



## Financial & ICT Services in the Western Region

This *WDC Insights* summarises the key findings of 'Financial & ICT Services in the Western Region: Regional Sectoral Profile',<sup>1</sup> the latest in a series of reports analysing employment and enterprise data for economic sectors in the Western Region. It covers two sub-sectors: 'Financial & Insurance Activities' (banks, mortgage brokers, insurance and pension funding) and 'Information & Communication' (publishing, audio-visual, telecommunications, computer programming and IT services/support). Both are knowledge intensive services sectors, relatively high value, high skill and highly paid and tend to be concentrated in larger urban centres.

### Employment in Financial & ICT Services in the Western Region

According to Census 2016, 17,884 people worked in Financial & ICT Services in the Western Region; this was just 1 in 10 of all those working in this sector in Ireland. It plays a significantly smaller role in the region's labour market than nationally (Table 1); 5.4% of total employment compared with 9%. In the region it is most important in Galway City (9.1%), followed by Donegal (6.2%) and Clare (5.6%) with large urban centres and Shannon Free Zone influencing the pattern.

At 14.3% of total employment, Letterkenny has the highest share in the region and is eleventh highest across all Irish towns. Four towns in the Western Region (Ballyhaunis, Bundoran, Ballyshannon and Ballymote) are among the bottom ten nationally with less than 2.6% working in Financial & ICT services.

There was 4.6% jobs growth in this sector in the region between 2011 and 2016, less than half the 12.1% increase nationally, and significantly below total jobs growth in the region (7.5%). Galway City (14.5%) and Donegal (12.9%) experienced above average jobs growth in the sector, while job numbers declined in Mayo, Leitrim, Sligo and Roscommon.

At 54.9%, men account for a majority of the workforce. This differs across sub-sectors however with a significant male majority in 'Information & Communication' (67.9%), while 'Financial & Insurance' has a female majority (62%). The greater share of consumer focused financial services (e.g. bank branches) in the region, which employ more women, rather than international financial services, results in a higher female share in the region.

**Table 1: Selected employment indicators for Financial & ICT Services in the Western Region and state, 2016**

County	No. Employed	% Change 2011-2016	Financial & ICT as % of Total Employment	% of Financial & ICT that is Female	% of Financial & ICT that is Self-employment
Clare	2,761	1.2%	5.6%	50.7%	10.4%
Donegal	3,630	12.9%	6.2%	43.8%	7.1%
Galway City	3,173	14.5%	9.1%	38.8%	9.0%
Galway County	4,134	5.4%	5.5%	45.6%	11.0%
Leitrim	508	-6.8%	4.0%	47.4%	15.6%
Mayo	1,642	-9.1%	3.2%	48.8%	13.5%
Roscommon	1,081	-0.6%	4.2%	47.3%	8.9%
Sligo	955	-6.6%	3.7%	42.7%	17.4%
Western Region	17,884	4.6%	5.4%	45.1%	10.3%
State	180,948	12.1%	9.0%	42.6%	8.6%

Source: CSO, Census 2016: Summary Results Part 2, Table EZ011.

1. Download from <https://www.wdc.ie/publications/reports-and-papers/>



Of all those working in Financial & ICT Services, 10.3% are self-employed (employer or own account worker). It is a sector with one of the lowest rates of self-employment. The Western Region however has a higher incidence of self-employment than nationally, with Sligo, Leitrim and Mayo having particularly high shares especially for 'Information & Communication'.

## Agency Assisted Jobs in Financial & ICT Services

In 2017, there were 12,844 agency assisted<sup>2</sup> jobs in Financial & ICT Services based in the Western Region. This sector accounts for 19.3% of total assisted jobs in the Western Region, but 32.4% of total assisted jobs in the state.

In the Western Region 92% of all assisted jobs in Financial & ICT Services were Permanent Full Time (PFT) in 2017. The incidence of such jobs has risen since 2015, following decline during the recession, and PFT jobs are more common in this sector than generally across total assisted jobs (87.8%). Financial & ICT Services has among the highest levels of foreign ownership with 79% of assisted jobs in foreign owned companies. The share of foreign ownership has risen notably from 71.6% of jobs in 2008.

## Key Policy Issues

**Low level of activity in Financial & ICT Services in the Western Region and the gap is widening** as the growth rate in the region significantly lagged that nationally between 2011 and 2016. Given that this is a high value, high skill and highly paid sector, growing Financial & ICT Services activity in the region could make an important contribution to regional economic development, productivity and income levels. While it is not labour intensive, it also plays a role in direct job creation. Increasing international activity is the main route to growth. Access to talent, high quality telecommunications, research capacity and a supportive business ecosystem, as well as an attractive quality of life, are critical to growing the sector in the region.

**High level of foreign ownership means there is a need to stimulate the Irish owned sector.** Stimulating start-ups and scaling of Irish owned technology and finance companies is important to creating a more sustainable balance in this sector in the region, particularly in light of current international developments e.g. Brexit. While self-employment is quite limited, it is more common in the region particularly for ICT Services. These ICT entrepreneurs, including those based in rural areas and smaller towns, can be supported through networking opportunities, business support, co-working space and opportunities to collaborate.

**Large urban locations play a key role as centres for Financial & ICT Services and there are also opportunities for growth beyond these locations, including remote work.** The availability of suitable office space, physical and digital infrastructure, links with education and training providers, as well as addressing issues such as traffic congestion, are important to ensuring the region's larger urban centres maintain and strengthen their regional and national role in this sector. Developments in technology and the need for more sustainable approaches means that remote work (from home, a co-working hub or other location) holds considerable potential for smaller urban centres and rural areas to also host increasing activity, with access to high speed broadband critical.

**There is a growing gender imbalance** as the male share of employment in Financial & ICT Services rose from 50.9% in 2011 to 54.9% by 2016. Encouraging greater participation by women in computer science, technology and finance courses, addressing the perceived male culture within the sector, raising awareness of female role models and female entrepreneurship programmes can help redress this imbalance.

**Access to talent is critical.** A co-ordinated approach by education and training providers in the region, in collaboration with employers and including a strong focus on upskilling and lifelong learning, is needed to ensure an adequate supply of necessary skills.<sup>3</sup> Attracting talent to relocate to the region by promoting its lifestyle benefits is also important. The demand for talent in this sector is increasing the incidence of PFT jobs and wage rates in the sector.<sup>4</sup>

For more detailed analysis see 'Financial & ICT Services in the Western Region: Regional Sectoral Profile' <http://www.wdc.ie/publications/reports-and-papers/>

2. Department of Business, Enterprise & Innovation (DBEI), Annual Employment Survey 2017. A survey of all firms in Ireland who have ever received support from IDA Ireland, Enterprise Ireland or Udarás na Gaeltachta.

3. See <https://www.regionalskills.ie/>

4. 'Information & Communication' had the highest growth in average weekly earnings nationally over the past five years increasing 21.1% Q1 2014 to Q1 2019. CSO, Earnings, Hours and Employment Costs Survey Q1 2019, Table EH03