to Palm Beach – has attracted huge brick and mortar investments and jobs from financial firms, benefitting greatly from the exodus of wealth and companies from New York City, Chicago and California. Long known as the pseudo financial capital of Latin America, Miami now has the largest concentration of domestic and international banks on the East Coast south of New York City. This year, Miami made its debut on the latest edition of the Global Financial Centres Index, ranking 24th globally and seventh nation in the annual survey by the London-based think tank Z/Yen.



Miami: "Wall Street South"

Private banking, wealth management and trade finance are especially strong components of South Florida's growing financial sector. Billionaire Ken Griffin punctuated Miami's emergence as a global financial services hub when he announced that his giant hedge-fund firm Citadel was moving its headquarters from Chicago to Miami. His \$1 billion new head office tower now under construction is the most significant relocation so far of any financial firm to South Florida.

Bank of America, Wells Fargo, CitiBank and JPMorgan Chase all employ more than 2,000 workers in greater Miami. Goldman Sachs recently moved into its expanded Miami workspace that now supports its booming South Florida wealth management business. Visa and PayPal are also investing heavily in the greater Miami market.

Boca Raton and West Palm Beach are other hubs of South Florida's expanding financial services sector. Some 100 asset management and hedge funds have set up operations in Palm Beach County since 2020, including major players like Elliott Management, Black Rock, Oppenheimer, Goldman Sachs and others.

“Wall Street North”: Montreal

Montreal houses one of the most highly developed, tech-centric financial services ecosystems in North America. Montreal provides access to one of North America's largest pools of skill sets that are most in-demand today by financial services companies, including those in artificial intelligence, quantitative methods, risk management, trading and IT. The Quebec Artificial Intelligence Institute in Montreal, known as Mila, is one of the world's largest academic research centers for machine learning.



Montreal: "Wall Street North"

Much of the growth of Montreal's tech-centric financial sector is linked to synergies with the city's other significant high-tech sectors like the aerospace industry, led by global giants Bombardier and CAE, and life sciences led by companies like Pfizer, Novartis and GSK. The province of Quebec leads Canada in R&D investments as a percentage of GDP and has robust incentives designed for financial services firms. Leveraging its deep pool of tech talent, Montreal has become a top North American hub for the fintech sector. Its Station FinTech Montreal workspace located in the iconic Place Ville Marie office tower in the city's financial district is a center dedicated to supporting the growing number of fintech start-ups in Quebec.

Montreal's 4.2 million bilingual population is growing three times faster than New York's and twice the rate of Paris based on latest OECD data. Financial firms footprint with an international footprint are well-positioned on the global recruiting front in Montreal. Over 45,000 immigrants relocate to Montreal annually through Canada's merit-driven immigration system based on points for factors like education, work experience, age and language fluency. Montreal's huge university community led by world-class institutions like McGill and the University of Montreal is comprised of some 350,000 students, including 50,000 international students. International graduate students can obtain a three-year open visa upon completion of their studies.

Being in the same time zone as New York's Wall Street, daily direct flights to global banking hubs of New York City, Chicago, Miami, London, Paris, Frankfurt and San Francisco and a harmonized regulatory environment for servicing the U.S. market are additional site selection assets of Montreal. Some of the banking and finance firms with major operations in Montreal include: BNP Paribas, Morgan Stanley, BMO, State Street, RBC, Maples Group, Societe Generale, Square Point and Manulife. The Montreal Exchange, a subsidiary of the TMX Group, serves as Canada's leading derivatives exchange.

The International Sustainability Standards Board (ISSB) – providing a clearinghouse for companies to share detailed sustainability information to global capital markets – recently selected Montreal as its North American headquarters. The new Montreal facility joins other IFRS Foundation offices in leading banking hubs of San Francisco, London, Frankfurt, London, Tokyo and Beijing.



Devoted exclusively to corporate mobility, The Boyd Company, Inc., is a leading authority in comparative business cost analysis. Founded in 1975 in Princeton, NJ, Boyd provides independent site selection counsel to leading U.S. and overseas corporations. Advanced manufacturing clients of Boyd include Boeing, Hewlett-Packard, Pratt & Whitney, APC/Schneider Electric, Safran Landing Gear, Philips, Tritium and other Fortune 500 and up-and-coming companies.